

# DEFERRED COMPENSATION PLAN BOARD REPORT 13-35

Date: September 17, 2013

To: Board of Deferred Compensation Administration

From: Staff

Subject: Staff Report – Completed & Pending Projects & Activity Report

Members  
 Eugene K. Canzano, Chairperson  
 John R. Mumma, Vice-Chairperson  
 Cliff Cannon, First Provisional Chair  
 Tom Moutes, Second Provisional Chair  
 Sangeeta Bhatia, Third Provisional Chair  
 Michael Amerian  
 Ray Ciranna  
 Robert Schoonover  
 Margaret Whelan

Recommendation:

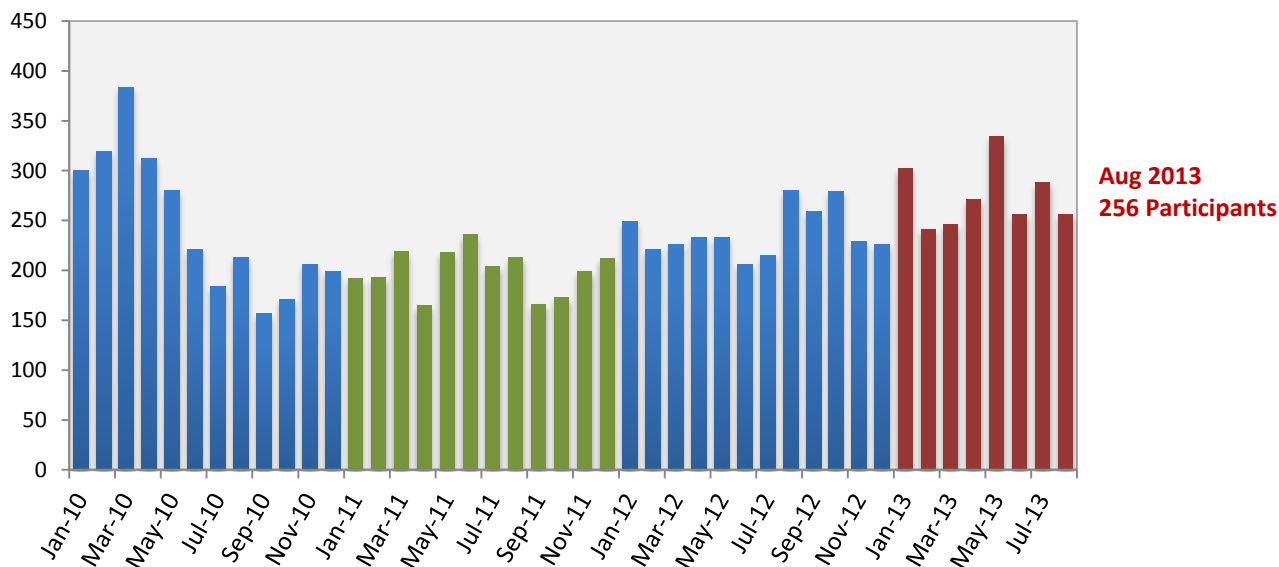
That the Board of Deferred Compensation Administration receive and file the following information.

Activity Reports:

**Counter Activity Employee Benefits Division**

Staff has compiled the following results of Counter Activity flow for the month of August 2013. During the month of August, 256 participants visited the Employee Benefits Division to discuss their Deferred Compensation accounts with the Great-West representatives and/or staff. Following are counter activity results from January 2010 through August 2013:

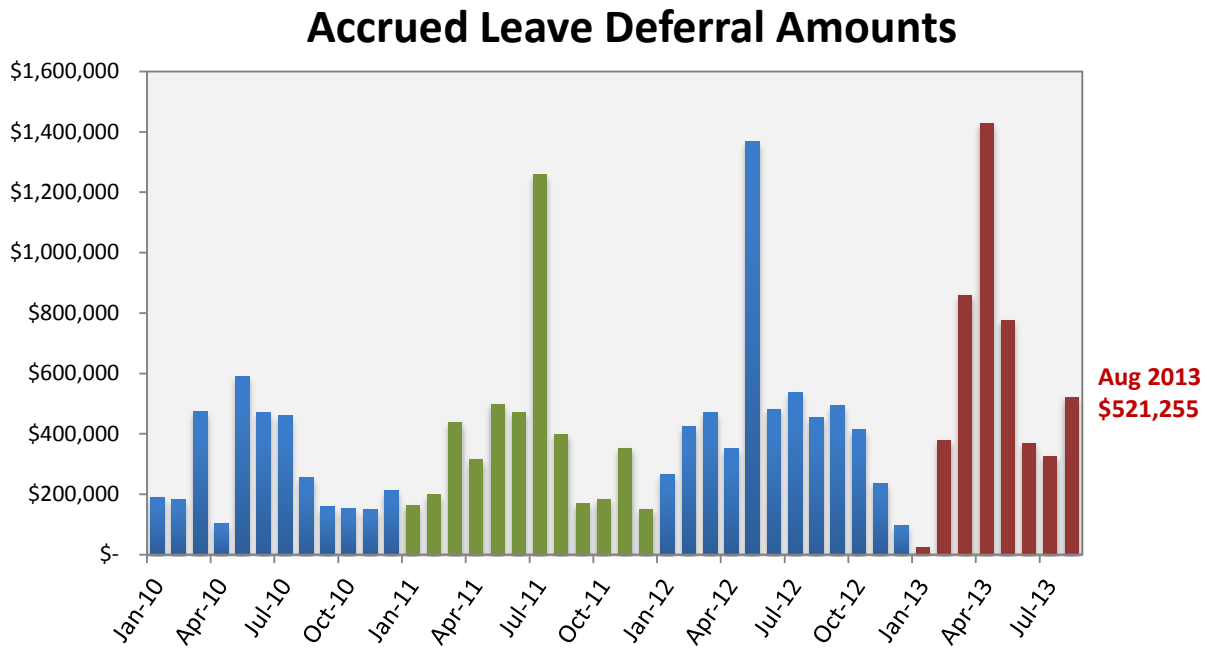
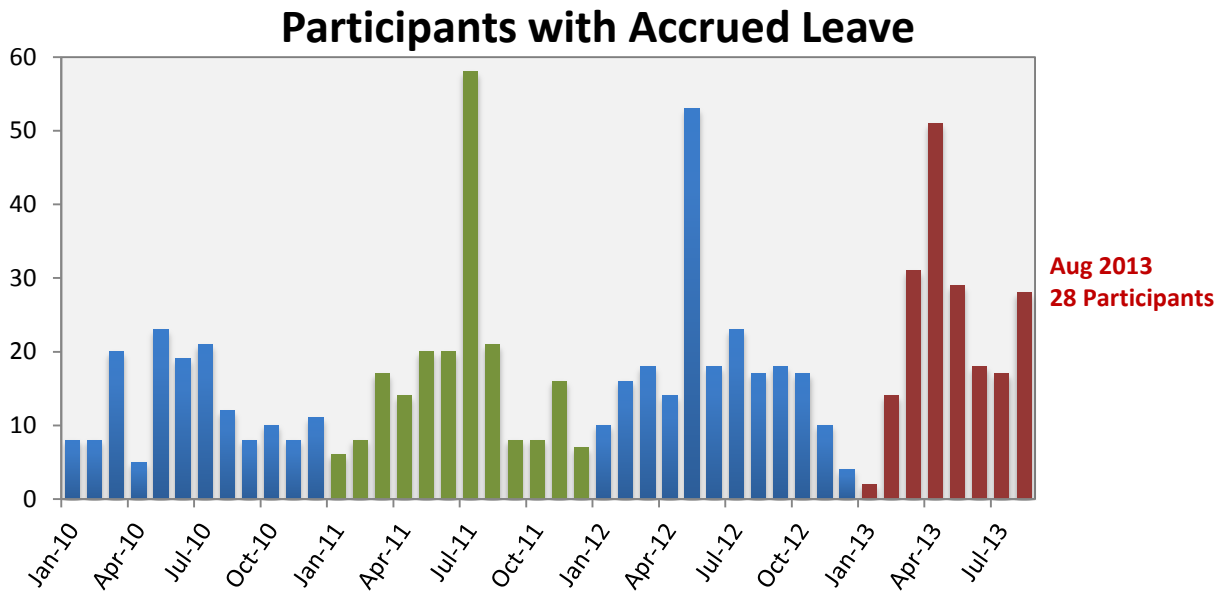
## Counter Activity



### Accrued Leave Activity

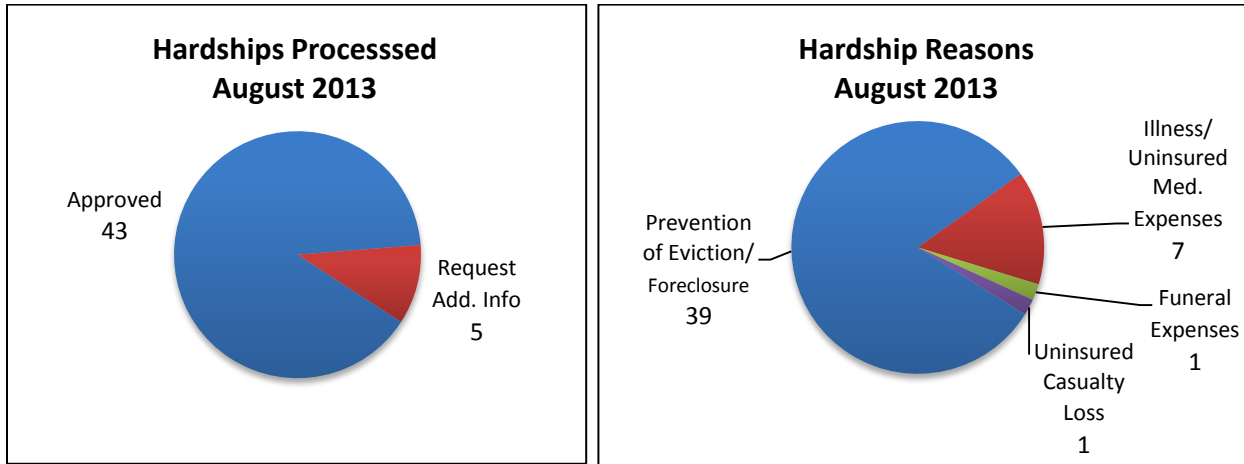
Staff has compiled the following results of Accrued Leave enrollment for the month of August 2013. During the month of August, 28 participants elected to enroll in Accrued Leave and **\$521,255** was contributed into the Plan from their Accrued Leave payouts.

Following are accrued leave activity results from January 2010 to August 2013:

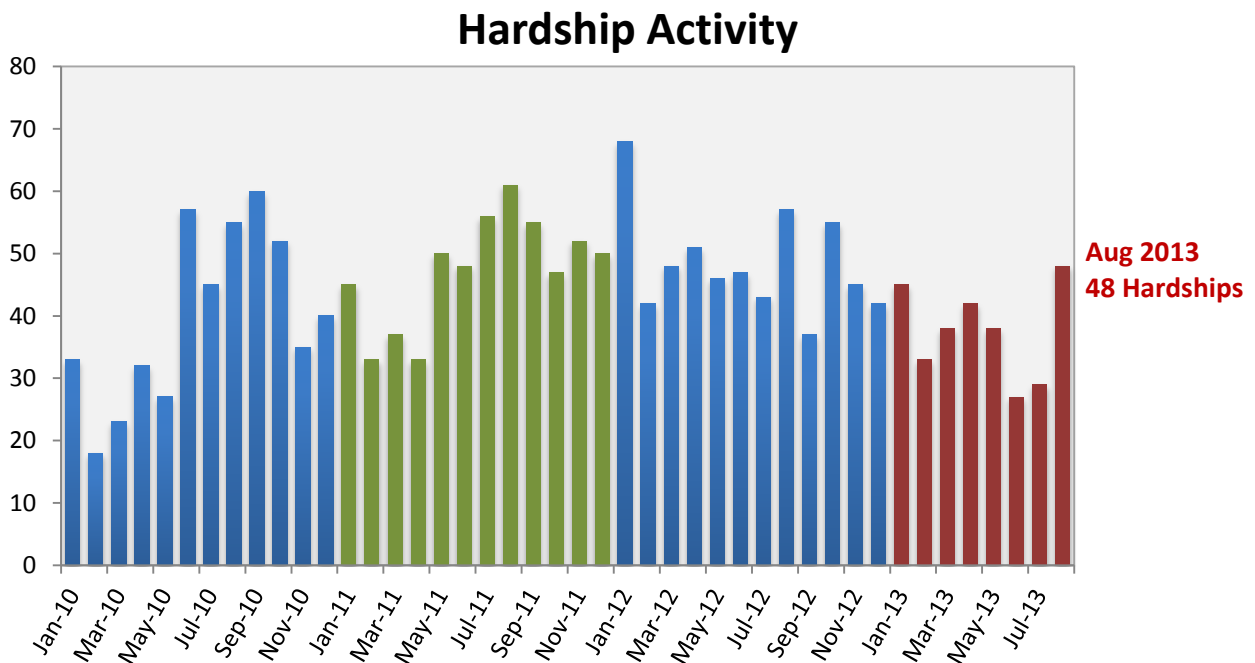


## Hardship Activity

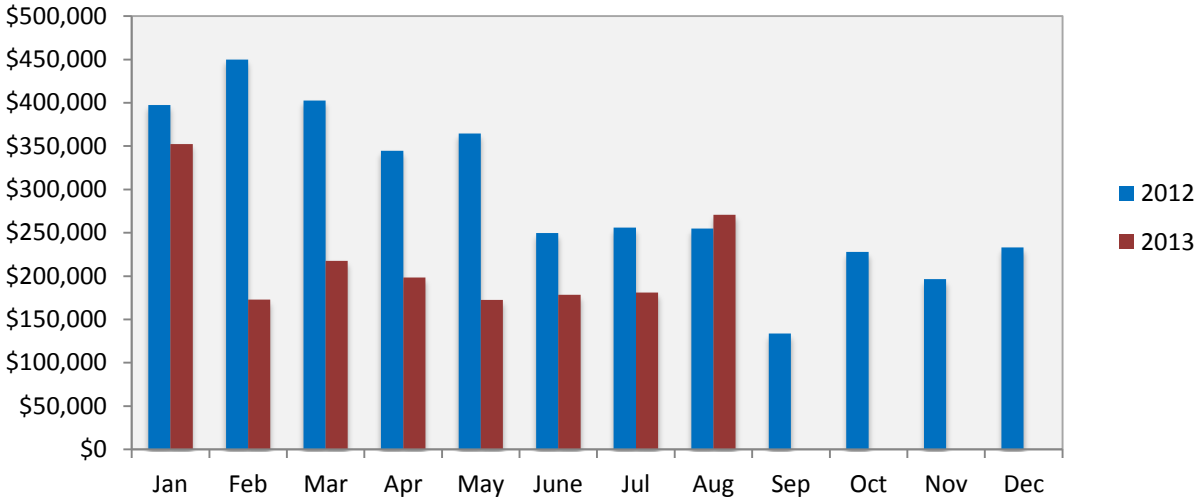
Staff has compiled the following results of hardship processing with Great-West for the month of August 2013. During the month of August, 48 hardship cases were submitted to Great-West. There were 43 cases approved and 5 cases pending further documentation. The dollar amount for hardships withdrawn from the plan in August 2013 was approximately **\$270,647**.



Following are hardship activity results from January 2010 to August 2013:



### Hardship Dollars Disbursed

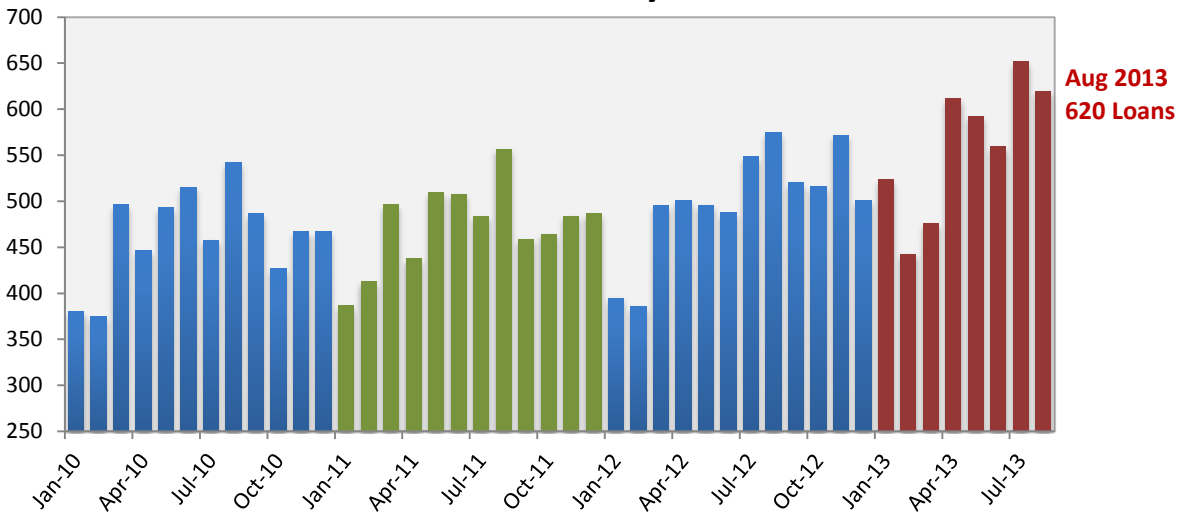


### Loan Activity

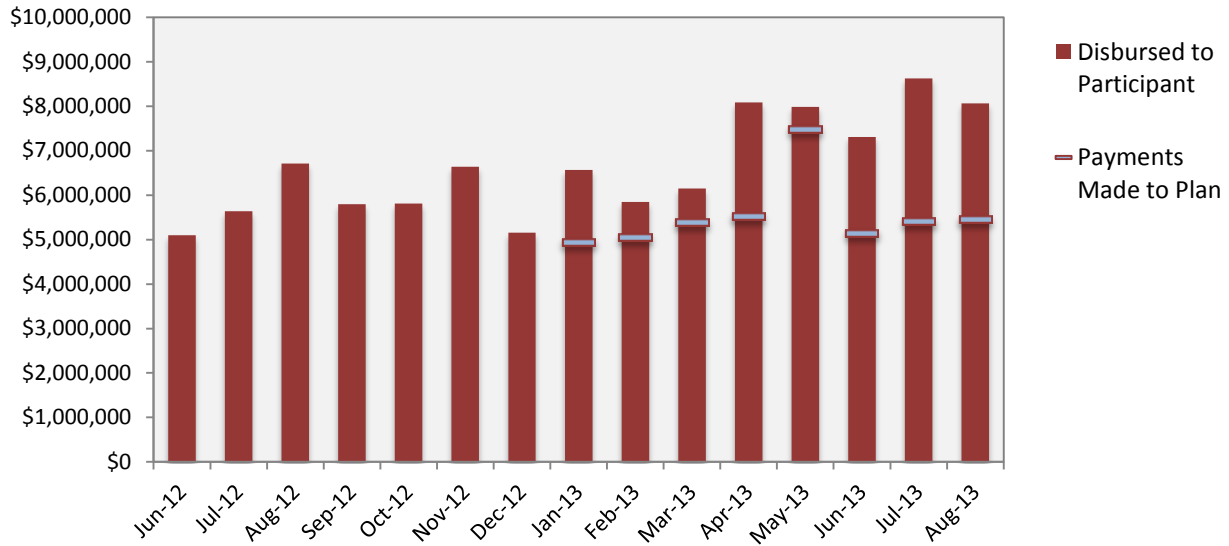
#### For Active Employees

Staff has compiled the following results of new loans acquired by active employees for the month of August 2013. During the month of August, 620 active employees elected to obtain a new loan and **\$8,065,020** was withdrawn from the Plan for their loan payouts.

### Loan Activity



## Loan Dollars



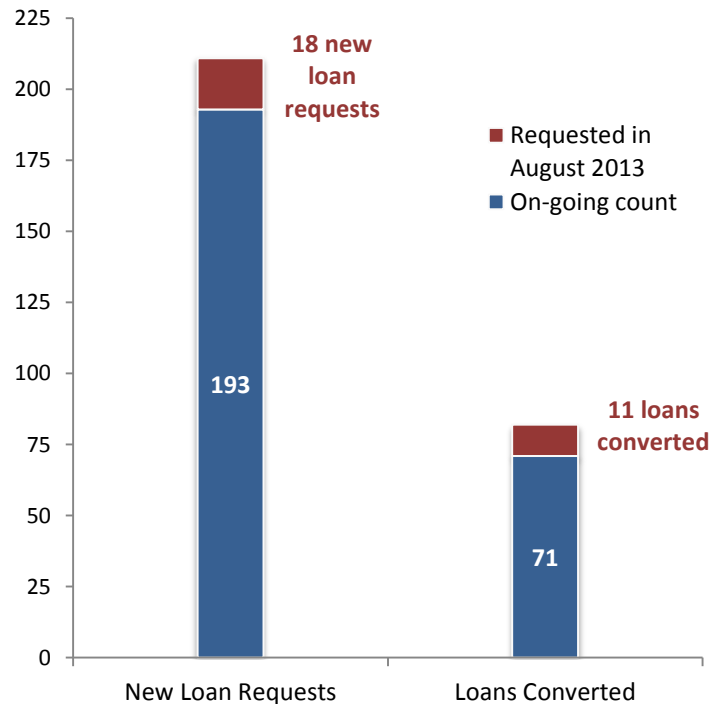
### For Retirees or Terminated Employees

In October 2012, the Plan introduced the availability of loans for participants who are retired or otherwise separated from City service. Participants electing this option may pay back the amount borrowed from their account in monthly installments, either by check or by automated payment from their bank account. Additionally, employees who have active loans may, upon retirement or separation of service, request conversion to a retiree loan in order to continue payments rather than requesting a loan offset.

In August 2013, staff processed 18 new loan requests and 11 requests for loan conversion. **To date, staff has processed a total of 211 requests for retiree loans and 82 requests for conversion.**

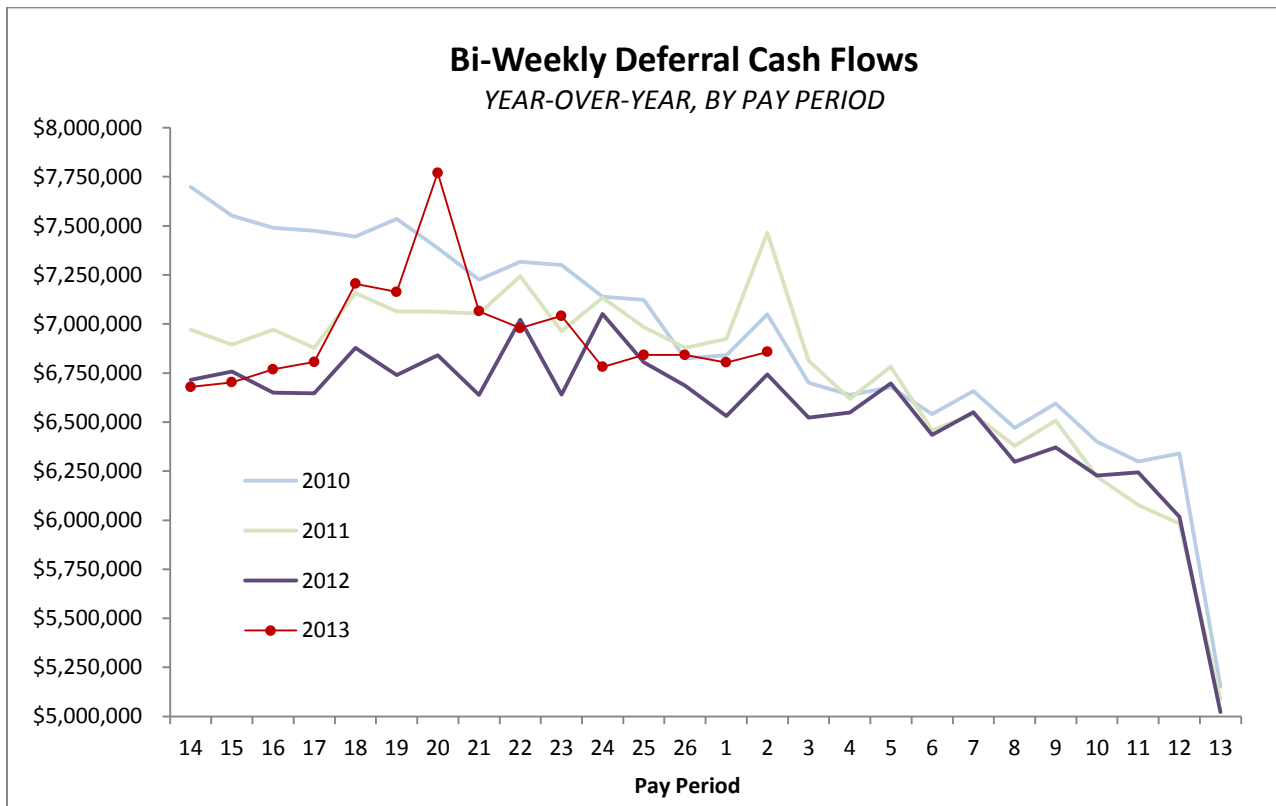
### Retiree Loan Count

*since Oct. 2012*



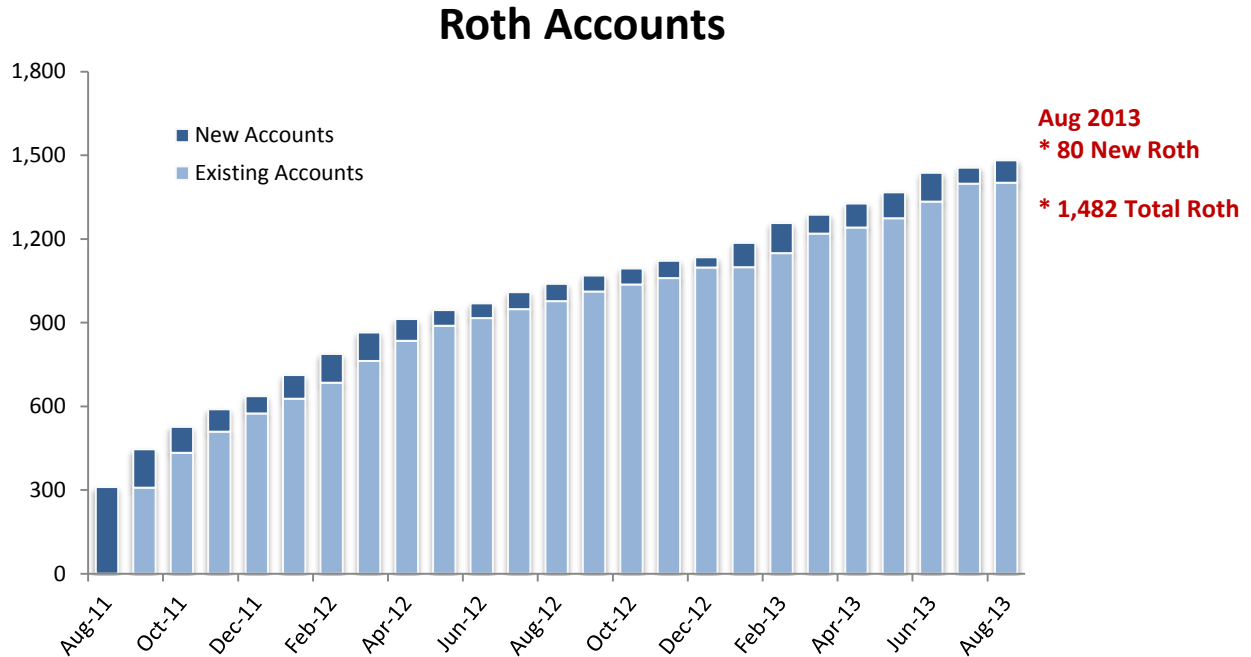
## Deferral Tracking

Staff has compiled the following results of bi-weekly deferral cash flows for the month of August 2013 for the City of Los Angeles and Department of Water and Power (DWP). During the month of August, the City and DWP deferred **\$13,601,114** into the Deferred Compensation Plan. This compares to **\$13,072,859** in August 2012, which constitutes a **4.04% increase**, year-over-year.



## Roth Accounts

The Roth deferral option was made available to participants starting July 2011, with actual deferrals being made by August 2011. For the month of August 2013, there were 80 new Roth accounts established. There are currently a total of 1,482 Roth accounts. This constitutes a **5.2%** participation rate of the 28,467 employees contributing to the plan<sup>1</sup>. The chart below illustrates the number of new Roth deferral accounts since August 2011.



<sup>1</sup> There are 28,467 employees contributing to the Plan as of 3/31/2013 (Great-West Quarterly Report).

## TRAINING AND TRAVEL UPDATE

### Conference Training

At its July 16, 2013 meeting, the Board approved conference-related travel for the 2013-2014 Fiscal Year, subject to final approval by the Mayor's Office. The following upcoming events have been approved by the Mayor's Office:

Training Conference Event	Conference Dates	Location of Training Event	Number of Board/Staff attending	Estimated Cost per person
National Association of Governmental Defined Contribution Administrators (NAGDCA) *	<i>Pre-Conference:</i> September 8 <i>Main Conference:</i> September 9 –11	Louisville, Kentucky	9	\$2,480
Institutional Investor Defined Contribution Symposiums	September 19-20	Half Moon Bay, California	1	\$1,200
International Foundation of Employee Benefit Plans	October 20-23	Las Vegas, Nevada	2	\$2,500
Pensions & Investments West Coast Conference	October 27-29	San Francisco, California	2	\$1,500

Staff will individually contact Board members who elected the above travel options to assist in making travel arrangements.

### In-Meeting Training

As discussed at the July 16, 2013 Board meeting, a proposed in-meeting regulatory training is pending final execution of a contract with the tax counsel firm Steptoe and Johnson LLP. On August 27, 2013 the Los Angeles City Council provided authority for entering into a contract with the firm. Finalization of the contract is still pending. Staff will work with tax counsel to establish a training date for an upcoming meeting.

### Consulting Contract Update

The CAO and Mayor's Office provided approval for the contract with Mercer Investment Consulting and the contract was recorded with the City Clerk on August 28, 2013.



**PROJECT UPDATE**  
(reflects project activity for period 08/01/13 through 8/31/13)

DCP						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: AUGUST 2013						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	Completed	G	Minutes - July 16, 2013 Meeting	08/31/13	8/20/2013	Completed
2	Completed	G	Board Report - SDBO Options Trading	08/31/13	8/20/2013	Completed
3	Completed	G	Board Report - Strategic Plan Review	08/31/13	8/20/2013	Completed
4	Completed	G	Board Report - Fee Disclosure Update & Non-Employees	08/31/13	8/20/2013	Completed
5	Completed	G	Board Report - Bank of America Contract Amendment	08/31/13	8/20/2013	Completed
6	Completed	G	Board Report - Staff Report August 2013	08/31/13	8/20/2013	Completed
7	Completed	A	Finalize Consulting Contract w/ Mercer Consulting	08/31/13	8/28/2013	Approved
8	Completed	G	Beneficiary Addresses Implementation	08/31/13	8/31/2013	Functionality turned on
PENDING PROJECTS						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	PENDING	G	Investments Committee Meeting - Procurements	09/30/13		Pending
2	PENDING	G	Investments Committee Meeting: Investment Policy Statement - Termination	09/30/13		Pending
3	PENDING	G	Board Report - SDBO Options Trading Implementation	09/30/13		Pending
4	PENDING	G	Board Report - Staff Report September	09/30/13		Pending
5	PENDING	G	NAGDCA Travel Coordination & Materials	09/30/13		Pending
6	PENDING	G	IFEBP Travel Coordination & Materials	09/30/13		Pending
7	PENDING	C	Draft Articles for 3rd Quarter Newsletter	09/30/13		Pending
8	PENDING	C	Coordinate Benefits Landing Page (to include DCP)	09/30/13		Pending
9	PENDING	G	Board Report - Quarterly Contract Status Update	10/31/13		Pending
10	PENDING	G	Board Report - Quarterly Communications Update	10/31/13		Pending

11	PENDING	G	Minutes - August 20, 2013 Meeting	10/31/13		Pending
12	PENDING	G	Bank of the West - Draft Contract Amendment	10/31/13		Pending
13	PENDING	A	Retirement Calculator - Finalize Prototype	10/31/13		Reviewing final version
14	PENDING	C	DCP Article for LAFPP Actives Newsletter	10/31/13		Pending
15	PENDING	C	Account Management Web Tool - Finalize Prototype	10/31/13		Reviewing initial prototype
16	PENDING	C	National Save for Retirement Week - Promotion	10/31/13		Pending
17	PENDING	C	Website Conversion	10/31/13		Pending
18	PENDING	O	Update PSP Defaulted Addresses	10/31/13		Pending
19	PENDING	G	Board Report - Plan Document Revisions (Loans)	11/30/13		Pending
20	PENDING	O	Letter of Agreement - Retiree Loans (after default)	11/30/13		
21	PENDING	G	Board Report - Historical Contribution History	11/30/13		Pending
22	PENDING	G	Board Report - Contractor Evaluation Policy	11/30/13		Pending
23	PENDING	G	Board Report - DROP Mailing	11/30/13		Draft materials developed and now being revised
24	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	11/30/13		Pending
25	PENDING	O	Online Distribution Functionality	11/30/13		Great-West reviewing functionality
26	PENDING	C	Online Distribution Communications Document	11/30/13		Pending
27	PENDING	A	Great-West Contract Amendment Extension PSP Services 2012-2016	11/30/13		Pending
28	PENDING	G	Review of CA Governmental Plan - Demographic Files	11/30/13		Pending
29	PENDING	C	Board Report - EZ Enrollment Form	11/30/13		Pending
30	PENDING	C	Board Report - Social Media Options	12/31/13		Pending
31	PENDING	G	Board Report - review of consistency of access to separating City employees	12/31/13		Pending
32	PENDING	C	Create Catch-Up Flyer Incorporating Roth	12/31/13		Pending
33	PENDING	C	Loan Highlights Flier Revisions	12/31/13		Pending
34	PENDING	G	Board Report - Contribution History & Rollovers	12/31/13		Pending

35	PENDING	G	Board Report - SAS Form from Great-West	12/31/13		Pending
36	PENDING	O	Domestic Partners Research and Discussion with City Attorney and California Peers	12/31/13		Pending
37	PENDING	C	Revise Distribution Form	12/31/13		Pending
38	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	12/31/13		Pending
39	PENDING	C	DCP Glossary	01/31/14		Pending
40	PENDING	G	Review and report back on City of New York financial advice program	01/31/14		Pending
41	PENDING	G	Review and report back on PIMCO hedge fund strategy	01/31/14		Pending
42	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	01/31/14		Pending
43	PENDING	G	Board Report - Proxy Share Voting	01/31/14		Pending
44	PENDING	C	DROP Brochure Ad	01/31/14		Pending
45	PENDING	C	DROP Brochure	01/31/14		Pending
46	PENDING	C	Notification of Participants - Catch-Up Eligibility	01/31/14		Pending
47	PENDING	O	Pre-Audit Testing - Phase II	01/31/14		Pending
48	PENDING	C	Revise Pension Savings Plan Highlights	01/31/14		Pending
49	PENDING	G	Revisit Plan Audit	01/31/14		Pending
50	PENDING	A	PSP Account Consolidation	01/31/14		Pending
51	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	01/31/14		Pending
52	PENDING	G	Auto-Glide Investment Allocations	01/31/14		Pending
53	PENDING	G	Statistical Project: Refined Count of Non-Contributing Participants	01/31/14		Pending
54	PENDING	G	Board Report - Transition Manager Procurement	01/31/14		Pending
55	PENDING	G	Deemed IRA Implementation	01/31/14		Pending
56	PENDING	O	Online Enrollment Functionality	01/31/14		Staff tested web functionality, errors identified; Great-West reviewing
57	PENDING	C	Online Enrollment Communications Document	01/31/14		Pending
58	PENDING	C	DCP Bi-Monthly Newsletter	01/31/14		Pending
59	PENDING	G	Retirement Plan Summit	01/31/14		Pending

**Staffing Summary** – Following is a summary of staff positions supporting the Deferred Compensation Plan:

Position Authority	Incumbent Class	Function	Est. Percent Reimbursed by DCP	Staff Member
<b>Personnel</b>				
Chief Personnel Analyst	Chief Personnel Analyst	Division Chief	20%	Alejandrina Basquez
Senior Personnel Analyst II	Senior Personnel Analyst II	Plan Manager	60%	Steven Montagna
Senior Personnel Analyst I	n/a	Administration	100%	Vacant
Management Analyst II	Management Analyst II	Operations	90%	Paul Makowski
Management Analyst II	Personnel Analyst II	Communications	90%	Esther Chang
Benefits Specialist (prior incumbent left under ERIP)	Clerk Typist	Participant Services	90%	Claudia Guevara
<b>City Attorney</b>				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curt Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

**Committee Membership**

<b>Plan Governance &amp; Administrative Issues Committee</b>
<i>Eugene K. Canzano, Chair</i> Cliff Cannon John R. Mumma Margaret Whelan

<b>Investments Committee</b>
<i>John R. Mumma, Chair</i> Sangeeta Bhatia Eugene K. Canzano Tom Moutes

Submitted by: \_\_\_\_\_  
Esther Chang

Approved by: \_\_\_\_\_  
Steven Montagna