

Deferred Compensation Plan BOARD REPORT 13-43

Date: December 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

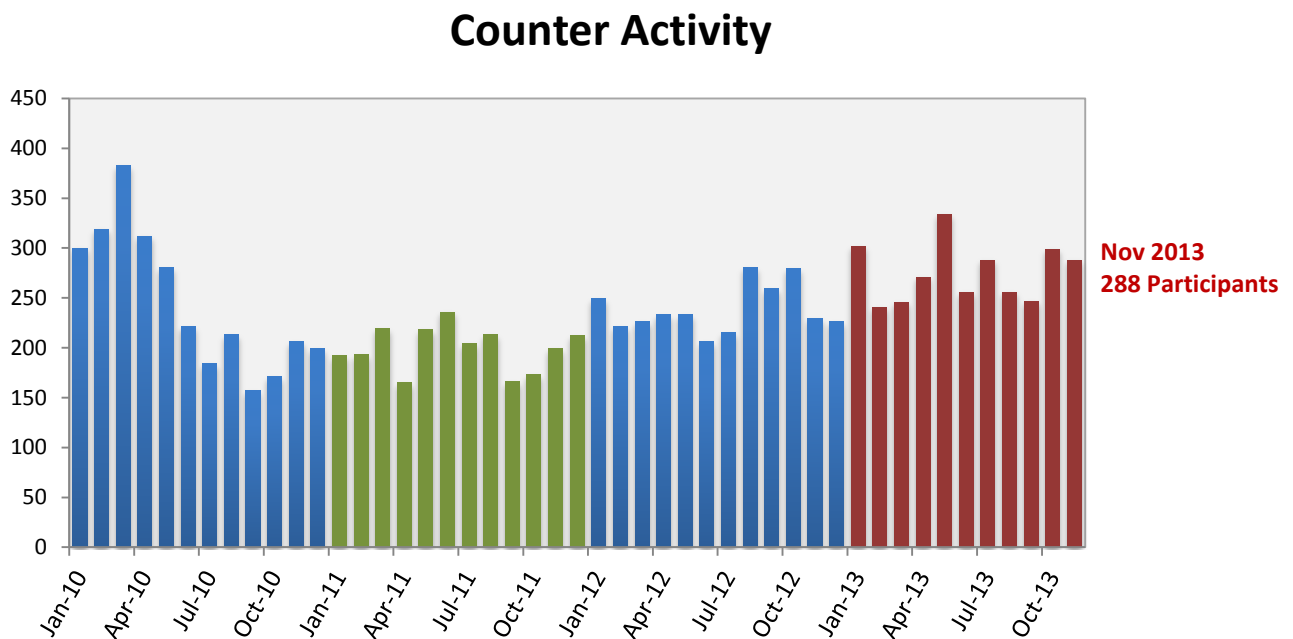
Recommendation:

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 November 2013. During the month of November, 288 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 November 2013:

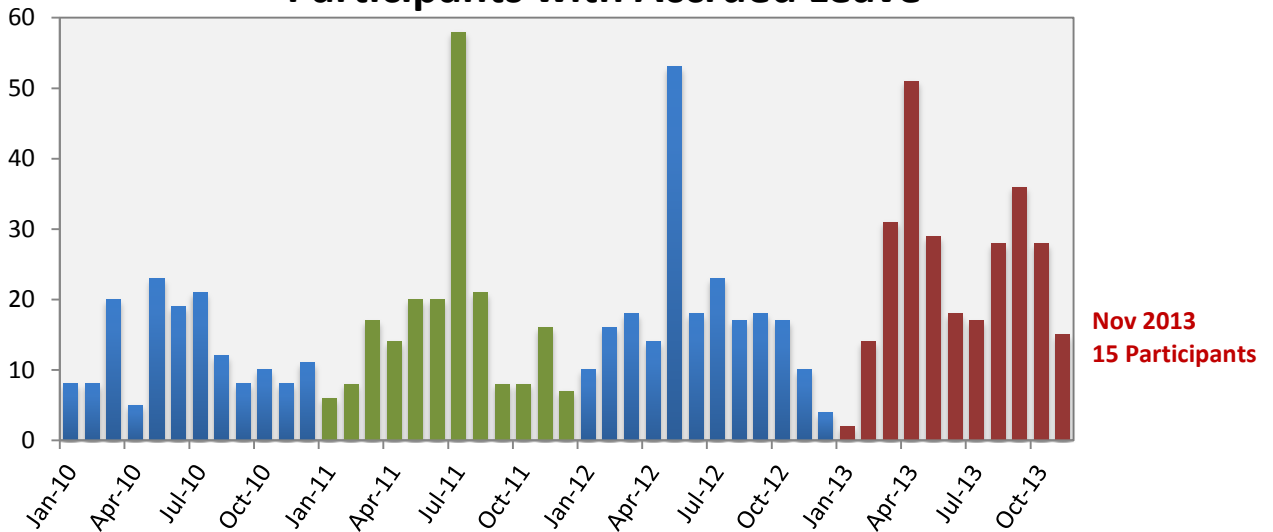


Accrued Leave Activity

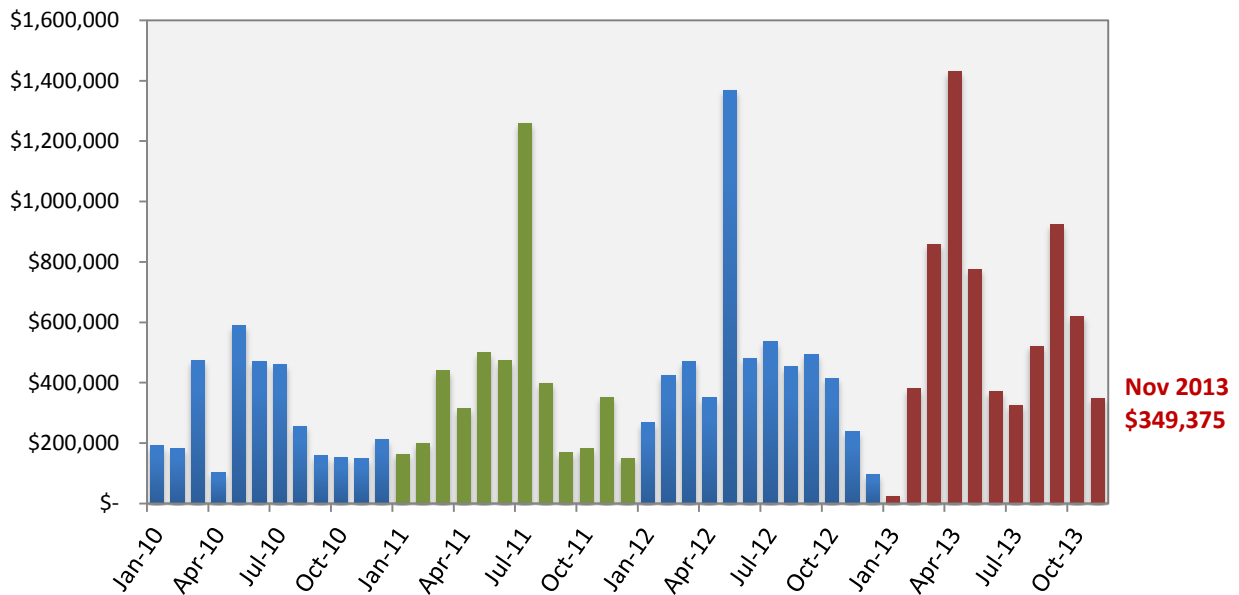
Staff has compiled the following results of Accrued Leave enrollment for the month of November 2013. During the month of November, 15 participants elected to enroll in Accrued Leave and **\$349,375** was contributed into the Plan from their Accrued Leave payouts.

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

Participants with Accrued Leave

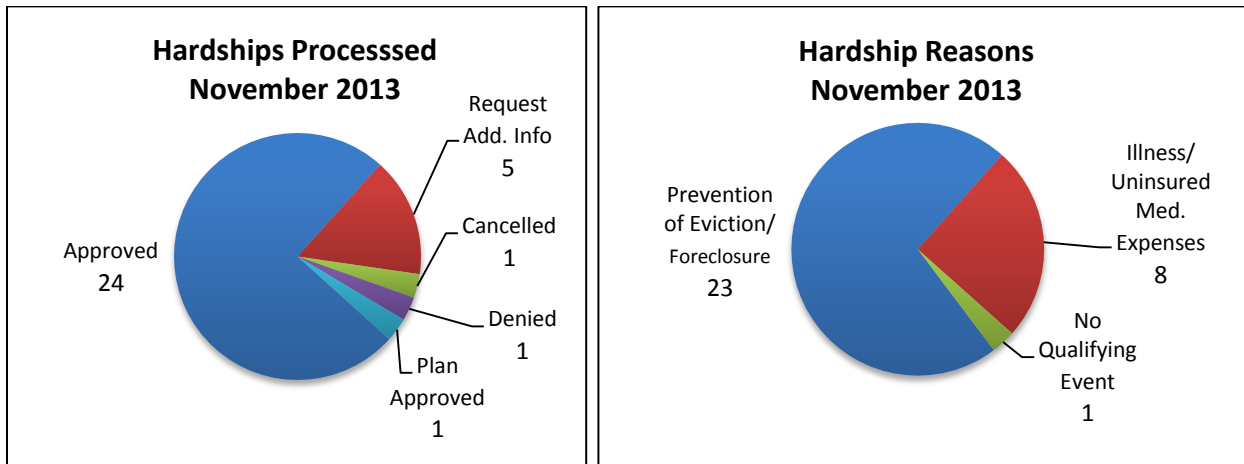


Accrued Leave Deferral Amounts

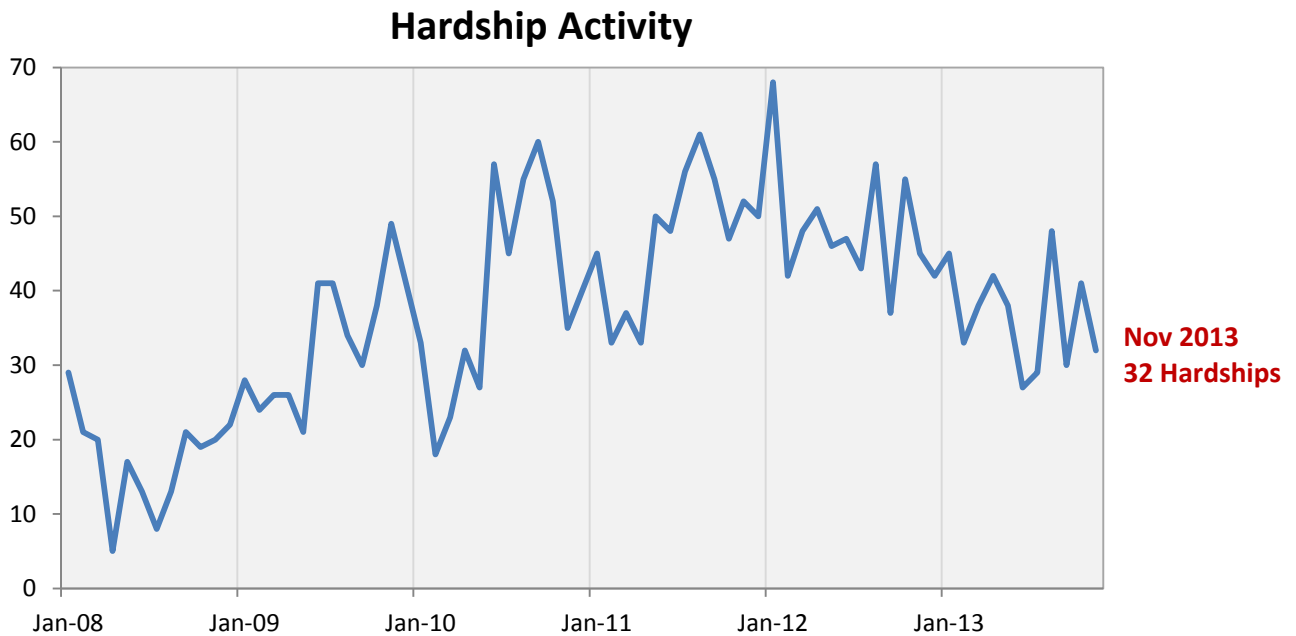


Hardship Activity

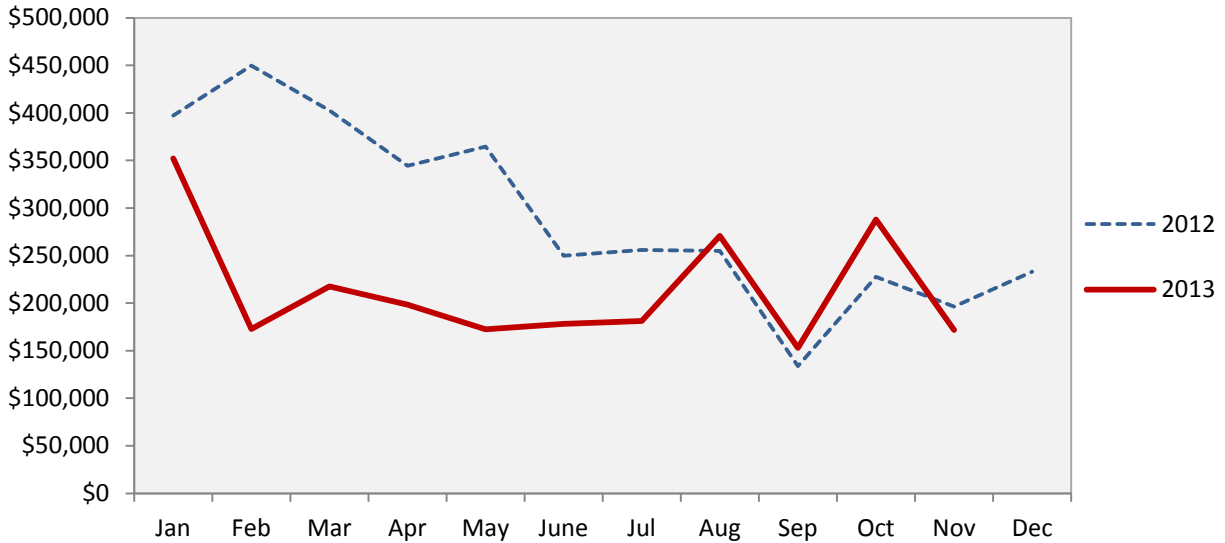
Staff has compiled the following results of hardship processing with Great-West for the month of November 2013. During the month of November, 32 hardship cases were submitted to Great-West. There were 24 cases approved, 2 cases were cancelled or denied, and 5 cases were pending further documentation; additionally, there was one case that was approved by the Plan. The dollar amount for hardships withdrawn from the plan in November 2013 was approximately **\$171,803**.



Following are hardship activity results from January 2008 to November 2013:



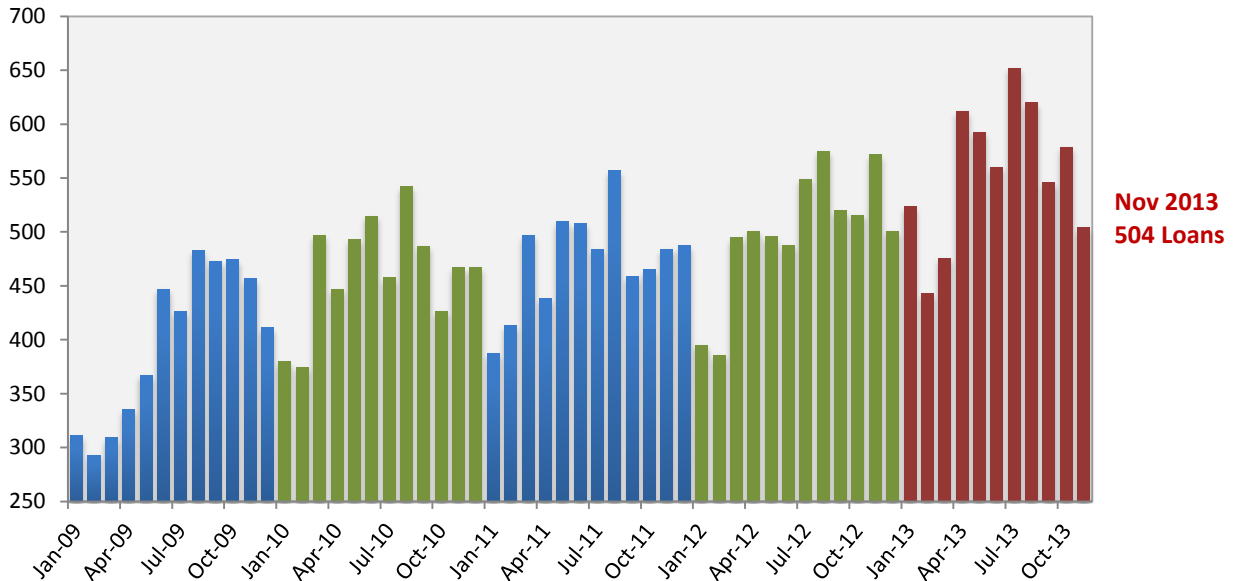
Hardship Dollars Disbursed



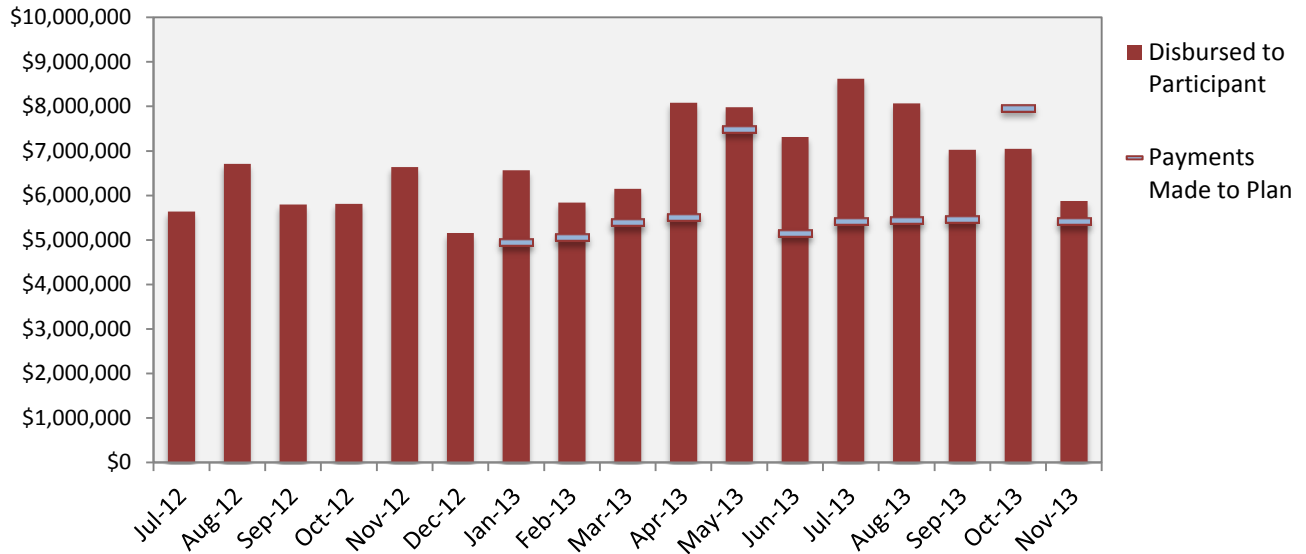
Loan Activity

Staff has compiled the following results of new loans acquired by participants for the month of November 2013. During the month of November, 504 participants elected to obtain a new loan and **\$5,876,856** was withdrawn from the Plan for their loan payouts.

Loan Activity



Loan Dollars

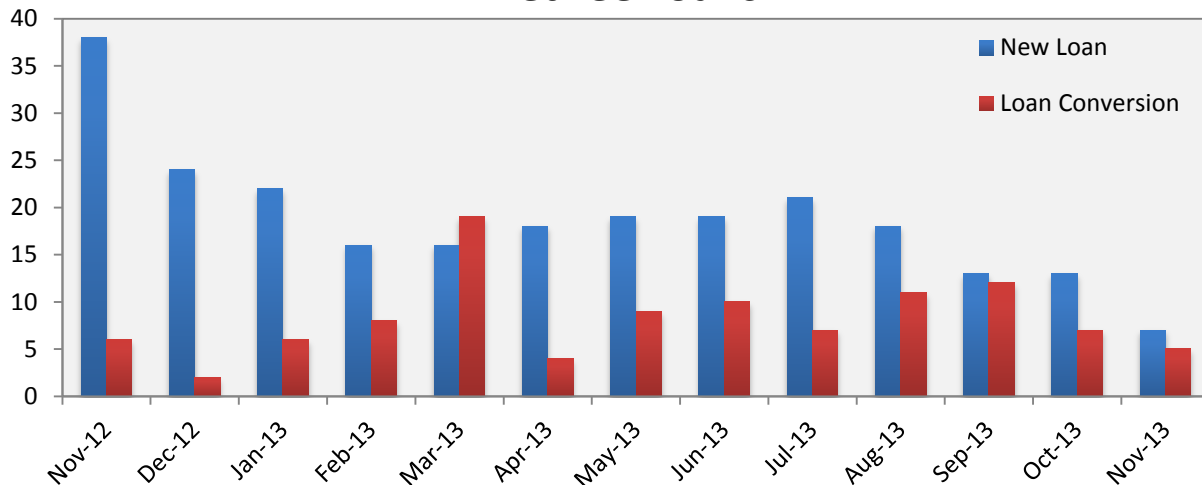


For Retirees or Terminated Employees

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 November 2013, staff processed 7 new loan requests and 5 requests for loan conversion. **To date, staff has processed a total of 244 requests for retiree loans and 106 requests for conversion.**

Retiree Loans

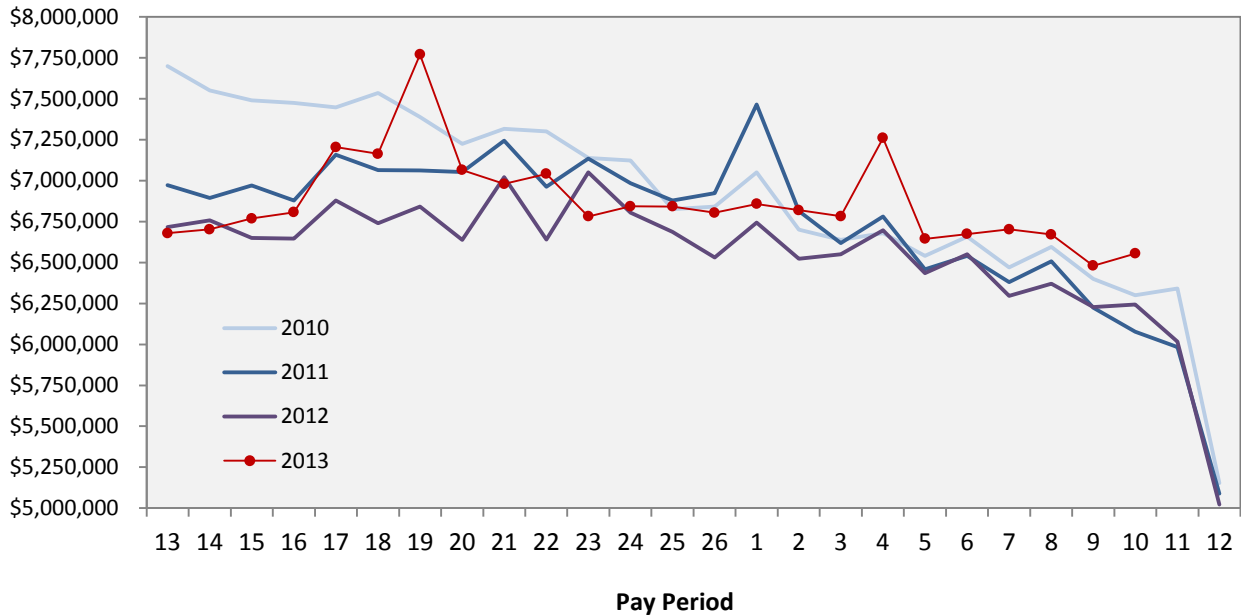


Deferral Tracking

Staff has compiled the following results of bi-weekly deferral cash flows for the month of November 2013 for the City of Los Angeles and Department of Water and Power (DWP). During the month of November, the City and DWP deferred **\$13,034,986** into the Deferred Compensation Plan. This compares to **\$12,471,479** in November 2012, which constitutes a **4.5% increase**, year-over-year.

Bi-Weekly Deferral Cash Flows

YEAR-OVER-YEAR, BY PAY PERIOD



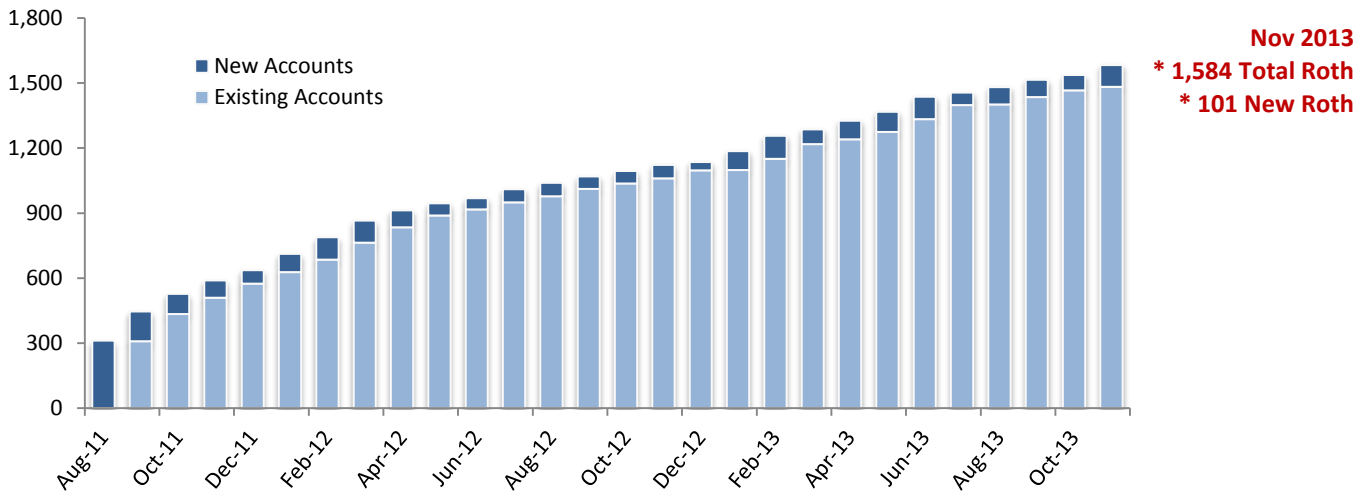
Roth Accounts

The Roth deferral option was made available to participants starting July 2011, with actual deferrals being made by August 2011.

For the month of November 2013, there were 101 new Roth accounts established. There are currently a total of 1,584 Roth accounts. This constitutes a **5.6%** participation rate of the 28,340 employees contributing to the plan¹. The following chart on the next page illustrates the number of new Roth deferrals since August 2011.

¹ There are 28,340 employees contributing to the Plan as of 9/30/2013 (Great-West Quarterly Report).

Roth Accounts



Board Election Update

Two seats on the Board of Deferred Compensation Administration will be expiring on June 30, 2013: the LACERS active employee participant representative seat and the Fire and Police Pensions active employee participant representative seat. Staff has contacted the Office of the City Clerk – Election Division to coordinate the election, which will be scheduled for May 16, 2014. Nominating petitions will be available to potential candidates beginning March 21, 2014, to be turned in by April 4, 2014.

The election will be announced to participants via the 4th quarter newsletter, which will be mailed to participants during the last week of January 2014. Staff will also provide updates to the Board’s website page regarding the Board Elections (located at <http://per.lacity.org/DeferredComp/ElectionsPage.htm>), post bulletins on the new participant website, and send out a Notification of Election in early March 2014.

Board Officer Designations – January 2014

Per the City Administrative Code, the Board is required to designate a Chairperson and Vice-Chairperson at the January meeting of every even-numbered year, and per the Board’s Bylaws, the Board also designates its First, Second and Third Provisional Chairs at this meeting as well. Officer designations will therefore be placed as an item on the Board’s January 2014 meeting agenda.

PROJECT UPDATE
(reflects project activity for period 11/01/13 through 11/30/13)

DCP						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: OCTOBER/NOVEMBER 2013						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	Completed	A	Retirement Calculator - Finalize Prototype	Oct-13	Completed	n/a
2	Completed	C	Draft Articles for 3rd Quarter Newsletter	Oct-13	Completed	n/a
3	Completed	C	Account Management Web Tool - Finalize Prototype	Oct-13	Completed	n/a
4	Completed	C	National Save for Retirement Week - Promotion Video	Oct-13	Completed	n/a
5	Completed	C	Website Conversion	Oct-13	Completed	n/a
6	Completed	G	Investments Committee Meeting - Procurements	Oct-13	Completed	n/a
7	Completed	G	Board Report - SDBO Options Trading Implementation	Oct-13	Completed	n/a
8	Completed	G	NAGDCA Travel Coordination & Materials	Oct-13	Completed	n/a
9	Completed	G	Board Report - Staff Report September	Oct-13	Completed	n/a
10	Completed	G	Minutes - September 17, 2013 Meeting	Nov-13	Completed	n/a
11	Completed	G	Board Presentation: Strategic Plan Review	Nov-13	Completed	n/a
12	Completed	G	Board Presentation: Plan Resources and Budget	Nov-13	Completed	n/a
13	Completed	G	Board Report 13-36: Contract Extension & RFP	Nov-13	Completed	n/a
14	Completed	G	Hardship Application Case 13-01	Nov-13	Completed	n/a
15	Completed	G	P&I Conference Coordination & Materials			
16	Completed	G	IFEBP Travel Coordination & Materials	Nov-13	Completed	n/a
PENDING PROJECTS						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
DECEMBER 2013						
1	PENDING	G	Minutes - November 19, 2013 Meeting	12/31/13		Pending
2	PENDING	G	Board Report - Fund Searches	12/31/13		Pending

3	PENDING	G	Board Report - Auto Enrollment	12/31/13		Pending
4	PENDING	G	Board Report - Training Proposal	12/31/13		Pending
5	PENDING	G	Council Report - Contract Extensions	12/31/13		Pending
6	PENDING	G	Board Report - Quarterly Budget Review 06/30/13	12/31/13		Pending
7	PENDING	G	Board Report - Quarterly Contract Status Update	12/31/13		Pending
8	PENDING	G	Board Report - Quarterly Communications Update	12/31/13		Pending
9	PENDING	G	Board Report - Nov Staff Report	12/31/13		Pending
10	PENDING	G	Metrics Tracking Document	12/31/13		Pending
11	PENDING	C	Press Release - Deferred Comp Trust	12/31/13		Pending
12	PENDING	C	DCP Article for LAFPP Actives Newsletter	12/31/13		Pending
13	PENDING	C	Calculator Promotion Campaign - Develop proposal	12/31/13		Pending
14	PENDING	C	Implement Benefits Landing Page (to included DCP)	12/31/13		Pending
15	PENDING	C	Develop Prototype - Annual Report	12/31/13		
16	PENDING	C	2014 Annual Limits Flyer & Web Bulletin	12/31/13		Pending
17	PENDING	C	DROP 2013 Seminar Dates - Flyer	12/31/13		Pending
18	PENDING	C	Webtool Options Flyer	12/31/13		Pending
19	PENDING	C	Great-West Reps Flyer - Template Change	12/31/13		Pending
20	PENDING	A	Issue FDIC RFP	12/31/13		Pending
21	PENDING	A	Great-West Contract Amendment Extension PSP Services 2012-2016	12/31/13		Pending
22	PENDING	O	Update PSP Defaulted Addresses	12/31/13		Pending
JANUARY 2014						
23	PENDING	G	Minutes - December 17, 2013 Meeting	01/31/14		Pending
24	PENDING	G	Board Report - Plan Document Revisions (Loans)	01/31/14		Pending
25	PENDING	G	Board Report - 2014 Budget	01/31/14		Pending
26	PENDING	G	Board Report - 2014 Elections for LACERS/Pensions Reps	01/31/14		Pending
27	PENDING	G	Board Report - Officer Elections for Board Member Positions	01/31/14		Pending
28	PENDING	C	Revise Plan Highlights	01/31/14		Pending
29	PENDING	C	Web Page Content Update	01/31/14		Pending

30	PENDING	C	Participant Survey Proposal - Plan Satisfaction	01/31/14		Pending
31	PENDING	G	Statistical Project: Refined Count of Non-Contributing Participants	TBD		Pending
UPCOMING						
32	PENDING	G	2013 Annual Report - DCP	TBD		Pending
33	PENDING	G	Plan Governance & Administrative Issues Committee Meeting - Auto Enrollment	TBD		Pending
34	PENDING	O	Online Enrollment Functionality	TBD		Pending
35	PENDING	C	Board Report - Social Media Options	TBD		Pending
36	PENDING	C	Board Report - EZ Enrollment Form	TBD		Pending
37	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
38	PENDING	C	Create Catch-Up Flyer Incorporating Roth	TBD		Pending
39	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending
40	PENDING	C	Revise Distribution Form	TBD		Pending
41	PENDING	G	Board Report - review of consistency of access to separating City employees	TBD		Pending
42	PENDING	G	Board Report - Contribution History & Rollovers	TBD		Pending
43	PENDING	G	Board Report - SAS Form from Great-West	TBD		Pending
44	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
45	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
46	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
47	PENDING	G	Board Report - DROP Mailing	TBD		Pending
48	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
49	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		Pending
50	PENDING	C	DCP Glossary	TBD		Pending
51	PENDING	C	Participant Survey - Metrics demographic	TBD		Pending
52	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
53	PENDING	G	Review and report back on PIMCO hedge fund strategy	TBD		Pending

54	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD	Pending
55	PENDING	G	Board Report - Proxy Share Voting	TBD	Pending
56	PENDING	C	DROP Brochure Ad	TBD	Pending
57	PENDING	C	DROP Brochure	TBD	Pending
58	PENDING	C	Notification of Participants - Catch-Up Eligibility	TBD	Pending
59	PENDING	O	Pre-Audit Testing - Phase II	TBD	Pending
60	PENDING	C	Revise Pension Savings Plan Highlights	TBD	Pending
61	PENDING	G	Revisit Plan Audit	TBD	Pending
62	PENDING	A	PSP Account Consolidation	TBD	Pending
63	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD	Pending
64	PENDING	G	Auto-Glide Investment Allocations	TBD	Pending
65	PENDING	G	Board Report - Transition Manager Procurement	TBD	Pending
66	PENDING	G	Deemed IRA	TBD	Pending
67	PENDING	C	Online Enrollment Communications Document	TBD	Pending
68	PENDING	C	DCP Bi-Monthly Newsletter	TBD	Pending
69	PENDING	G	Retirement Plan Summit	TBD	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
Personnel				
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
City Attorney				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curt Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

Committee Membership

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

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

Submitted by: _____
Esther Chang

Reviewed by: _____
Steven Montagna

Approved by: _____
Alex Basquez