

Deferred Compensation Plan BOARD REPORT 14-10

Date: February 18, 2014

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:

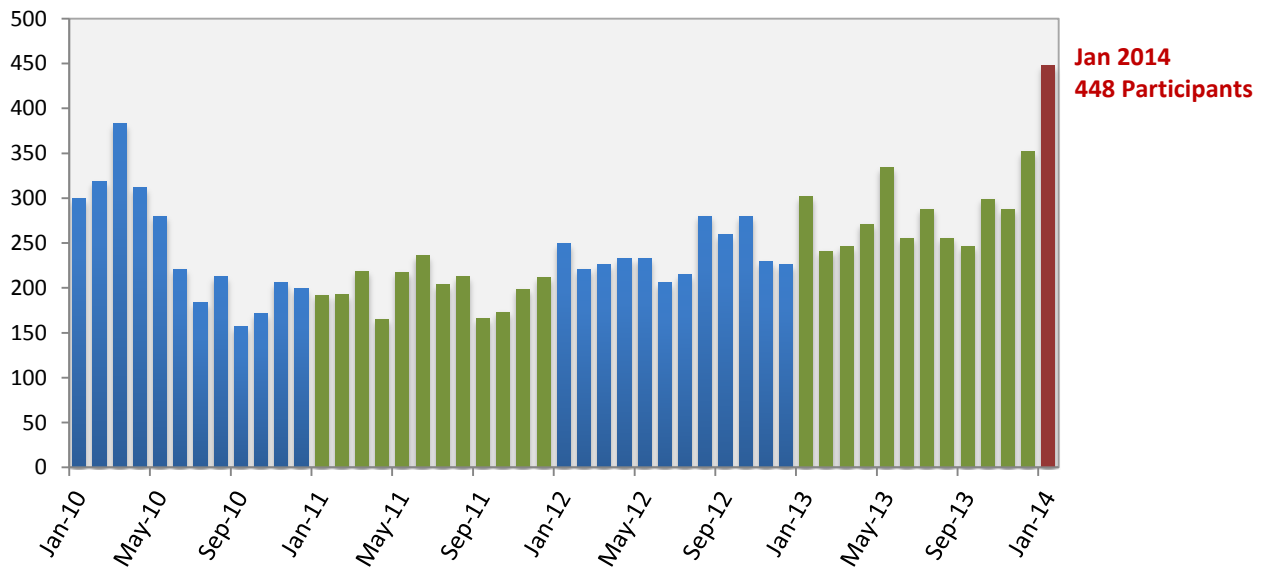
That the Board of Deferred Compensation Administration receive and file the following information.

Activity Reports:

Counter Activity Employee Benefits Division

Staff has compiled the following results of Counter Activity flow for the month of January 2014. During the month of January, 448 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 January 2014:

Counter Activity

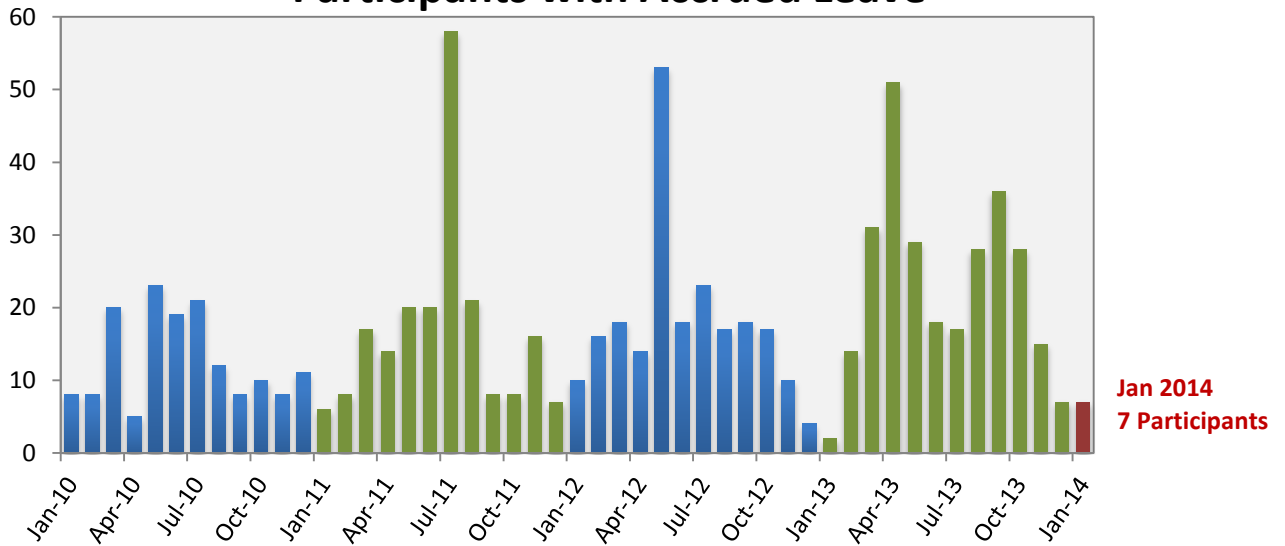


ACCRUED LEAVE ACTIVITY

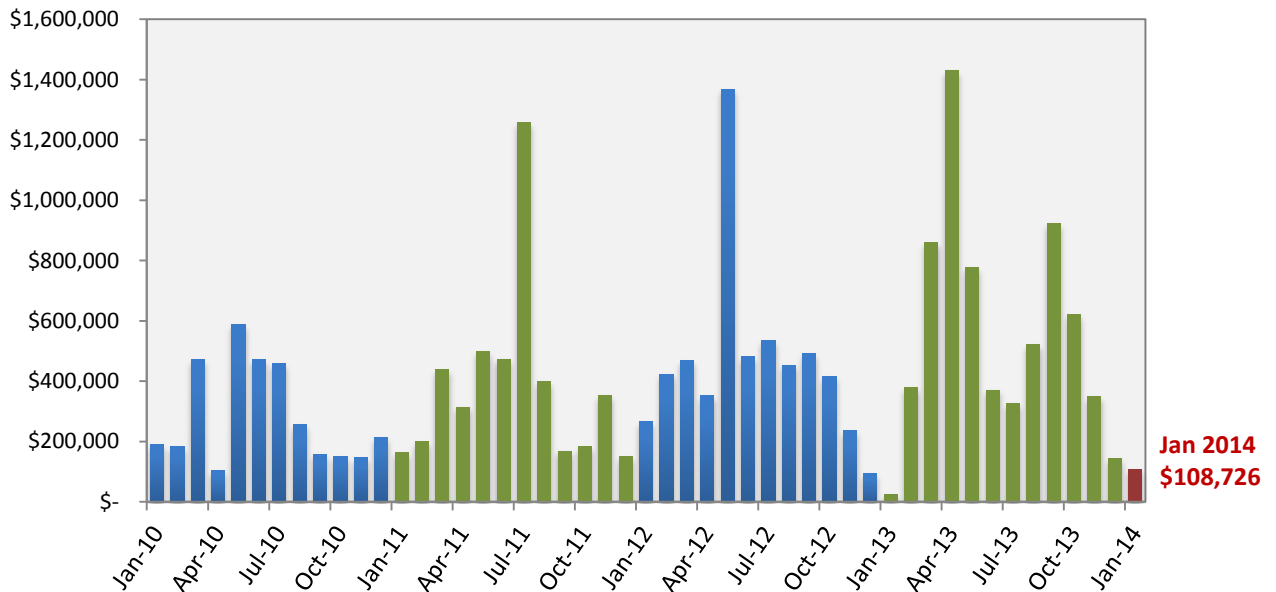
Staff has compiled the following results of Accrued Leave enrollment for the month of January 2014. During the month of January, 7 participants deferred **\$108,726** into the Plan from their Accrued Leave payouts.

Following are accrued leave activity results from January 2010 to January 2014:

Participants with Accrued Leave

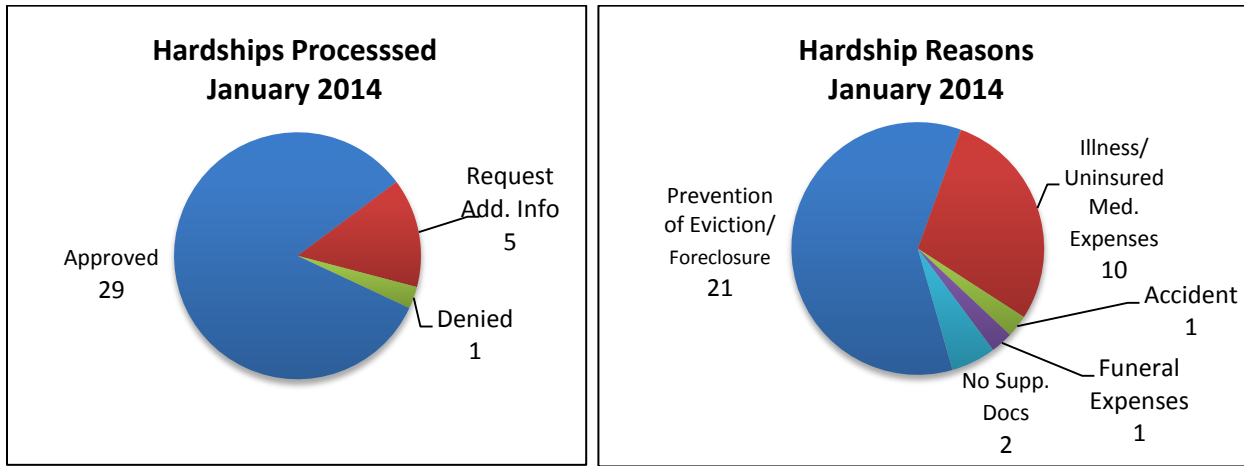


Accrued Leave Deferral Amounts

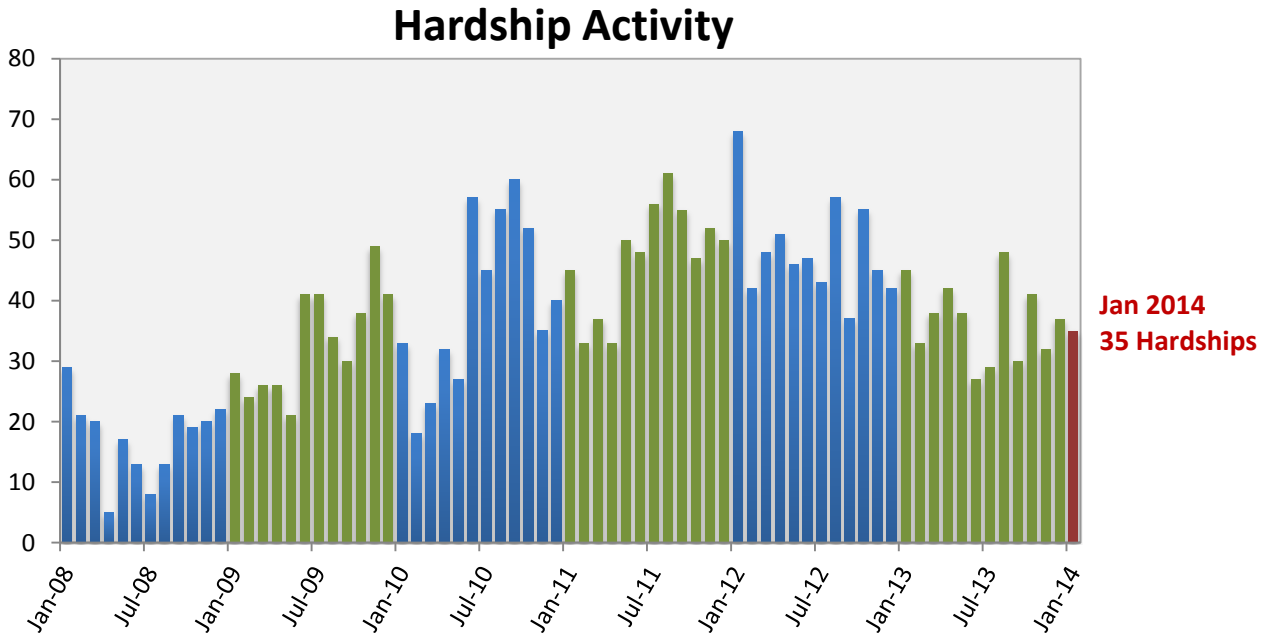


HARDSHIP ACTIVITY

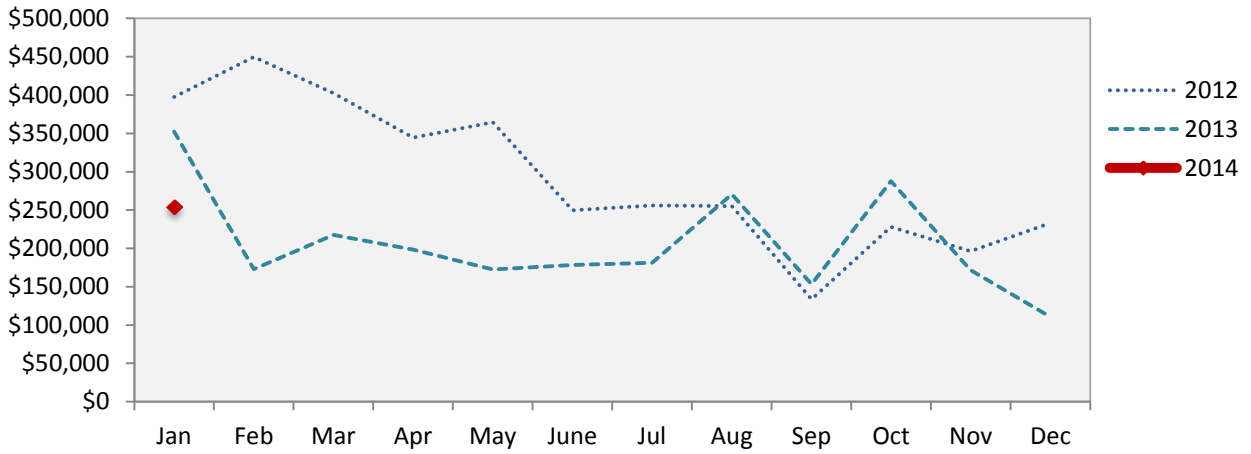
Staff has compiled the following results of hardship processing with Great-West for the month of January 2014. During the month of January, 35 hardship cases were submitted to Great-West. There were 29 cases approved, 1 case denied, and 5 cases pending further documentation. The dollar amount for hardships withdrawn from the plan in January 2014 was approximately **\$254,173**.



Following are hardship activity results from January 2008 to January 2014:



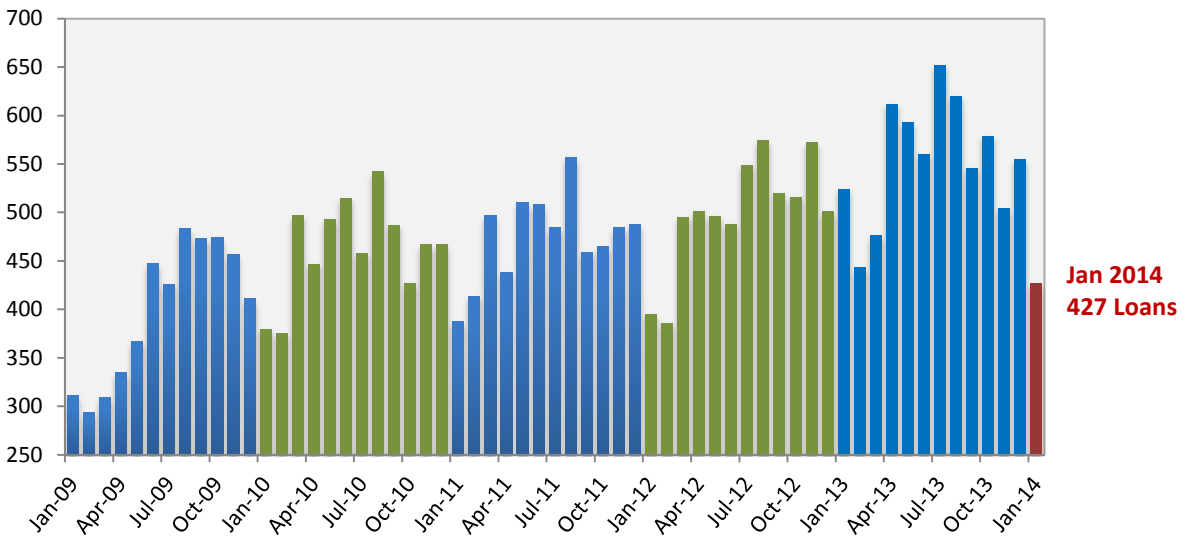
Hardship Dollars Disbursed



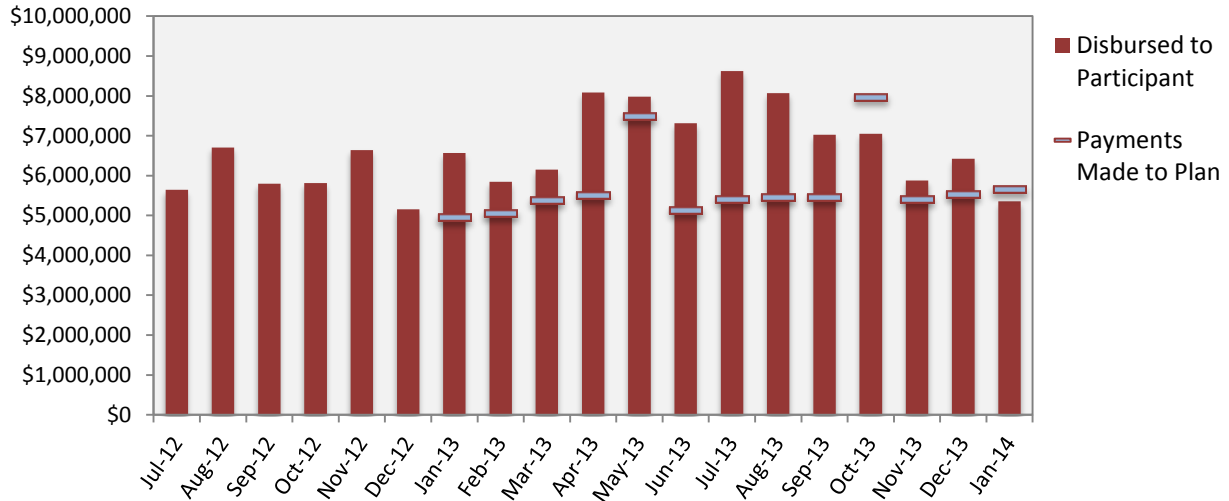
LOAN ACTIVITY

Staff has compiled the following results of new loans acquired by participants for the month of January 2014. During the month of January, 427 participants elected to obtain a new loan and **\$5,359,188** was withdrawn from the Plan for their loan payouts.

Loan Activity



Loan Dollars

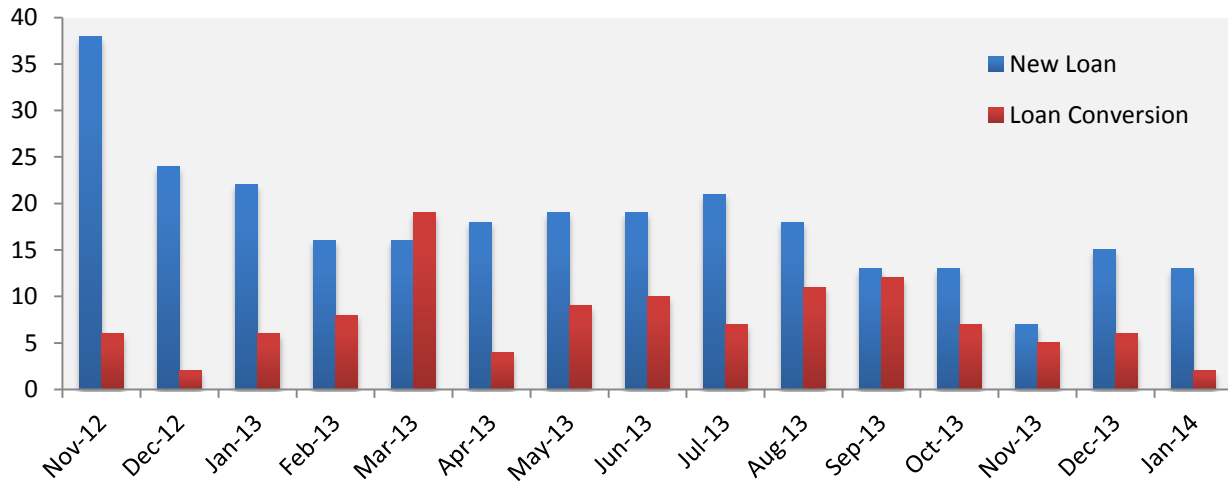


For Retirees or Terminated Employees

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.

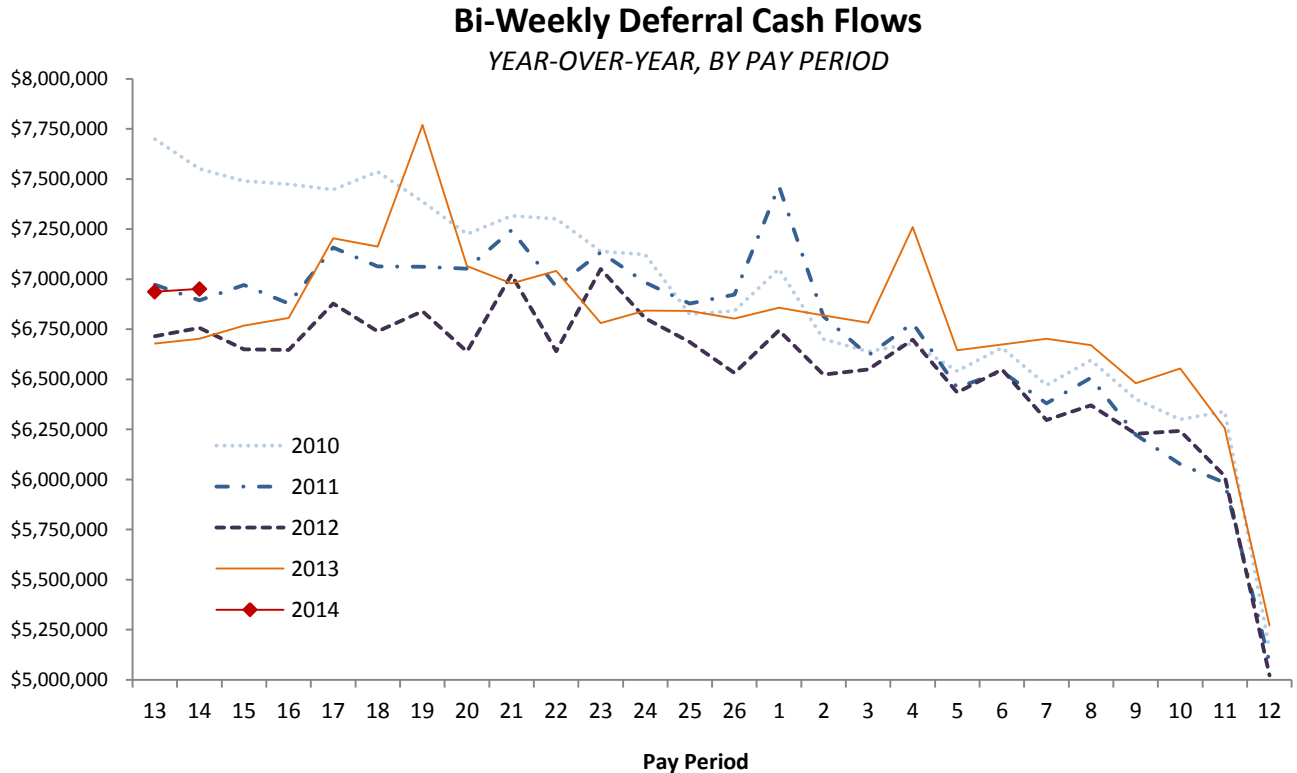
In January 2014, staff processed 13 new loan requests and 2 requests for loan conversion. **To date, staff has processed a total of 272 requests for retiree loans and 114 requests for conversion.**

Retiree Loans



DEFERRAL TRACKING

Staff has compiled the following results of bi-weekly deferral cash flows for the month of January 2014 for the City of Los Angeles and Department of Water and Power (DWP). During the month of December, the City and DWP deferred **\$13,888,642** into the Deferred Compensation Plan. This compares to **\$13,381,270** in January 2013, which constitutes a **3.8% increase**, year-over-year.



ROTH CONTRIBUTIONS

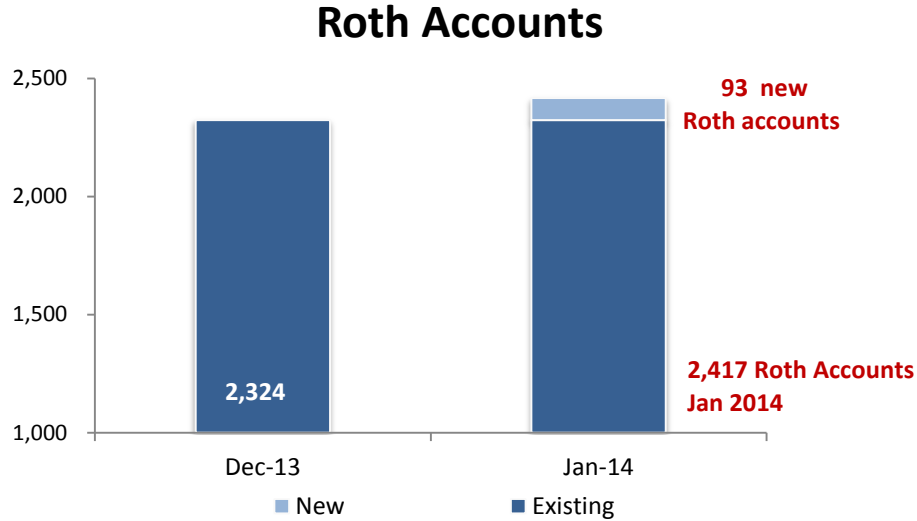
The Roth deferral option was made available to participants starting July 2011, with actual deferrals being made by August 2011.

As of January 31, 2014, **2,417 participants** have a Roth account. This figure represents approximately **6.0%**¹ of all Plan participants. Staff is in the process of obtaining a report breaking out the active from separated-from-service populations, and can then also report Roth participation percentages looking through that lens as well. The number of accounts in the separated-from-service population should be relatively small, since

¹ 40,348 participants with a balance effective January 31, 2014

presumably most of these individuals separated from service before Roth became available in the Plan.

There were a total of 93 new Roth accounts added in January 2014:



** Staff last reported that a recent review of metrics revealed a more accurate method of reporting Roth information beginning in January. Staff will gradually incorporate revised data for previous periods.*

Below shows the deferral breakdown for the last paycheck in January 2014:

	Employee Count	% of Total
Pre-tax deferral only	25,731	93%
Pre-tax and Roth deferral	1,159	4%
Roth deferral only	826	3%
TOTAL Contributing Participants	27,716	100%

PROJECT UPDATE
(reflects project activity for period 01/01/14 through 01/31/14)

DCP						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: JANUARY 2014						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Minutes - December 17, 2013 Meeting	01/31/14	Y	N/A
2	Completed	G	Board Report 14-01 - Officer Elections for Board Member Positions	01/31/14	Y	N/A
3	Completed	G	Board Report 14-02 - Quarterly Budget Review 09/30/13	01/31/14	Y	N/A
4	Completed	G	Board Report 14-03 - 2014 Budget	01/31/14	Y	N/A
5	Completed	G	Board Report 14-04- 2014 Elections for LACERS/Pensions Reps	01/31/14	Y	N/A
6	Completed	G	Board Report 14-05- 2013 Attendance Review	01/31/14	Y	N/A
7	Completed	G	Board Report 14-06 - Staff Report January 2014	01/31/14	Y	N/A
8	Completed	G	Board Elections - Finalize e-minus calendar with the Election Division	01/31/14	Y	N/A
9	Completed	C	Informational Bulletin- Deferred Comp Trust	01/31/14	Y	N/A
10	Completed	C	DCP Newsletter - 4th Quarter 2013	01/31/14	Y	N/A
11	Completed	C	Great-West Reps Flyer - Template Change	01/31/14	Y	N/A
12	Completed	C	LAPD Special Check - Contribution Change Flyer	03/31/14	Y	N/A
13	Completed	O	Auto Enrollment - Report on Contribution Demographics	01/31/14	Y	N/A
14	Completed	O	Update PSP Defaulted Addresses - Initial	01/31/14	Y	Mass initial update completed; 2nd round clean-up/review at Q1 end
PENDING PROJECTS						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
FEBRUARY 2014						
1	PENDING	G	Metrics Tracking Document	12/31/13		Pending
2	PENDING	G	Correspondence to CAO and City Unions re Auto Enrollment	01/31/14		Pending

3	PENDING	G	Minutes - January 21, 2014 Meeting	02/28/14		Pending
4	PENDING	G	Board Report - Investment Policy Revisions	02/28/14		Pending
5	PENDING	G	Board Report - Historical Budget Expenses	02/28/14		Pending
6	PENDING	G	Board Report - Private Letter Rulings and Post-Military Leave Deferrals	02/28/14		Pending
7	PENDING	G	Plan Governance & Administrative Issues Committee Meeting - Report on Auto Enrollment	02/28/14		Pending
8	PENDING	G	Board Report - Change to SVF Investment Guidelines	02/28/14		Pending
9	PENDING	A	Statistical Project: Refined Count of Active vs. Separated Participants	02/28/14		Pending
10	PENDING	A	Great-West Contract Amendment Extension PSP Services 2012-2016	01/31/14		Pending
11	PENDING	A	Issue FDIC RFP	02/28/14		Pending
12	PENDING	C	Develop Prototype - Updated Annual Report	02/28/14		Pending
13	PENDING	C	Revise Plan Highlights	02/28/14		Pending
14	PENDING	C	Implement Benefits Landing Page (to include DCP)	03/31/14		Pending
15	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	03/31/14		Pending
MARCH 2014						
16	PENDING	G	Minutes - February 18, 2014 Meeting	03/31/14		Pending
17	PENDING	G	Board Report - Plan Document Revisions (Loans)	03/31/14		Pending
18	PENDING	C	Web Page Content Update	03/31/14		Pending
19	PENDING	C	Participant Survey Proposal - Plan Satisfaction	03/31/14		Pending
20	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	03/31/14		Pending
21	PENDING	C	Enrollment Form Revision	03/31/14		Pending
22	PENDING	C	IOAG - Annual Review	03/31/14		Pending
23	PENDING	C	Enrollment Guide Revision	03/31/14		Pending
24	PENDING	C	Calculator Promotion Campaign - Develop proposal	03/31/14		Pending
25	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	03/31/14		Pending
26	PENDING	O	Optimize Timing of Loan File Feed Run	03/31/14		Pending

27	PENDING	O	Annual Contributions Audit	03/31/14		Pending
28	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	03/31/14		Pending
UPCOMING						
29	PENDING	G	2013 Annual Report - DCP	TBD		Pending
30	PENDING	O	Online Enrollment Functionality	TBD		Pending
31	PENDING	G	Board Report - Travel Policy Options Report	TBD		Pending
32	PENDING	C	Board Report - Social Media Options	TBD		Pending
33	PENDING	C	Board Report - EZ Enrollment Form	TBD		Pending
34	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
35	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending
36	PENDING	C	Revise Distribution Form	TBD		Pending
37	PENDING	C	Accrued Leave - Flier and Form Revisions	TBD		Pending
38	PENDING	C	KeyTalk and Web Guide - Revisions	TBD		Pending
39	PENDING	C	Distribution Options Guide - Tax and Loan revisions	TBD		Pending
40	PENDING	C	Roth 457 Intro Guide Revise/Redesign	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: _____
Alejandrina Basquez