

Deferred Compensation Plan BOARD REPORT 14-14

Date: March 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:

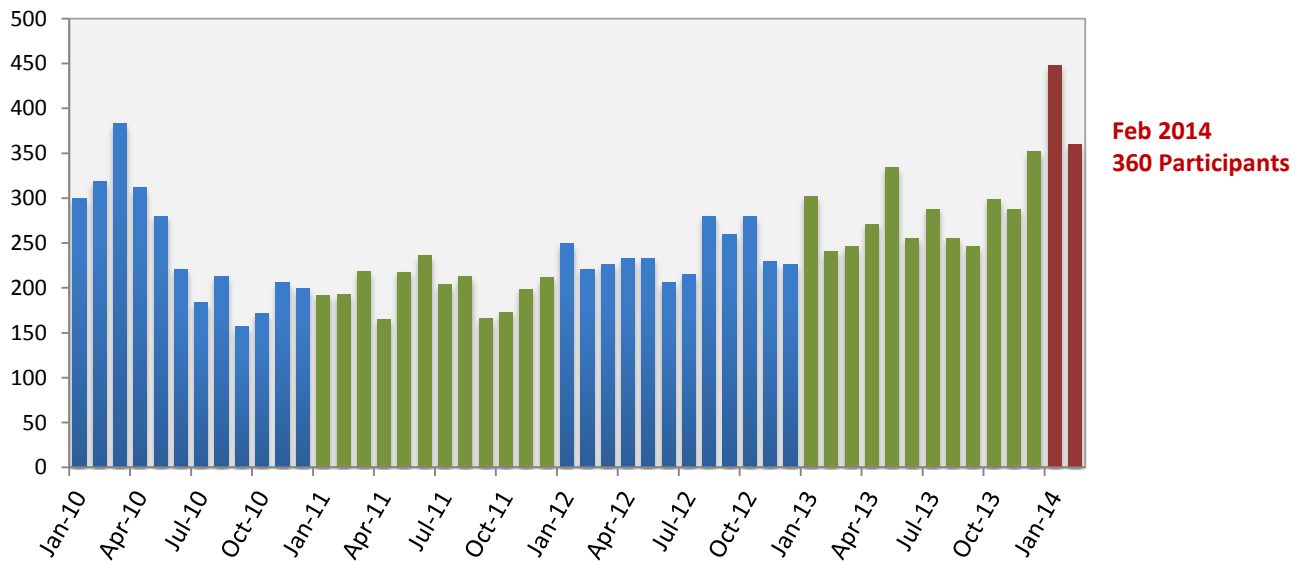
That the Board of Deferred Compensation Administration receive and file the following information.

Activity Reports:

Counter Activity Employee Benefits Division

Staff has compiled the following results of Counter Activity flow for the month of February 2014. During the month of February, 360 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 February 2014:

Counter Activity

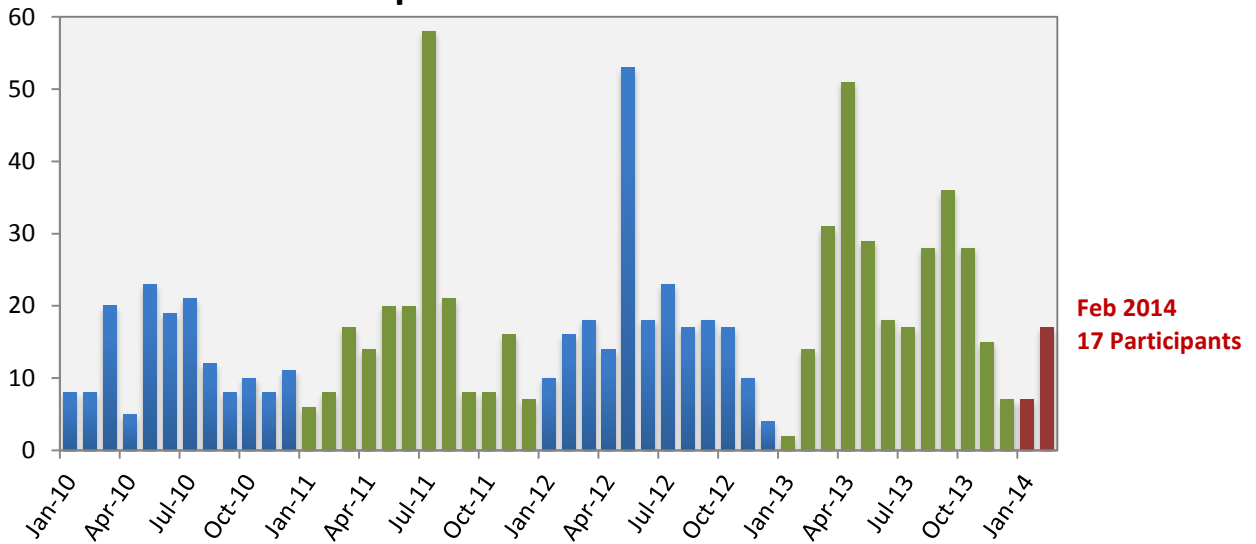


ACCRUED LEAVE ACTIVITY

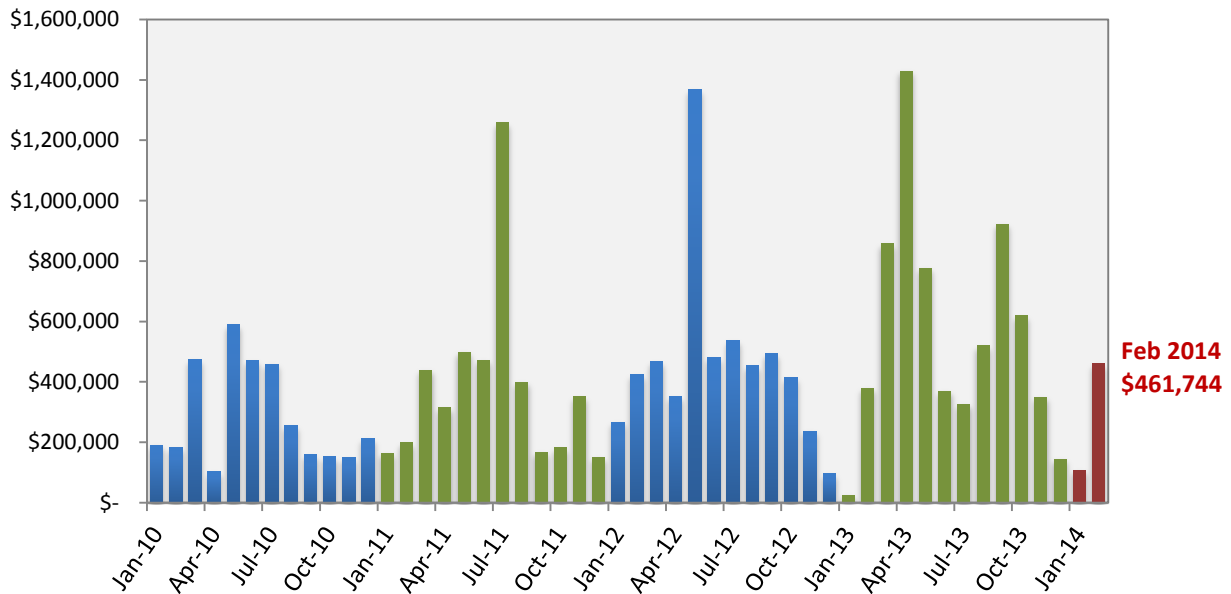
Staff has compiled the following results of Accrued Leave enrollment for the month of February 2014. During the month of February, 17 participants deferred **\$461,744** into the Plan from their Accrued Leave payouts.

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

Participants with Accrued Leave

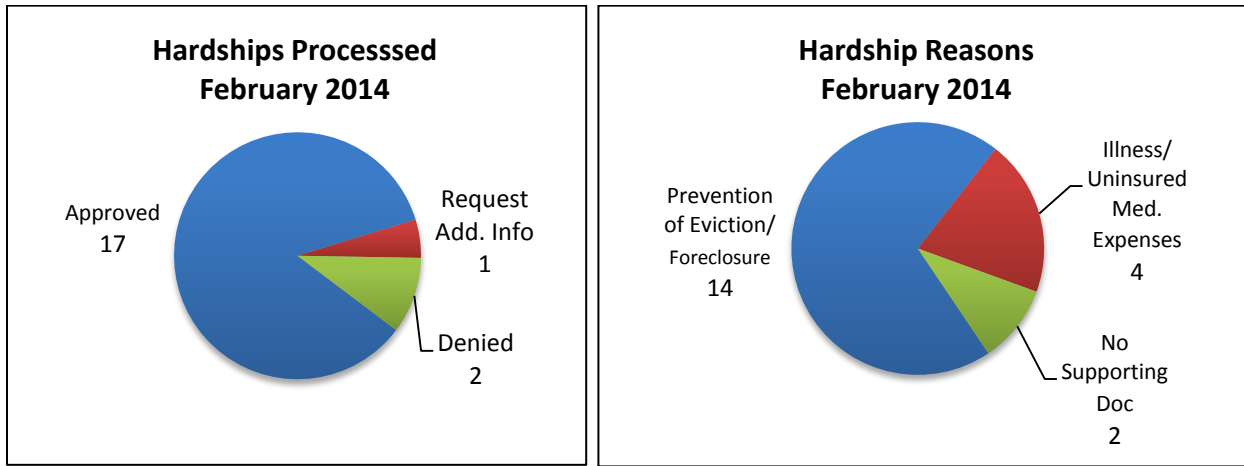


Accrued Leave Deferral Amounts

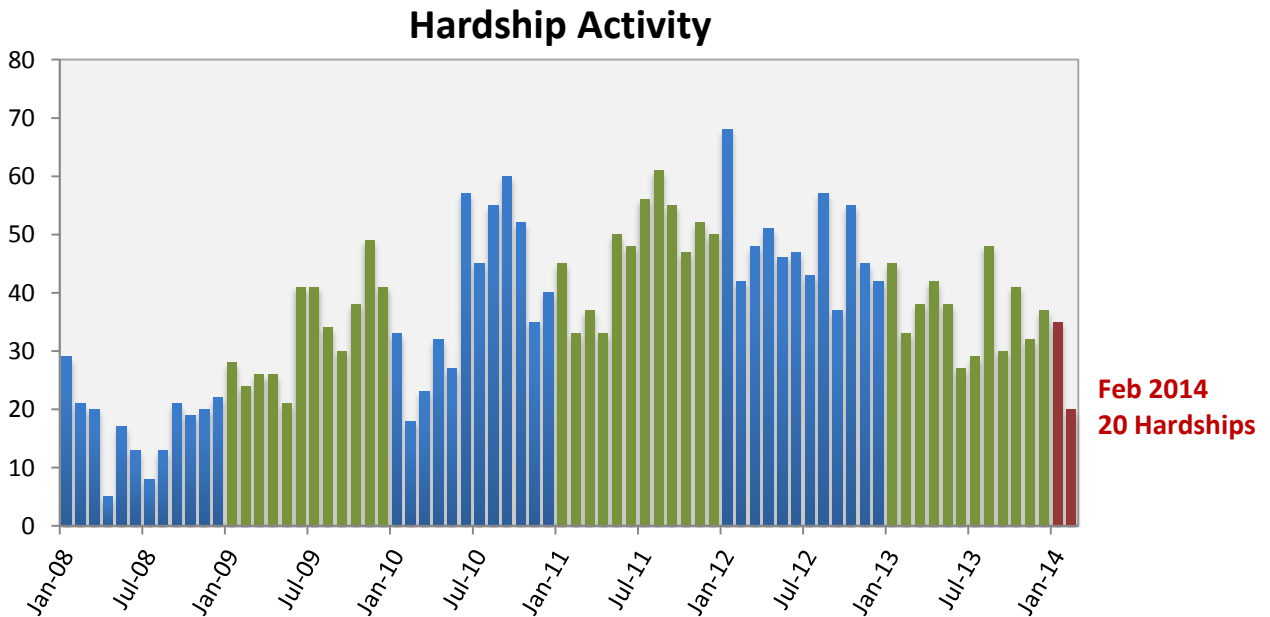


HARDSHIP ACTIVITY

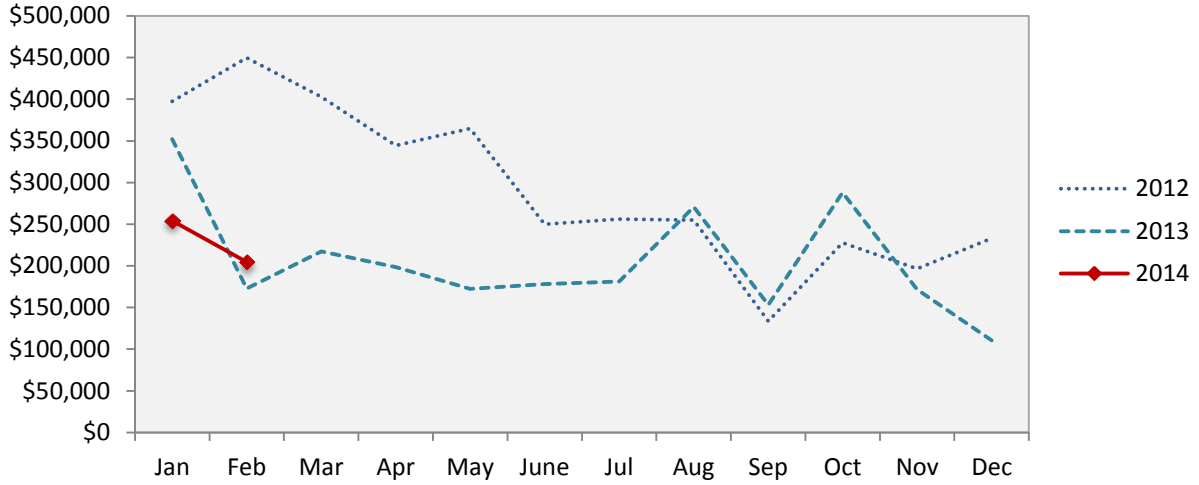
Staff has compiled the following results of hardship processing with Great-West for the month of February 2014. During the month of February, 20 hardship cases were submitted to Great-West. There were 17 cases approved, 2 cases denied, and 1 case pending further documentation. The dollar amount for hardships withdrawn from the plan in February 2014 was approximately **\$204,540**.



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



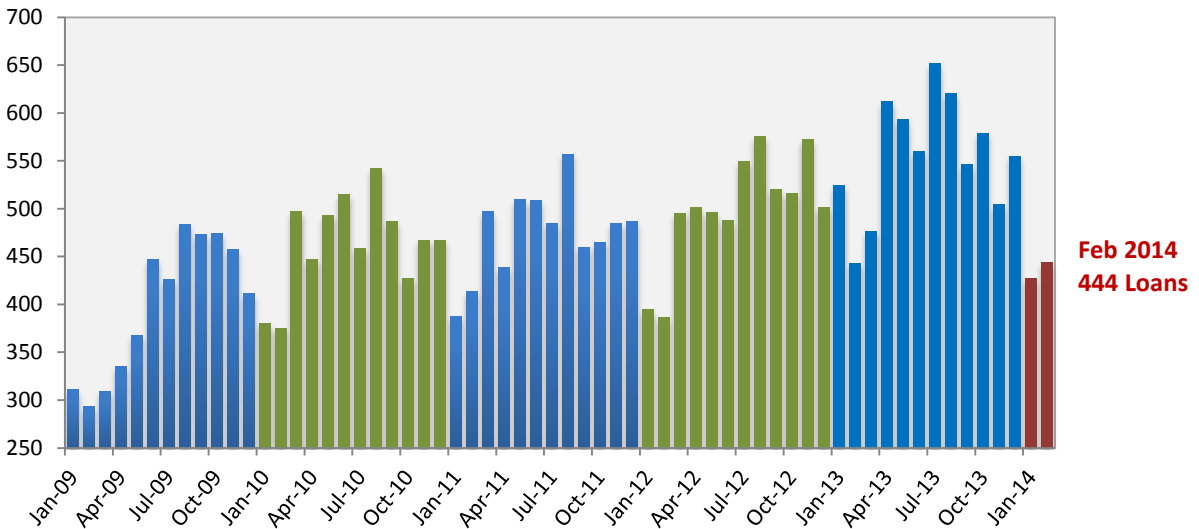
Hardship Dollars Disbursed



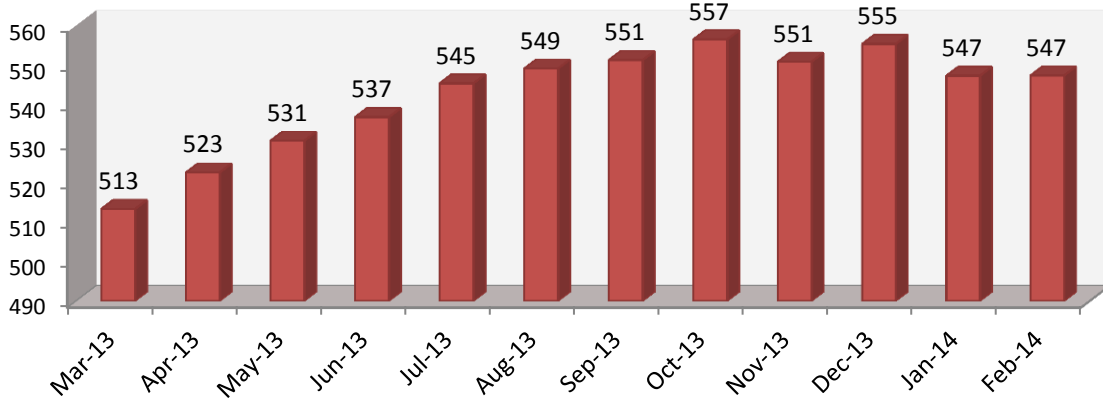
LOAN ACTIVITY

Staff has compiled the following results of new loans acquired by participants for the month of February 2014. During the month of February, 444 participants elected to obtain a new loan and **\$6,057,361** was withdrawn from the Plan for their loan payouts.

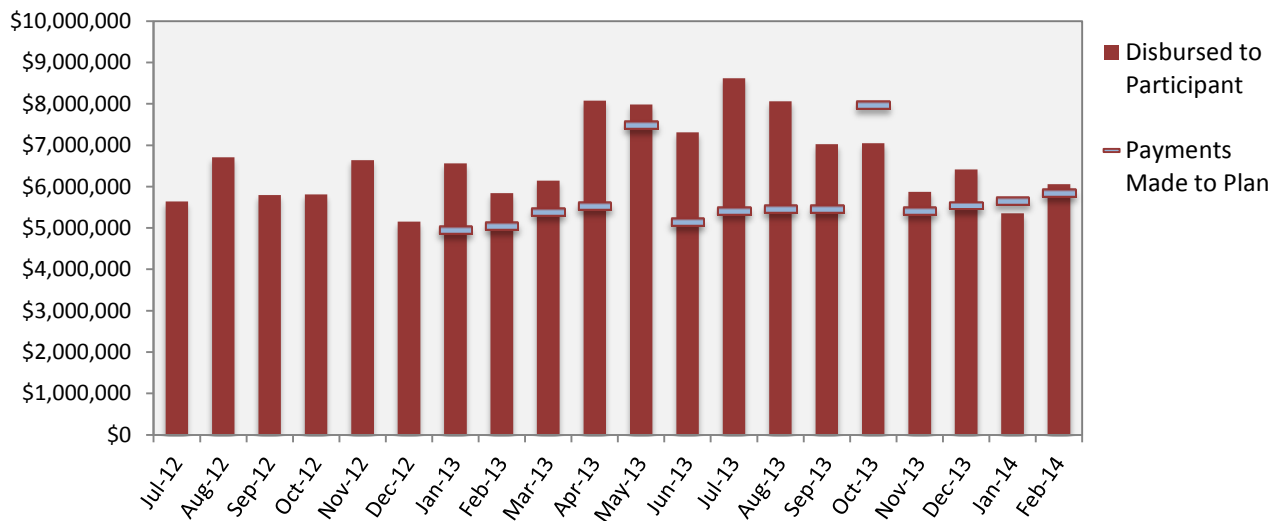
Loan Activity



Loans Processed 12 Month Rolling Average



Loan Dollars

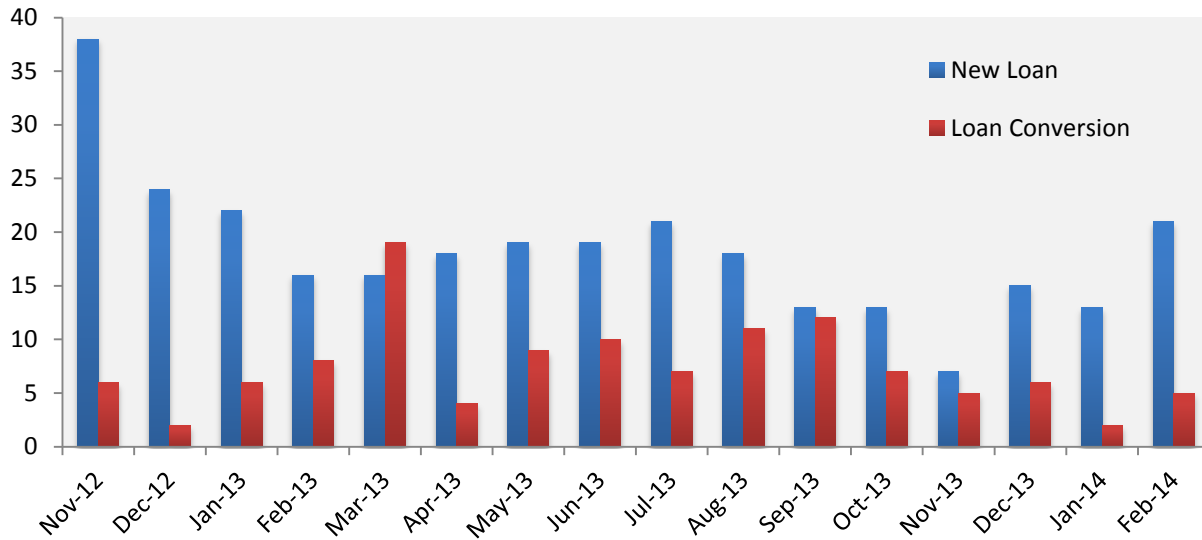


For Retirees or Terminated Employees

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.

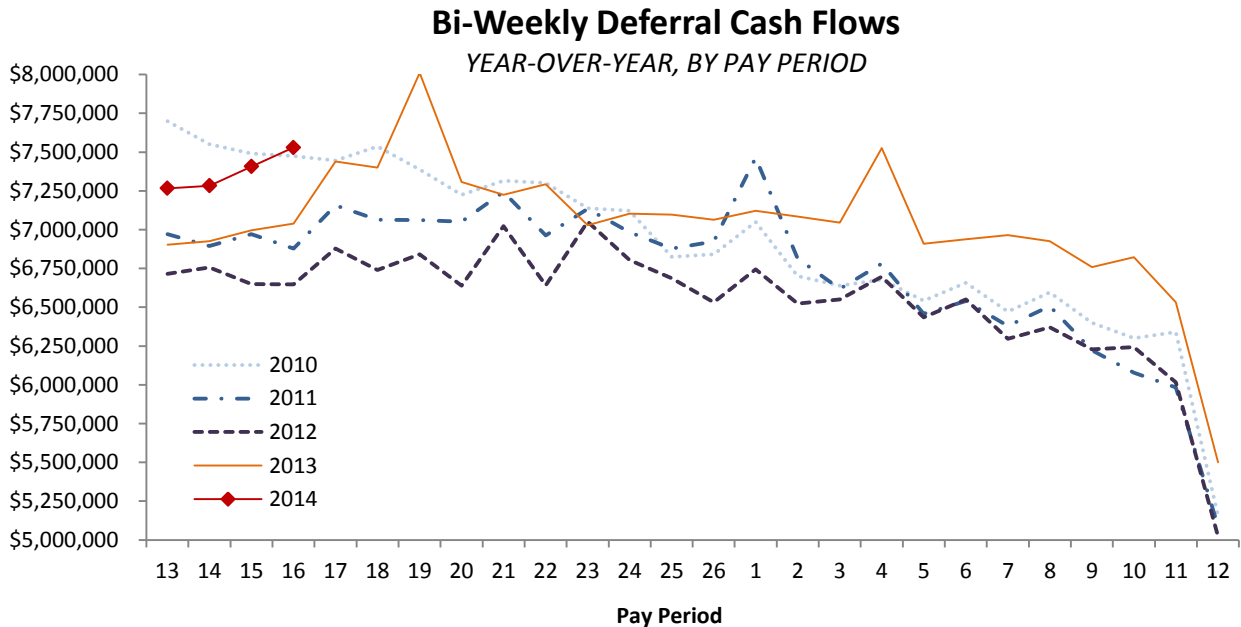
In February 2014, staff processed 21 new loan requests and 5 requests for loan conversion. **To date, staff has processed a total of 293 requests for retiree loans and 119 requests for conversion.**

Retiree Loans



DEFERRAL TRACKING

Staff has compiled the following results of bi-weekly deferral cash flows for the month of February 2014 for the City of Los Angeles and Department of Water and Power (DWP). During the month of February, the City and DWP deferred **\$14,935,737** into the Deferred Compensation Plan. This compares to **\$14,034,751** in February 2013, which constitutes a **6.4% increase**, year-over-year.



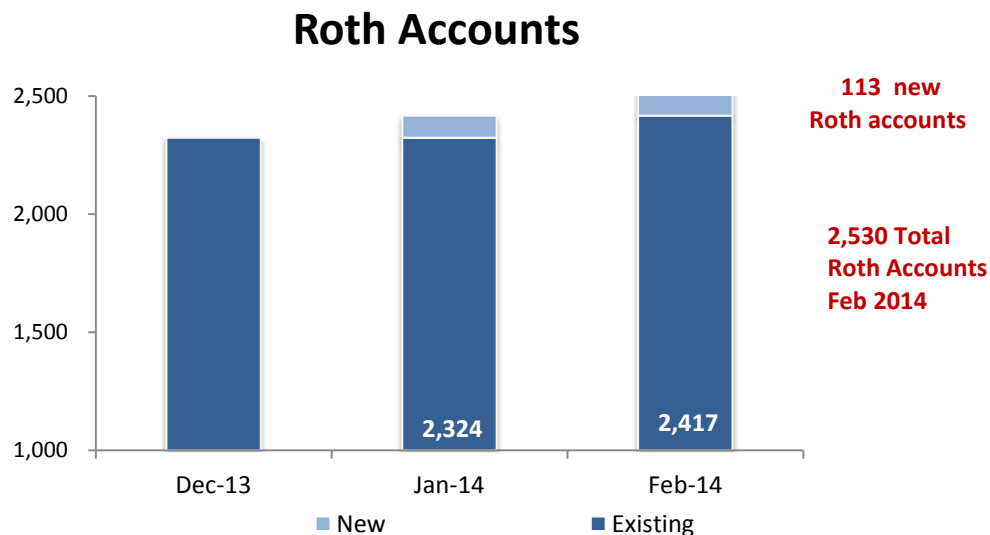
ROTH CONTRIBUTIONS

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

As of March 4, 2014, **2,530 participants** have a Roth account. This figure represents approximately **6.3%**¹ of all Plan participants. Of these participants, **260 accounts** are Roth only balances.

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

There were a total of 113 new Roth accounts added in February 2014:



** Staff reported that a recent review of metrics revealed a more accurate method of reporting Roth information beginning in January 2014. Staff will gradually incorporate revised data for previous periods.*

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

	Employee Count	% of Total
Pre-tax deferral only	25,680	92.4%
Pre-tax and Roth deferral	1,219	4.4%
Roth deferral only	876	3.2%
TOTAL Contributing Participants	27,775	100%

¹ 40,389 participants with a balance effective March 4, 2014

PROJECT UPDATE
(reflects project activity for period 02/01/14 through 02/28/14)

DCP						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: FEBRUARY 2014						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Minutes - January 21, 2014 Meeting	02/28/14	2/28/2014	N/A
2	Completed	G	Board Report - Investment Policy Revisions	02/28/14	2/28/2014	N/A
3	Completed	G	Board Report - Historical Budget Expenses	02/28/14	2/28/2014	N/A
4	Completed	G	Board Report - Change to SVF Investment Guidelines	02/28/14	2/28/2014	N/A
5	Completed	G	Board Report - January 2014 Staff Report	02/28/14	2/28/2014	N/A
6	Completed	G	Board Elections - Formal Request to Election Division with Finalized Election Calendar	02/28/14	2/28/2014	N/A
7	Completed	C	Develop Prototype - Updated Annual Report	02/28/14	2/28/2014	N/A
PENDING PROJECTS						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
MARCH 2014						
1	PENDING	G	Metrics Tracking Document	03/31/14		Pending
2	PENDING	G	Correspondence to CAO and City Unions re Auto Enrollment	03/31/14		Pending
3	PENDING	G	Minutes - 2/18/14 Meeting	03/31/14		Pending
4	PENDING	G	Board Report - Private Letter Rulings and Post-Military Leave Deferrals	03/31/14		Pending
5	PENDING	G	Plan Governance & Administrative Issues Committee Meeting - Report on Auto Enrollment	03/31/14		Pending
6	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	03/31/14		Pending
7	PENDING	G	Board Report - Investment Menu Search Proposal for 2014	03/31/14		Pending
8	PENDING	G	Board Report - Plan Document Revisions (Loans)	03/31/14		Pending
9	PENDING	G	Board Report - February 2014 Staff Report	03/31/14		Pending
10	PENDING	G	Board Elections - Election Notification Letter Mailout to All Eligible Participants	03/31/14		To mail 3/14/2014 Petitions available beginning 3/21, to be turned in by 4/4

11	PENDING	G	Board Elections - Prepare Nominating Petitions for active LACERS & LAFPP seats	03/31/14		Working on draft
12	Pending	G	Board Elections - Provide Election Division with List of Eligible Voters	03/31/14		To be used to verify signatures on Nominating Petitions
13	PENDING	A	Statistical Project: Refined Count of Active vs. Separated Participants	03/31/14		Working with DWP programmers to pull appropriate reports
14	PENDING	A	Statistical Project: Distribution Count (Age 59.5 and sworn)	03/31/14		Pending
15	PENDING	A	Great-West Contract Amendment Extension PSP Services 2012-2016	03/31/14		Pending
16	PENDING	A	Issue FDIC RFP	03/31/14		Pending
17	PENDING	C	Implement Benefits Landing Page (to include DCP)	03/31/14		Pending
18	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	03/31/14		Pending
19	PENDING	O	Annual Contributions Audit	03/31/14		Pending
20	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	03/31/14		Pending
APRIL 2014						
21	PENDING	G	Minutes - March 18, 2014 Meeting	04/30/14		Pending
22	PENDING	G	Board Report - March 2014 Staff Report	04/30/14		Pending
23	PENDING	C	DCP Annual Report	04/15/14		Pending
24	PENDING	C	PSP Annual Report	04/15/14		Pending
25	PENDING	C	Revise Plan Highlights	04/30/14		Pending
26	PENDING	C	Web Page Content Update	04/30/14		Pending
27	PENDING	C	Participant Survey Proposal - Plan Satisfaction	04/30/14		Pending
28	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	04/15/14		Pending
29	PENDING	C	Enrollment Form Revision Phase 1 (Graphic change)	04/30/14		Pending
30	PENDING	C	IOAG - Annual Review	04/30/14		Pending
31	PENDING	C	Enrollment Guide Revision	04/30/14		Pending
32	PENDING	C	Calculator Promotion Campaign - Develop proposal	04/30/14		Pending
33	PENDING	C	New Brand Style Guide	04/30/14		Pending
34	PENDING	C	Design Templates - PowerPoint and Word	04/30/14		Pending
35	PENDING	C	1Q14 Participant Newsletter	04/30/14		Pending
36	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	04/30/14		Pending
37	PENDING	O	Optimize Timing of Loan File Feed Run	04/30/14		Running initial test for April

38	PENDING	O	Distributions - Retirees who return to work	04/30/14		Pending
UPCOMING						
39	PENDING	C	Website Tutorial/Education Videos	05/31/14		Pending
40	PENDING	G	Plan Document Review - Contributions	TBD		Pending
41	PENDING	G	Plan Document Review - Beneficiaries	TBD		Pending
42	PENDING	O	Online Enrollment Functionality	TBD		Pending
43	PENDING	G	Board Report - Travel Policy Options Report	TBD		Pending
44	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
45	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
46	PENDING	C	Board Report - Social Media Options	TBD		Pending
47	PENDING	C	Board Report - EZ Enrollment Form	TBD		Pending
48	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
49	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending
50	PENDING	C	Revise Distribution Form	TBD		Pending
51	PENDING	C	Accrued Leave - Flier and Form Revisions	TBD		Pending
52	PENDING	C	KeyTalk and Web Guide - Revisions	TBD		Pending
53	PENDING	C	Distribution Options Guide - Tax and Loan revisions	TBD		Pending
54	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending
55	PENDING	G	Board Report - review of consistency of access to separating City employees	TBD		Pending
56	PENDING	G	Board Report - Contribution History & Rollovers	TBD		Pending
57	PENDING	G	Board Report - SAS Form from Great-West	TBD		Pending
58	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
59	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
60	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
61	PENDING	G	Board Report - DROP Mailing	TBD		Pending
62	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
63	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		Pending

64	PENDING	C	DCP Glossary	TBD	Pending
65	PENDING	C	Participant Survey - Metrics demographic	TBD	Pending
66	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD	Pending
67	PENDING	G	Review and report back on PIMCO hedge fund strategy	TBD	Pending
68	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD	Pending
69	PENDING	G	Board Report - Proxy Share Voting	TBD	Pending
70	PENDING	C	DROP Brochure Ad	TBD	Pending
71	PENDING	C	DROP Brochure	TBD	Pending
72	PENDING	C	Notification of Participants - Catch-Up Eligibility	TBD	Pending
73	PENDING	O	Pre-Audit Testing - Phase II	TBD	Pending
74	PENDING	C	Revise Pension Savings Plan Highlights	TBD	Pending
75	PENDING	G	Revisit Plan Audit	TBD	Pending
76	PENDING	A	PSP Account Consolidation	TBD	Pending
77	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD	Pending
78	PENDING	G	Auto-Glide Investment Allocations	TBD	Pending
79	PENDING	G	Board Report - Transition Manager Procurement	TBD	Pending
80	PENDING	G	Deemed IRA	TBD	Pending
81	PENDING	C	Online Enrollment Communications Document	TBD	Pending
82	PENDING	C	DCP Bi-Monthly Newsletter	TBD	Pending
83	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

Eugene K. Canzano, Chair
 Cliff Cannon
 John R. Mumma
 Margaret Whelan

Investments Committee

John R. Mumma, Chair
 Sangeeta Bhatia
 Eugene K. Canzano
 Tom Moutes

Submitted by: _____
 Esther Chang

Reviewed by: _____
 Steven Montagna

Approved by: _____
 Alejandrina Basquez