

DEFERRED COMPENSATION PLAN BOARD REPORT 14-16

Date: May 5, 2014
To: Board of Deferred Compensation Administration
From: Staff
Subject: Pension Savings Plan 2013 Annual Report

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Tom Moutes, Second Provisional Chair
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Recommendation:

That the Board of Deferred Compensation Administration receive and file the draft 2013 Pensions Savings Plan report for submission to the Personnel Department.

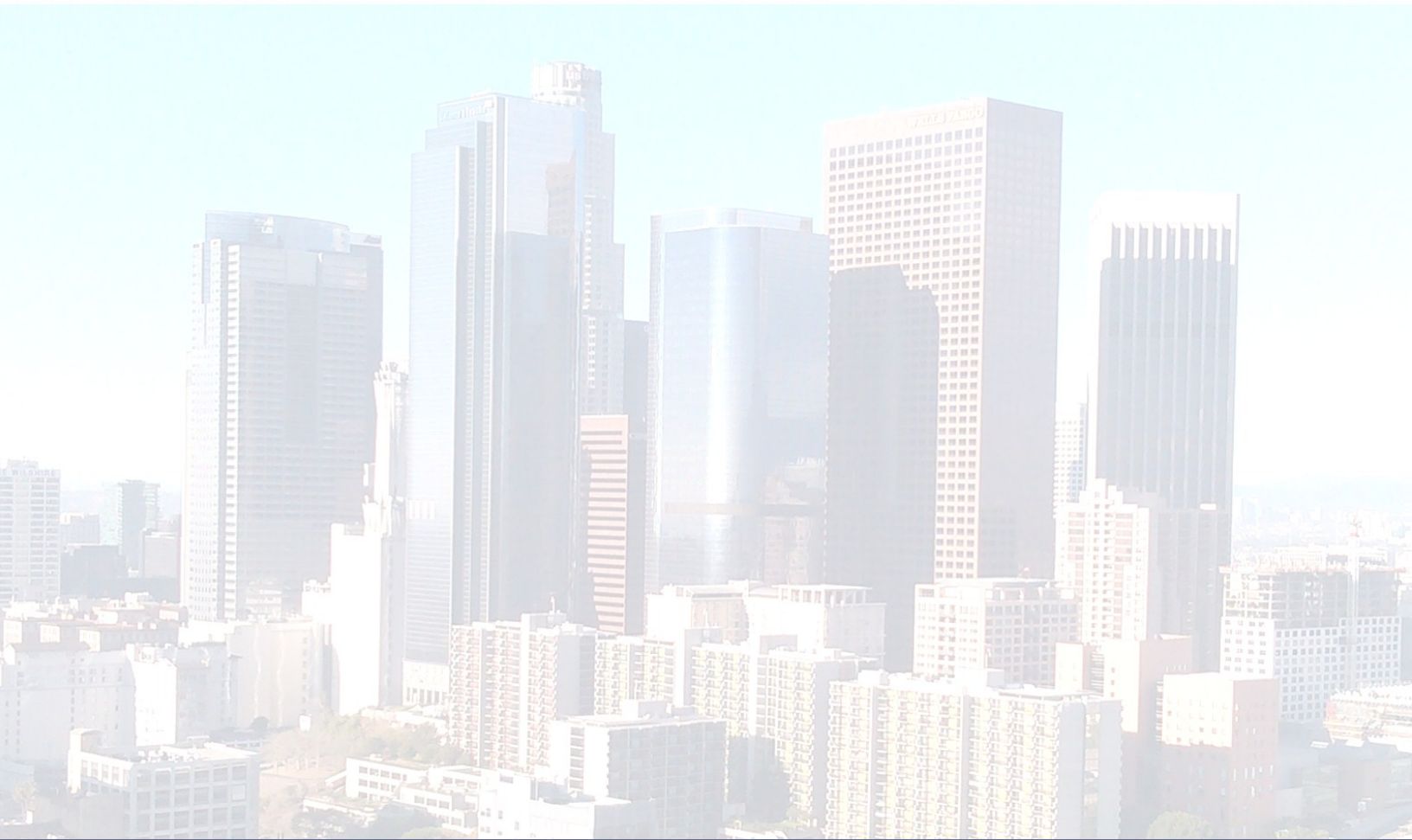
Discussion:

The Board of Deferred Compensation Administration acts in an advisory capacity to the Personnel Department for administration of the Pension Savings Plan (PSP), a non-qualified deferred compensation plan established under Internal Revenue Code Section 457 and City Administrative Code Division 4, Chapter 16. The PSP report will be submitted to the Personnel Department for review and a final copy will be submitted to the Mayor's Office.

Submitted by: _____
Paul Makowski

Approved by: _____
Steven Montagna

City of Los Angeles



PENSION SAVINGS PLAN

ANNUAL REPORT

BOARD OF DEFERRED COMPENSATION ADMINISTRATION

2013

ELECTED OFFICIALS
of the
CITY OF LOS ANGELES
CALIFORNIA



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700 EAST TEMPLE STREET
LOS ANGELES, CA 90012

—
Margaret Whelan
GENERAL MANAGER

May 20, 2014

The Honorable Eric Garcetti, Mayor
Honorable Council of the City of Los Angeles
Pension Savings Plan Participants

I am pleased to submit the 2013 Annual Report for the City of Los Angeles Pension Savings Plan. The Pension Savings Plan provides an important resource for part-time, temporary, and seasonal employees who are not eligible to participate in one of the three City pension systems administered by the Los Angeles City Employees' Retirement System, Los Angeles Fire and Police Pensions, or the Water and Power Employees' Retirement Plan.

The Plan assists part-time, temporary, and seasonal employees in acquiring assets for retirement, in lieu of participation in Social Security. Participants contribute a fixed amount of 4.5% of compensation and the City provides a matching amount of 3% of compensation. These contributions are then invested in the City of Los Angeles Stable Value Fund, which is managed by Great-West Financial.

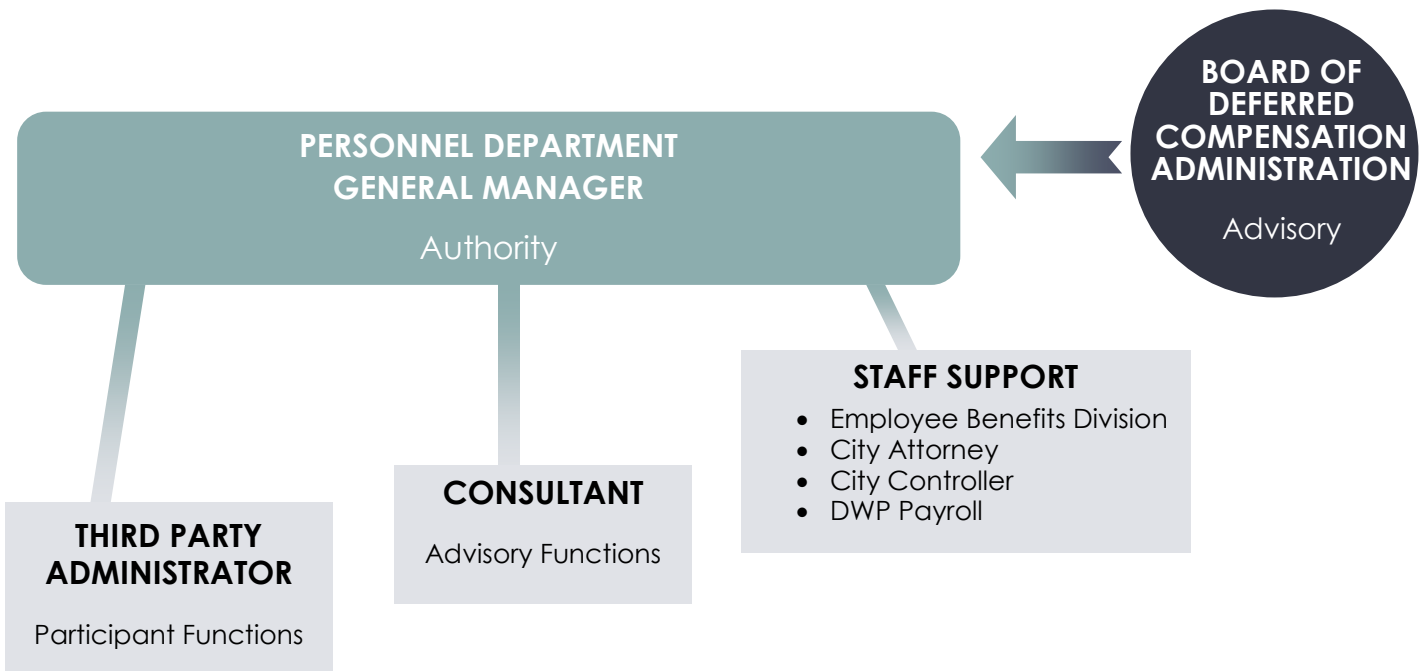
The Personnel Department's ongoing objectives are to ensure that participants are able to maximize the benefits available to them under the Pension Savings Plan and to assist in strengthening each employee's retirement security.

Respectfully submitted,

Margaret Whelan, General Manager
Personnel Department

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ADMINISTRATIVE STRUCTURE



PLAN OVERVIEW

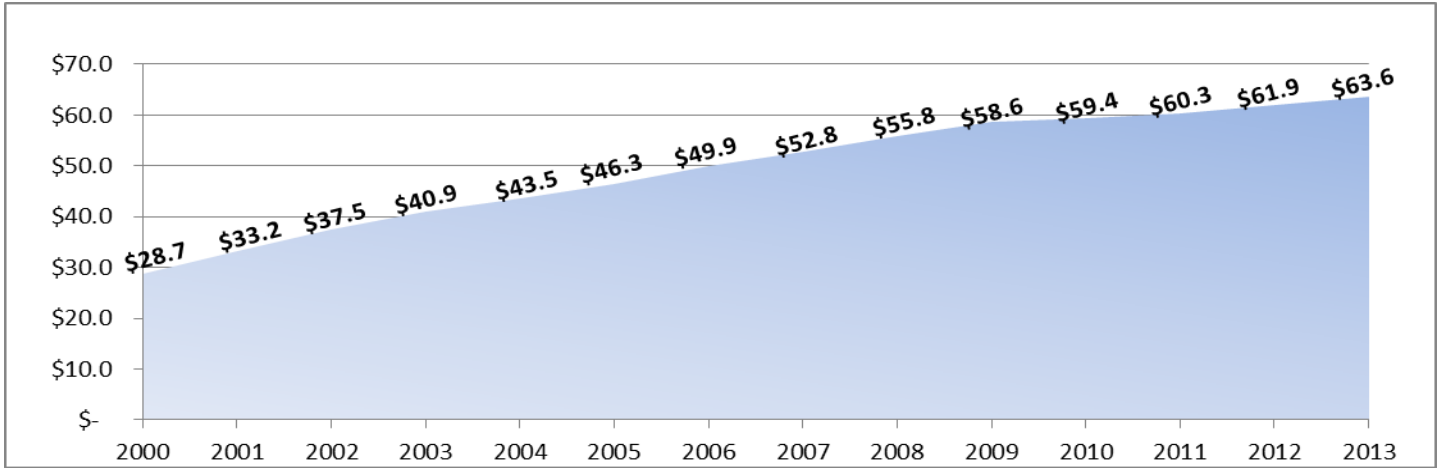
The Pension Savings Plan (PSP) is a non-qualified deferred compensation plan established under Internal Revenue Code Section 457 and City Administrative Code Division 4, Chapter 16. The Plan was established in December 1993 to provide a retirement-savings alternative to Social Security for certain City employees not eligible to participate in one of the City's three retirement/pension programs. Participation in this Plan is mandatory for those employees, including employees of the Department of Water and Power, who are not eligible to participate in one of the City's other retirement programs.

City employees may have a balance in the Plan if they are part-time, temporary or seasonal employees; if they formerly worked within one of those categories and have since transitioned to full-time status; and/or if they participated in Police Academy training in 1994 or later.

Participants who have account balances in the Plan and now are full-time employees may elect to, once they become participants in the Deferred Compensation Plan, roll-over Pension Savings Plan accounts to the Deferred Compensation Plan. Participants who have account balances in the Plan but have terminated City employment may take distribution of their account at any time.

PLAN STATISTICS

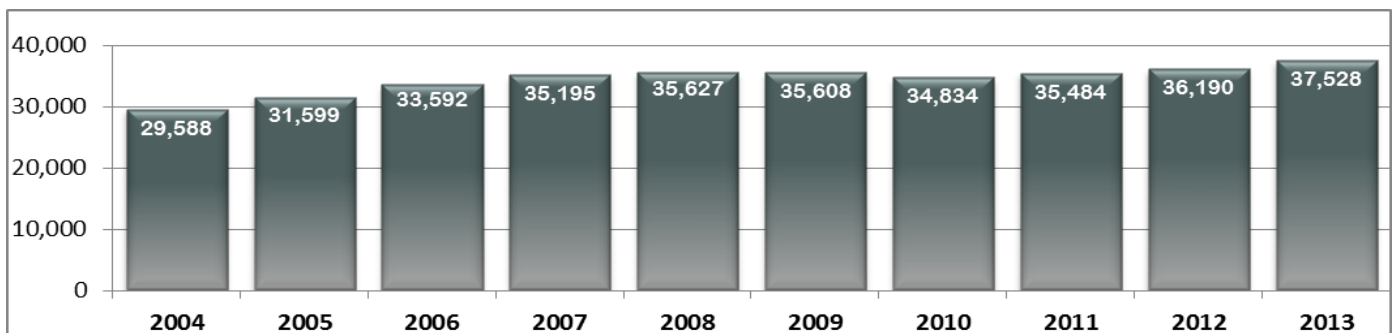
PLAN ASSETS Calendar year end Pension Savings Plan assets in December 2013 were \$63.6 million versus \$61.9 million in December 2012, a 3% increase. All assets are invested in the Plan's stable value fund, meaning there is minimal market risk associated with these assets. The graph below charts the growth in assets from 2000 to 2013.



PLAN PERFORMANCE The City of Los Angeles Stable Value Fund (net of fees) is the sole investment option and has performed as follows:

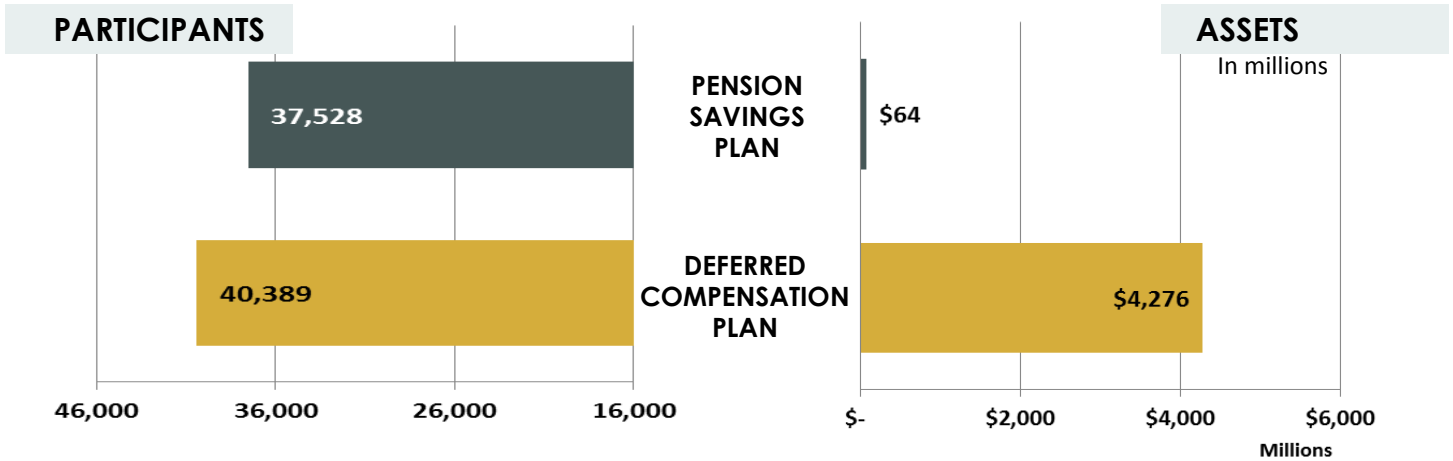
Annual Performance	3-Month	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Since Inception
	0.23%	1.06%	1.06%	1.68%	2.12%	2.66%	3.39%
Calendar Year Performance		2013	2012	2011	2010	2009	
		1.06%	1.68%	2.30%	2.63%	2.94%	

PARTICIPANT ACCOUNTS As of December 31, 2013, participation in the Pensions Savings Plan reached a total 37,528 individuals, a 4% increase from 2012. This shows a gradual upward hiring trend is continuing for part-time employees after the City experienced a decline in hiring during 2008 to 2010.



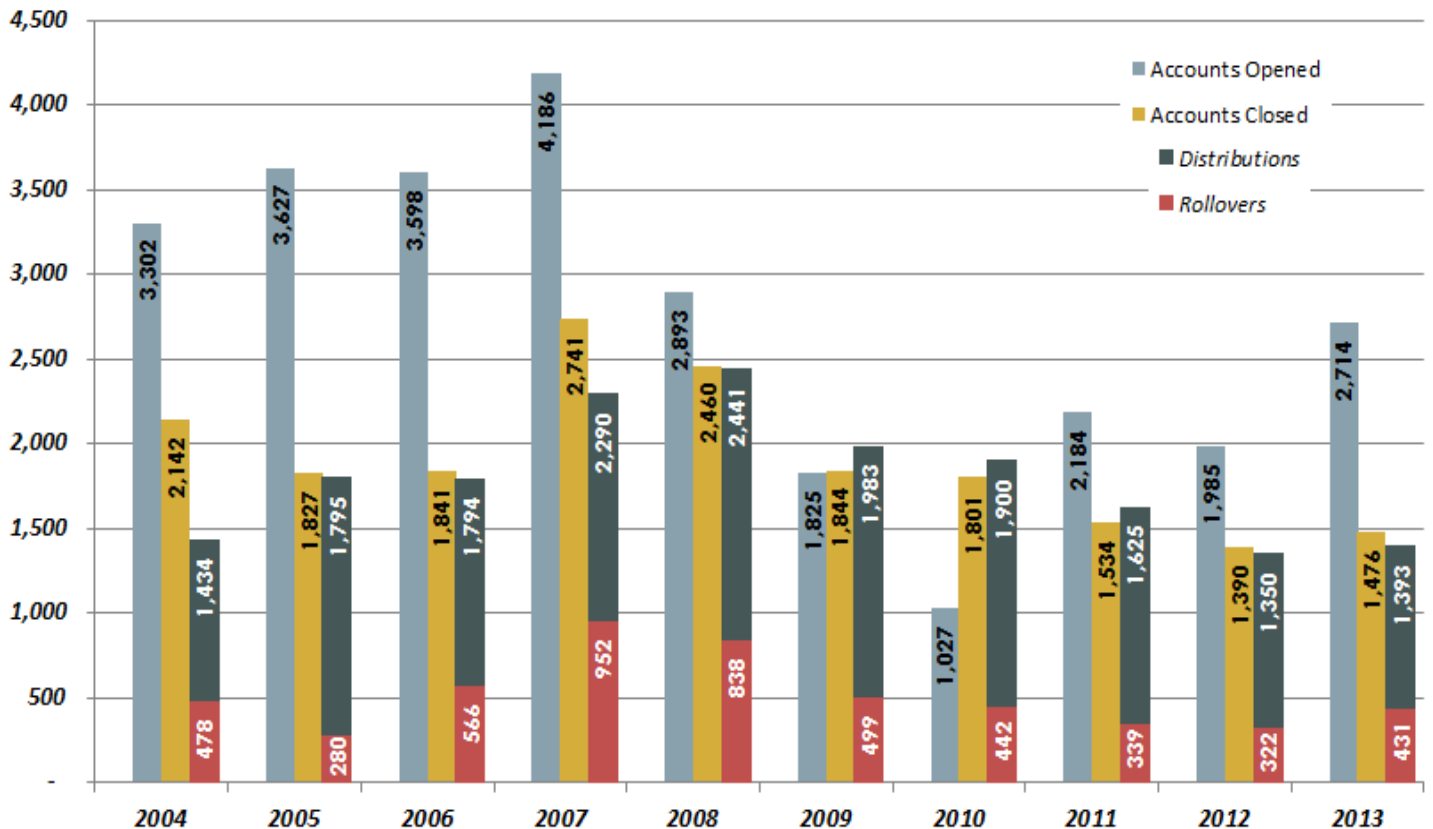
COMPARISON TO DEFERRED COMPENSATION PLAN

Although both the Pension Savings Plan and the City's optional Deferred Compensation Plan (available to full-time employees) are both established under Section 457 of the Internal Revenue Code, each program serves different employee populations. For this reason, the total assets in the Deferred Compensation Plan for 2013 far exceed those in the Pensions Savings Plan for the same year. Despite the difference in asset size, there are a similar number of participants in each program.



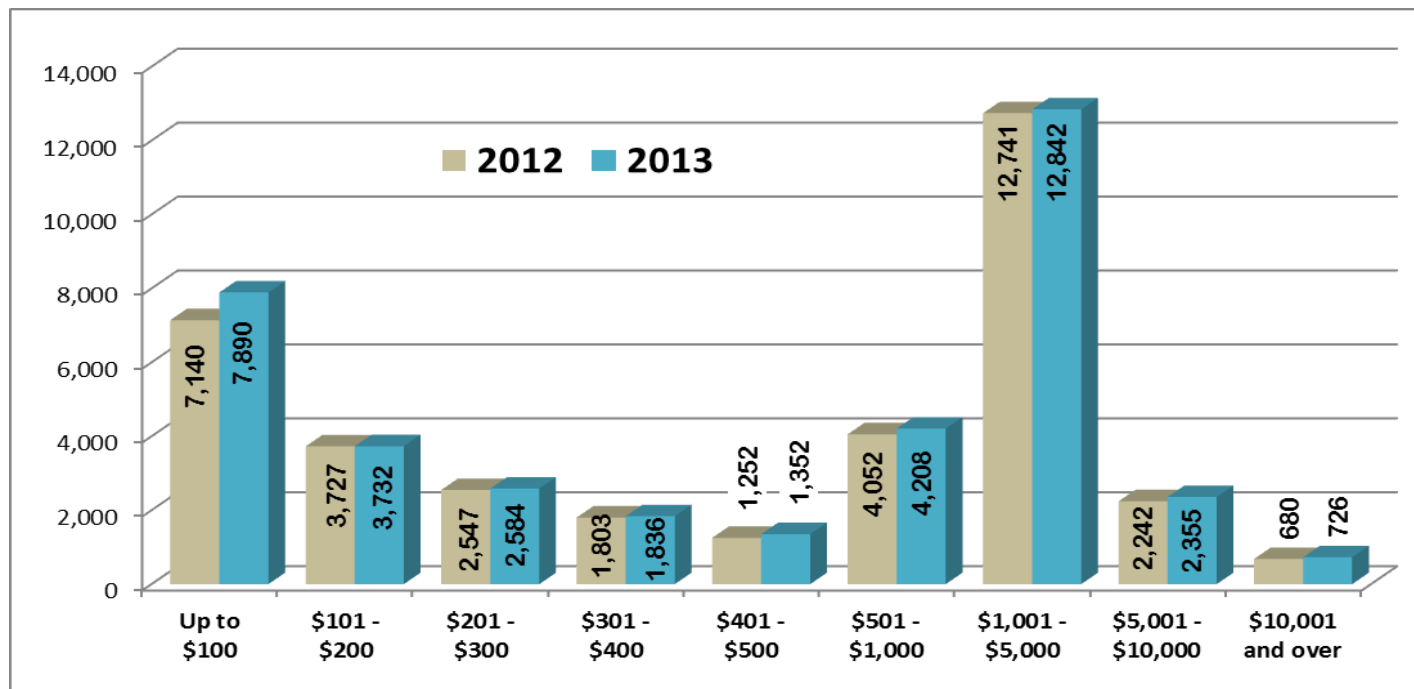
CLOSED VERSUS ADDED ACCOUNTS

Program staff along with the Plan Administrator work towards facilitating the closing of Pension Savings Plans accounts. Closed accounts may be paid as a lump-sum, periodic payment, or may be rolled out into another qualified retirement account. Distributions include the number of rollovers out of the plan for the years shown below.



PARTICIPANTS BY BALANCE LEVELS

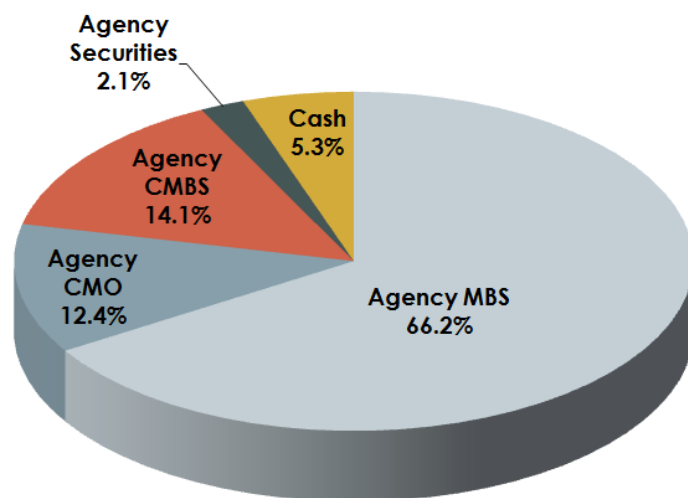
The graph below breaks out participant accounts by balance level. The average account balance at calendar year end for 2013 was **\$1,696**, or a 1% decline from the 2012 calendar year end average balance of \$1,712.



STABLE VALUE FUND

All assets within the Pension Savings Plan are invested in the City of Los Angeles Stable Value Fund, managed by and provided through the Plan administrator, Great-West Financial. The Stable Value Fund is a separate account held for the exclusive benefit of participants in the Plan. Fund participants receive all of the investment performance of the Fund excluding fixed administrative and investment management fees. Following are key features of the Stable Value Fund for 2013:

All Securities Rated	AAA/ AA+
Average Duration	3.8 Years
Annual Effective Book Yield	2.52%
Investment Management Fee	0.25%
Administration Fee	1.58%



CONCLUSION

The Pension Savings Plan represents an important retirement benefit to the City's part-time, seasonal, and temporary employees. The Personnel Department's ongoing goal is that the program provide participants with a competitive rate of return at a reasonable cost.

Board of Deferred Compensation Administration
Personnel Department—Employee Benefits Division
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Los Angeles, CA 90012