

Deferred Compensation Plan BOARD REPORT 14-21

Date: May 20, 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
 Michael Amerian
 Ray Ciranna
 Mary Higgins
 Robert Schoonover
 Margaret Whelan

Recommendation:

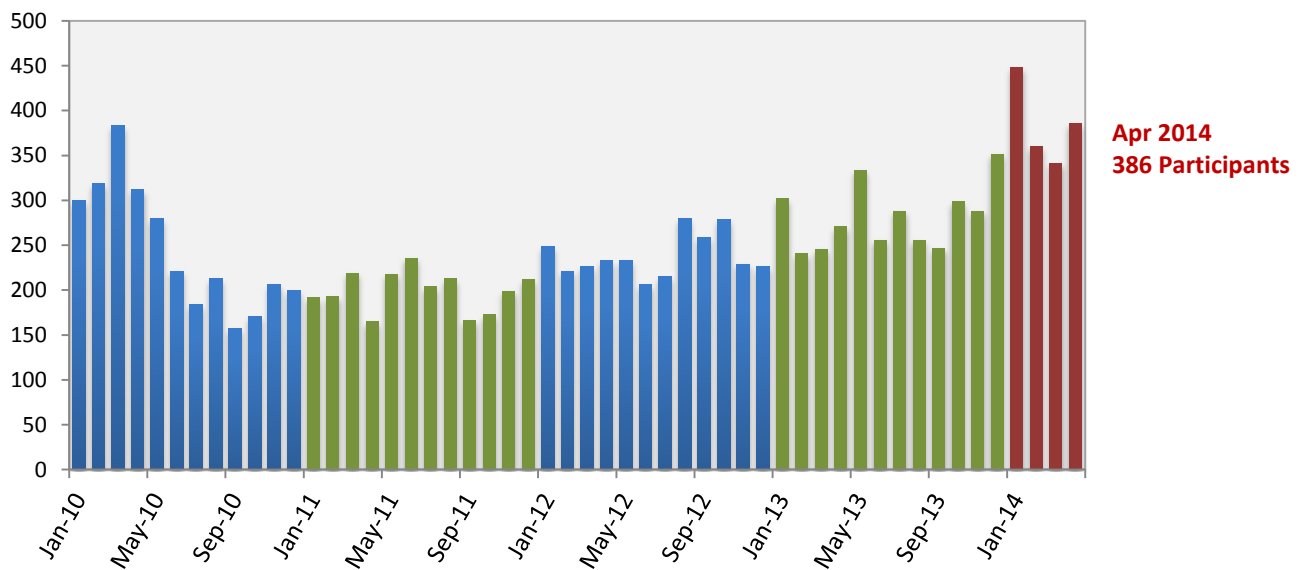
That the Board of Deferred Compensation Administration receive and file the following information.

Activity Reports:

Counter Activity Employee Benefits Division

Staff has compiled the following results of Counter Activity flow for the month of April 2014. During the month of April, 386 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 April 2014:

Counter Activity

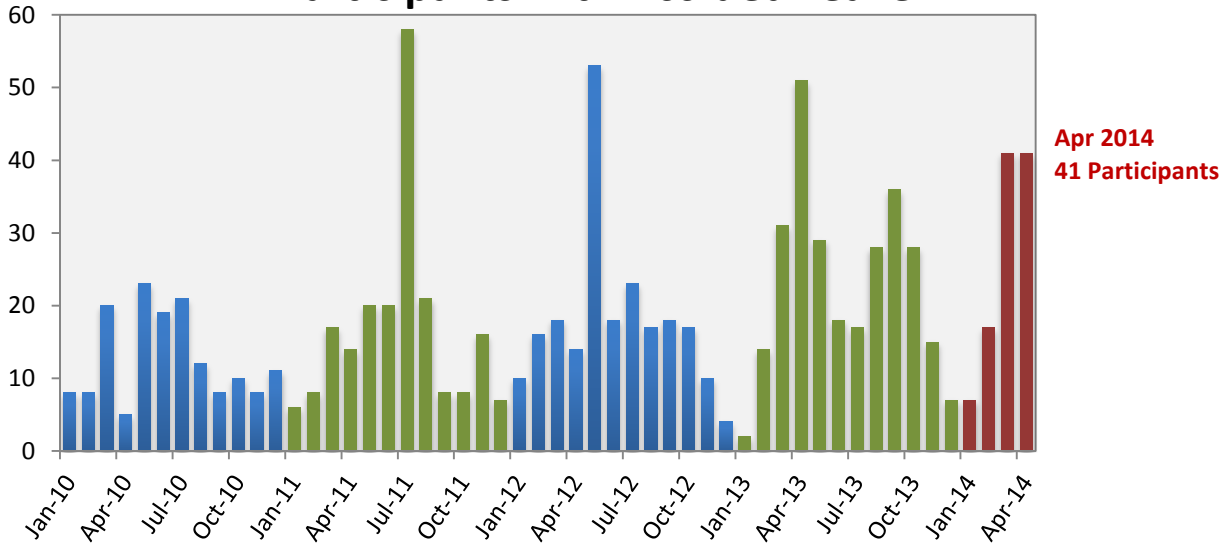


ACCRUED LEAVE ACTIVITY

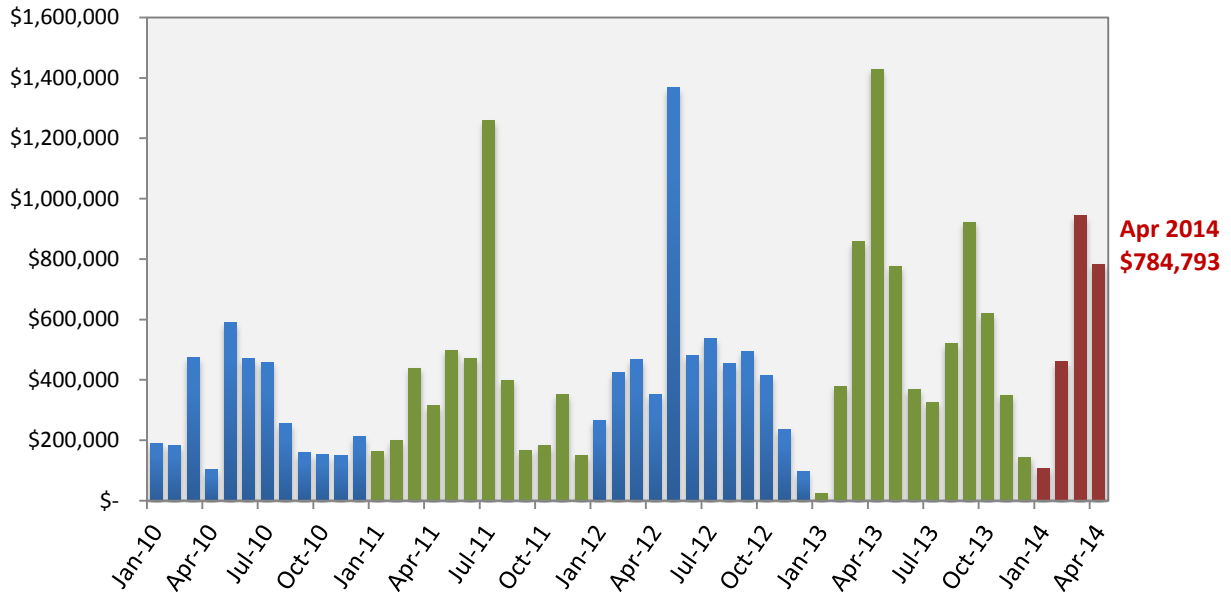
Staff has compiled the following results of Accrued Leave enrollment for the month of April 2014. During the month of April, 41 participants deferred **\$784,793** into the Plan from their Accrued Leave payouts.

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

Participants with Accrued Leave

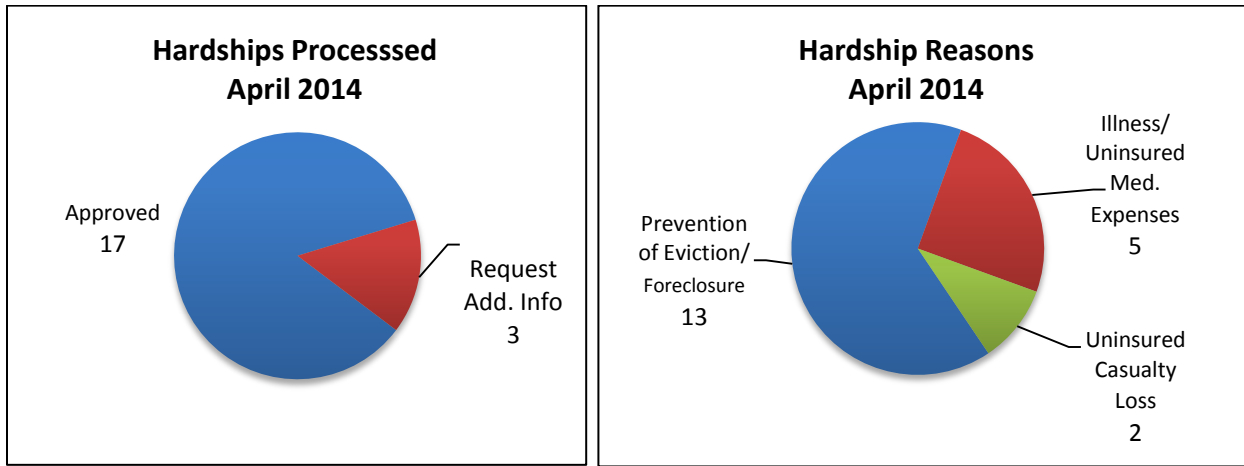


Accrued Leave Deferral Amounts

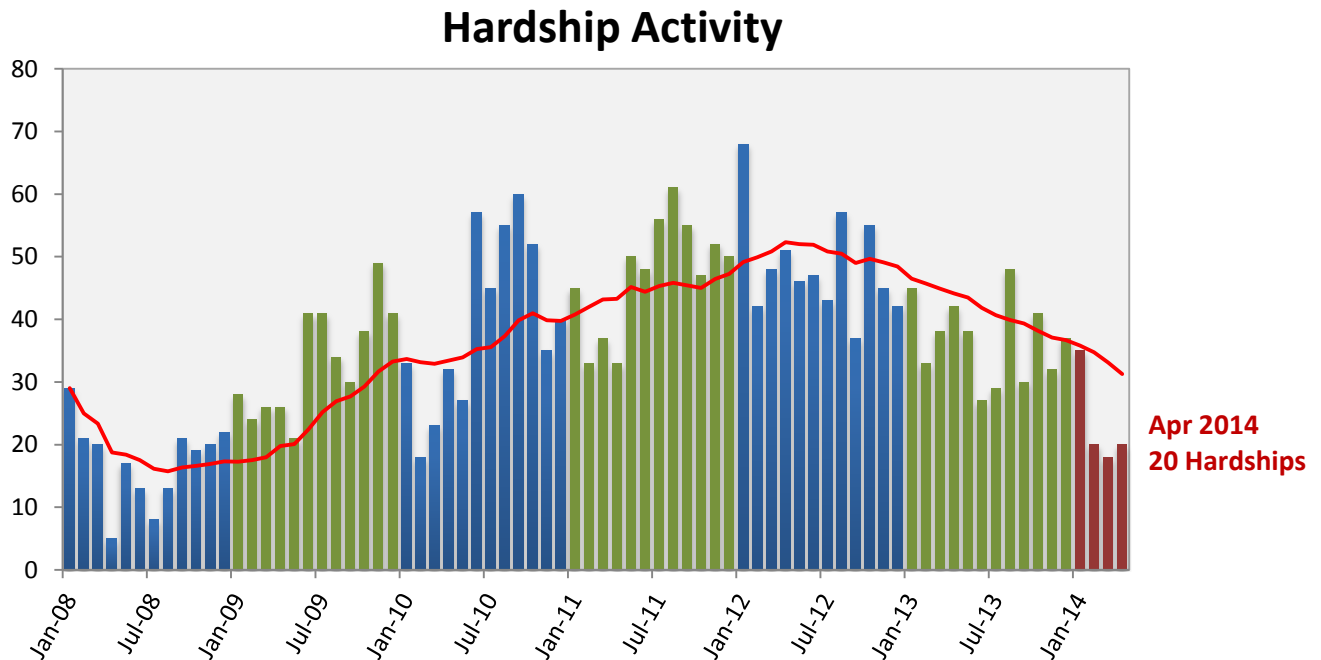


HARDSHIP ACTIVITY

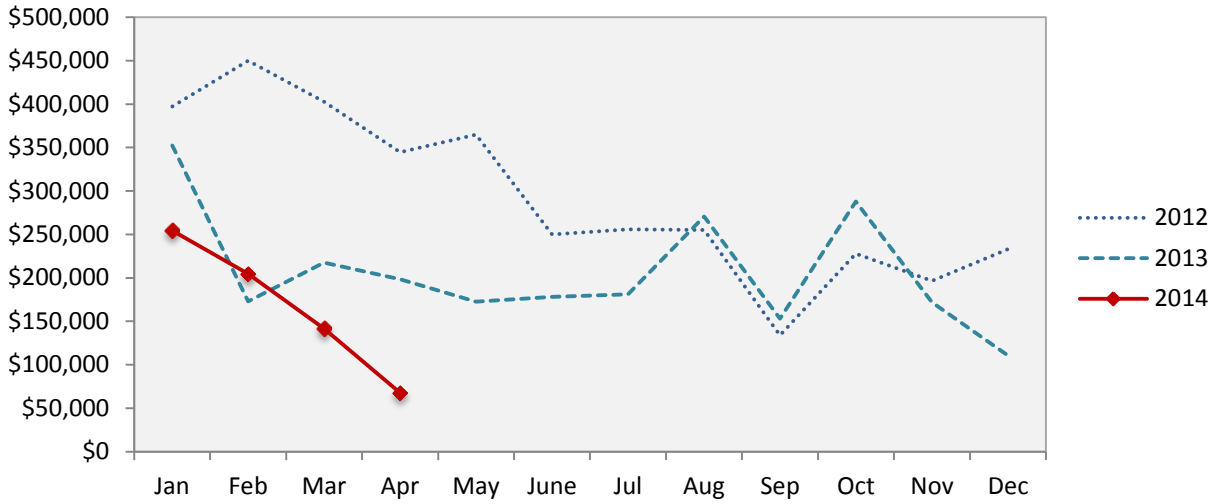
Staff has compiled the following results of hardship processing with Great-West for the month of April 2014. During the month of April, 20 hardship cases were submitted to Great-West. There were 17 cases approved and 3 cases pending further documentation. The dollar amount for hardships withdrawn from the plan in April 2014 was approximately **\$67,553**.



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



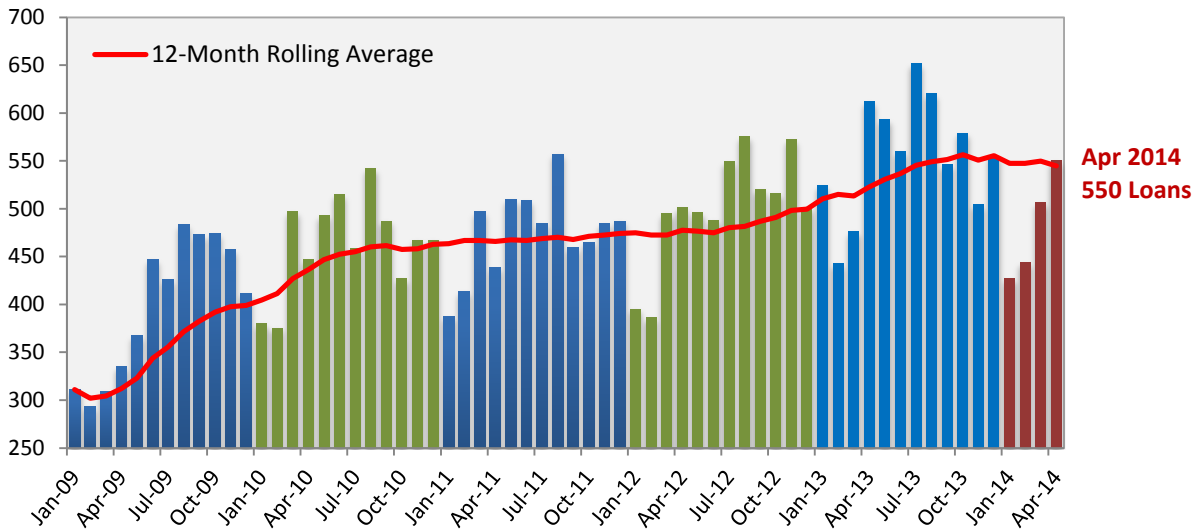
Hardship Dollars Disbursed



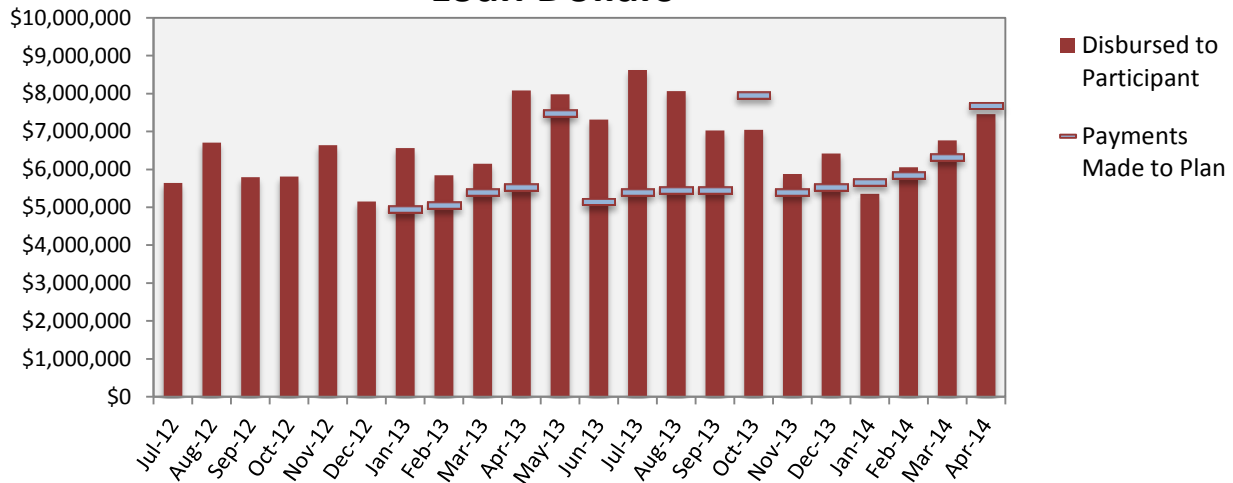
LOAN ACTIVITY

Staff has compiled the following results of new loans acquired by participants for the month of April 2014. During the month of April, 550 participants elected to obtain a new loan and **\$7,462,191** was withdrawn from the Plan for their loan payouts.

Loan Activity



Loan Dollars

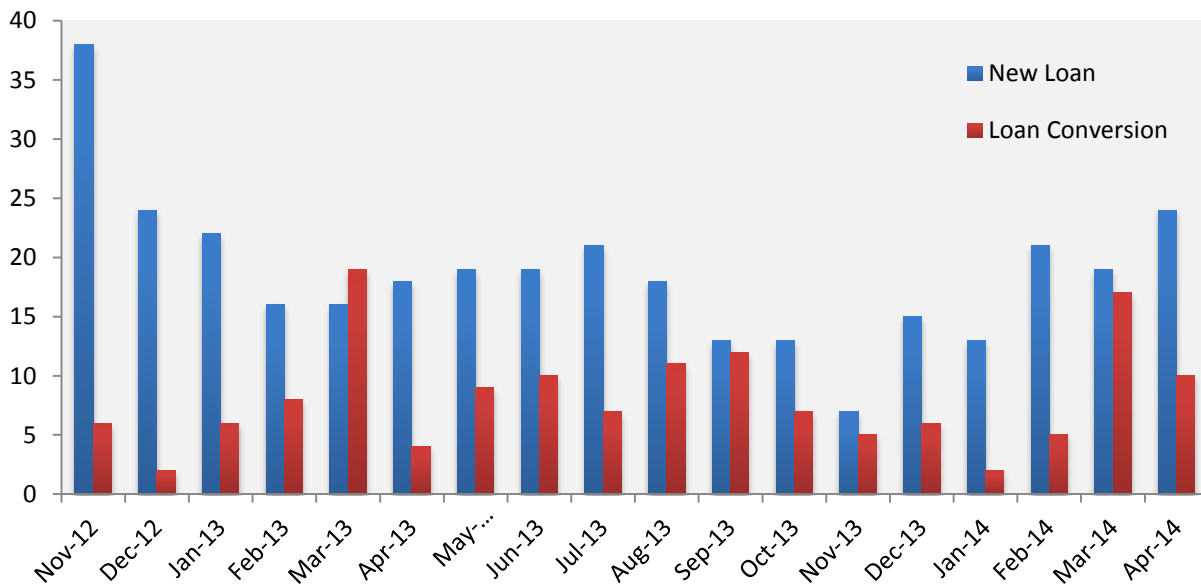


For Retirees or Terminated Employees

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.

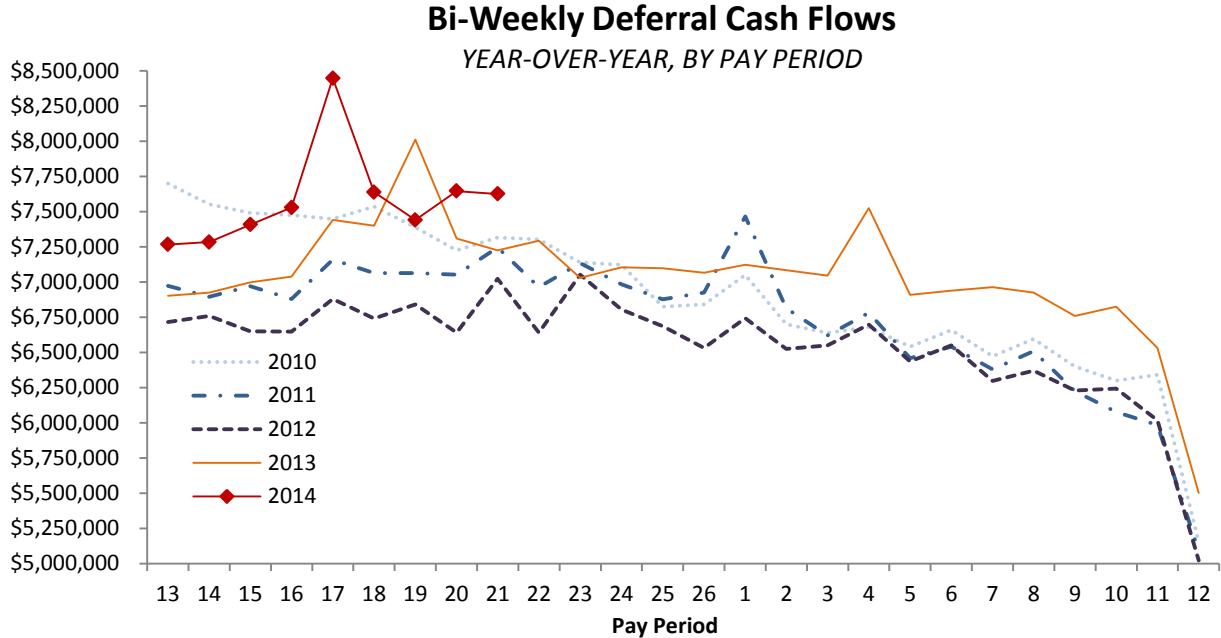
In April 2014, staff processed 24 new loan requests and 10 requests for loan conversion. **To date, staff has processed a total of 336 requests for retiree loans and 146 requests for conversion.**

Retiree Loans



DEFERRAL TRACKING

Staff has compiled the following results of bi-weekly deferral cash flows for the month of April 2014 for the City of Los Angeles and Department of Water and Power (DWP). During the month of April, the City and DWP deferred **\$22,710,091** into the Deferred Compensation Plan. This compares to **\$22,544,852** in 2013 for the same pay periods, which constitutes a **0.7% increase**, year-over-year.



ROTH CONTRIBUTIONS

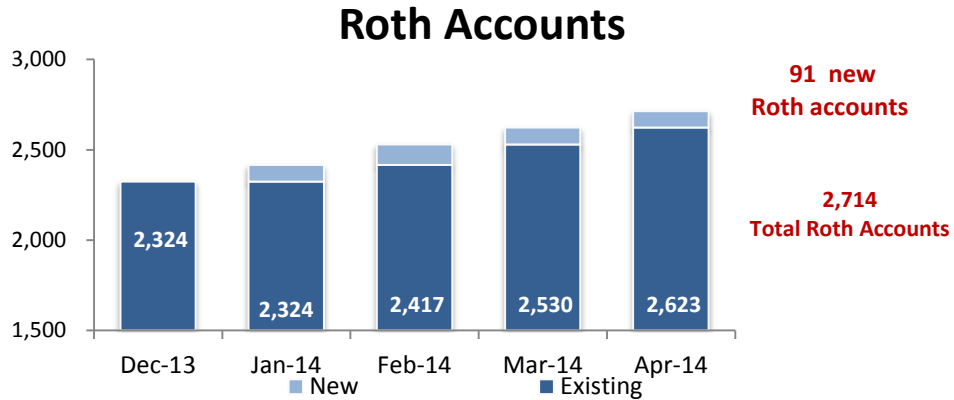
The Roth deferral option was made available to participants starting July 2011, with actual deferrals being made by August 2011.

As of April 30, 2014, **2,714 participants** have a Roth account. This figure represents approximately **6.7%**¹ of all participants with a balance. Here is a breakdown of this statistic:

	<i>No. of Participants with a balance</i>	<i>No. of Participants with a Roth balance</i>	<i>%</i>
Active	31,793	2,649	8.3%
Separated/Retired	8,680	65	0.7%
TOTAL	40,473	2,714	6.7%

¹ 40,473 participants with a balance effective April 30, 2014 (Participant Data Extract report).

Additionally, there were a total of 91 new Roth accounts added in April 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 April 2014:

	Employee Count	% of Total
Pre-tax deferral only	25,620	92.0%
Pre-tax and Roth deferral	1,316	4.7%
Roth deferral only	922	3.3%
TOTAL Contributing Participants	27,858	100%

PROJECT UPDATE
(reflects project activity for period 03/01/14 through 04/30/14)

DCP						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: MARCH/APRIL 2014						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Minutes - February 18, 2014 Meeting	02/28/14	Y	N/A
2	Completed	G	Board Report - Private Letter Rulings and Post-Military Leave Deferrals	03/31/14	Y	N/A
3	Completed	G	Board Report - Investment Menu Search Proposal for 2014	03/31/14	Y	N/A
4	Completed	G	Board Report - Plan Document Revisions (Loans)	03/31/14	Y	N/A
5	Completed	G	Board Report - February 2014 Staff Report	03/31/14	Y	N/A
6	Completed	G	Board Elections - Election Notification Letter Mailout to All Eligible Participants	03/31/14	Y	N/A
7	Completed	G	Board Elections - Prepare Nominating Petitions for active LACERS & LAFPP seats	03/31/14	Y	N/A
8	Completed	G	Board Elections - Provide Election Division with List of Eligible Voters	03/31/14	Y	N/A
9	Completed	A	Statistical Project: Refined Count of Active vs. Separated Participants	03/31/14	Y	N/A
10	Completed	A	Statistical Project: Distribution Count (Age 59.5 and sworn)	03/31/14	Y	N/A
11	Completed	A	CEM Survey	03/31/14	Y	Completed 3/26/2014 Results anticipated September 2014
12	Completed	G	Election - Review & Final "Notice of Election"	04/30/14	Y	
13	Completed	G	Election - Primary Roster to Election Division	04/30/14	Y	
14	Completed	A	Issue FDIC RFP	04/30/14	Y	
15	Completed	A	Participant Survey (Nov 2013) Review & Analysis	04/30/14	Y	
16	Completed	A	Stats Report: Eligible vs. Contributing Employees	04/30/14	Y	As part of 2013 Annual Report
17	Completed	C	Implement Benefits Landing Page (to include DCP)	04/30/14	Y	
18	Completed	C	1Q14 Participant Newsletter	05/31/14	Y	

19	Completed	C	IOAG - Annual Review	05/31/14	Y	Completed with 1Q14 Newsletter process
20	Completed	O	Optimize Timing of Loan File Feed Run	04/30/14	Y	Implemented beg April 2 paycheck (credits from 3/19 paycheck)
21	Completed	O	Annual Contributions Review (2013)	04/30/14	Y	Regular limit and age 50+ limits. Catch-Up to be separately reviewed
PENDING PROJECTS						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
MAY 2014						
1	PENDING	G	Minutes - March 18, 2014 Meeting	05/31/14		Pending
2	PENDING	G	Board Report - NAGDCA Board Meeting Review	05/31/14		Pending
3	PENDING	G	Board Report - Contracts, RFP, Fund Search Update	05/31/14		Pending
4	PENDING	G	Board Report - Elections Update	05/31/14		Pending
5	PENDING	G	Board Report - Training & Travel Elections for FY 14/15	05/31/14		Pending
6	PENDING	G	Board Report - April Staff Report	05/31/14		Pending
7	PENDING	A	Great-West Contract Amendment Extension PSP Services 2012-2016	05/31/14		Pending
8	PENDING	A	Galliard Contract Amendment	05/31/14		Pending
9	PENDING	A	SSgA Contract Amendment	05/31/14		Pending
10	PENDING	C	DCP Annual Report	05/31/14		Pending
11	PENDING	C	PSP Annual Report	05/31/14		Pending
12	PENDING	C	Participant Survey Proposal - Plan Satisfaction	05/31/14		Pending
13	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	05/31/14		Pending
14	PENDING	O	Catch-Up Participant Review (2012 & 2013)	05/31/14		Pending
15	PENDING	O	Annual Contributions Review - 2012	05/31/14		Pending - for Controller's
16	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	05/31/14		Pending
17	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	05/31/14		Pending
18	PENDING	O	Loan Default Reversal - Hold Harmless	05/31/14		Pending
JUNE 2014						
19	PENDING	G	Metrics Tracking Document	06/30/14		Pending
20	PENDING	G	Correspondence to CAO and City Unions re Auto Enrollment	06/30/14		Pending

21	PENDING	G	Plan Governance & Administrative Issues Committee Meeting - Report on Auto Enrollment	06/30/14		Pending
22	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	06/30/14		Pending
23	PENDING	G	Board Report - Beneficiary Rules	06/30/14		For June 2014 meeting
24	PENDING	G	Distributions & Contributions - Retirees who return to work	06/30/14		Pending
25	PENDING	C	Revise Plan Highlights	06/30/14		Pending
26	PENDING	C	Web Page Content Update	06/30/14		Pending
27	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	06/30/14		Pending
28	PENDING	C	Enrollment Form Revision Phase 1 (Graphic change)	06/30/14		Pending
29	PENDING	C	Enrollment Guide Revision	06/30/14		Pending
30	PENDING	C	Calculator Promotion Campaign - Develop proposal	06/30/14		Pending
31	PENDING	C	New Brand Style Guide	06/30/14		Pending
32	PENDING	C	Design Templates - PowerPoint and Word	06/30/14		Pending
33	PENDING	O	In-Plan Roth Conversion - Implementation	06/30/14		Pending
UPCOMING						
34	PENDING	G	Board Report - Steptoe Contract & Additional Funding	TBD		Pending
35	PENDING	G	Board Report - Selection for FDIC RFP	TBD		Pending
36	PENDING	G	Loan Policy Document	TBD		Pending
37	PENDING	G	Board Report - Plan Metrics Baseline	TBD		Pending
38	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
39	PENDING	O	Online Enrollment Functionality	TBD		Pending
40	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
41	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
42	PENDING	C	Board Report - Social Media Options	TBD		Pending
43	PENDING	C	Board Report - EZ Enrollment Form	TBD		Pending
44	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
45	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending

46	PENDING	C	Revise Distribution Form	TBD		Pending
47	PENDING	C	Accrued Leave - Flier and Form Revisions	TBD		Pending
48	PENDING	C	KeyTalk and Web Guide - Revisions	TBD		Pending
49	PENDING	C	Distribution Options Guide - Tax and Loan revisions	TBD		Pending
50	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending
51	PENDING	G	Board Report - Contribution History & Rollovers	TBD		Pending
54	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
52	PENDING	G	Board Report - SAS Form from Great-West	TBD		Pending
53	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
54	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
55	PENDING	G	Board Report - DROP Mailing	TBD		Pending
56	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
57	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		Pending
58	PENDING	C	DCP Glossary	TBD		Pending
59	PENDING	C	Participant Survey - Metrics demographic	TBD		Pending
60	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
61	PENDING	G	Review and report back on PIMCO hedge fund strategy	TBD		Pending
62	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
63	PENDING	G	Board Report - Proxy Share Voting	TBD		Pending
64	PENDING	C	DROP Brochure Ad	TBD		Pending
65	PENDING	C	DROP Brochure	TBD		Pending
66	PENDING	C	Notification of Participants - Catch-Up Eligibility	TBD		Pending
67	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
68	PENDING	C	Revise Pension Savings Plan Highlights	TBD		Pending
69	PENDING	G	Revisit Plan Audit	TBD		Pending
70	PENDING	A	PSP Account Consolidation	TBD		Pending

71	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD	Pending
72	PENDING	G	Auto-Glide Investment Allocations	TBD	Pending
73	PENDING	G	Board Report - Transition Manager Procurement	TBD	Pending
74	PENDING	G	Deemed IRA	TBD	Pending
75	PENDING	C	Online Enrollment Communications Document	TBD	Pending
76	PENDING	C	DCP Bi-Monthly Newsletter	TBD	Pending
77	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	Senior Personnel Analyst II	Division Chief	20%	Steven Montagna
Senior Personnel Analyst II	n/a	Plan Manager	60%	Vacant
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
<p>Eugene K. Canzano, Chair</p> <p>Cliff Cannon</p> <p>John R. Mumma</p> <p>Margaret Whelan</p>

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

Submitted by:

Esther Chang

Approved by:

Steven Montagna