

# Deferred Compensation Plan BOARD REPORT 14-28

Date: June 17, 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:

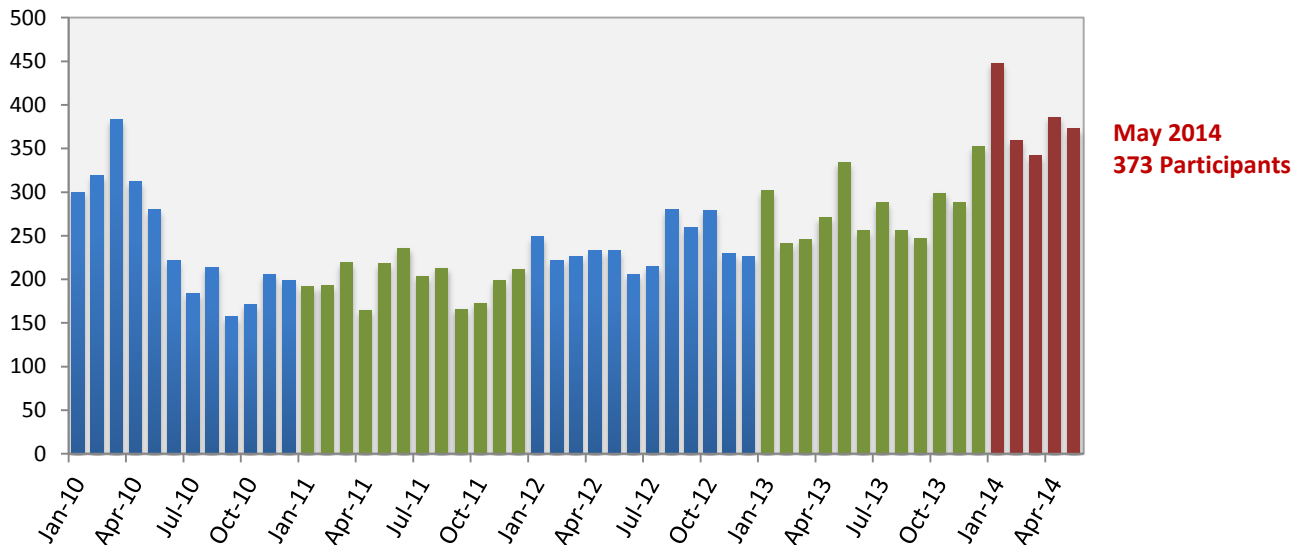
That the Board of Deferred Compensation Administration receive and file the following information.

Activity Reports:

**Counter Activity Employee Benefits Division**

Staff has compiled the following results of Counter Activity flow for the month of May 2014. During the month of May, 373 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 May 2014:

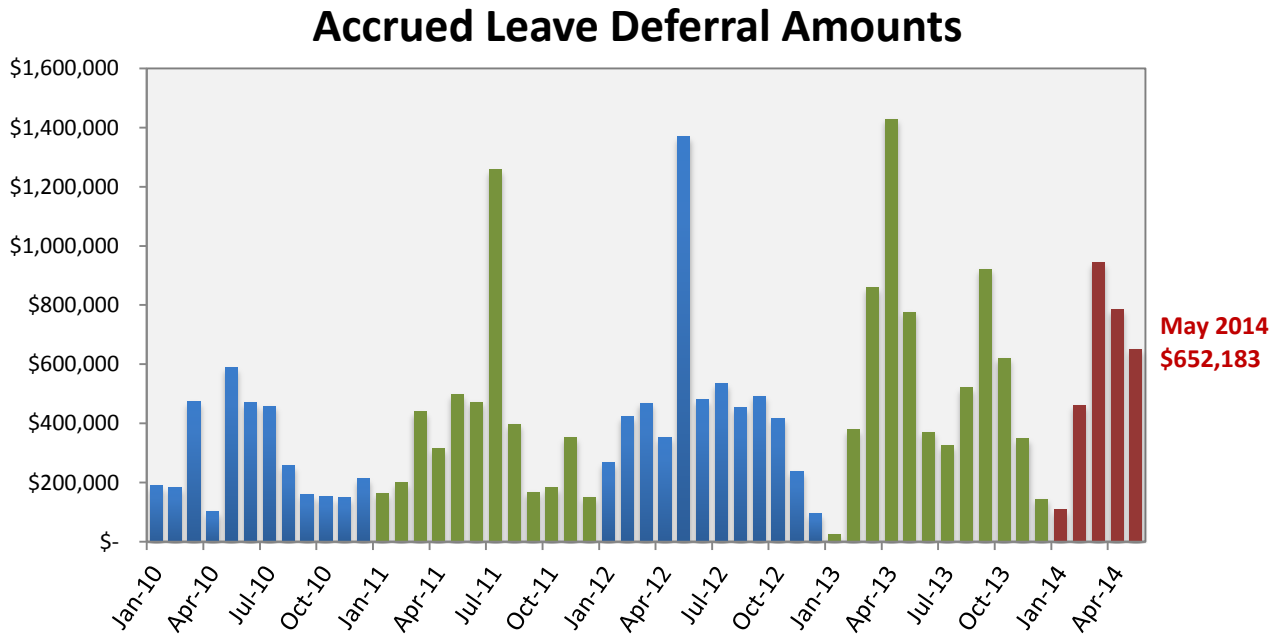
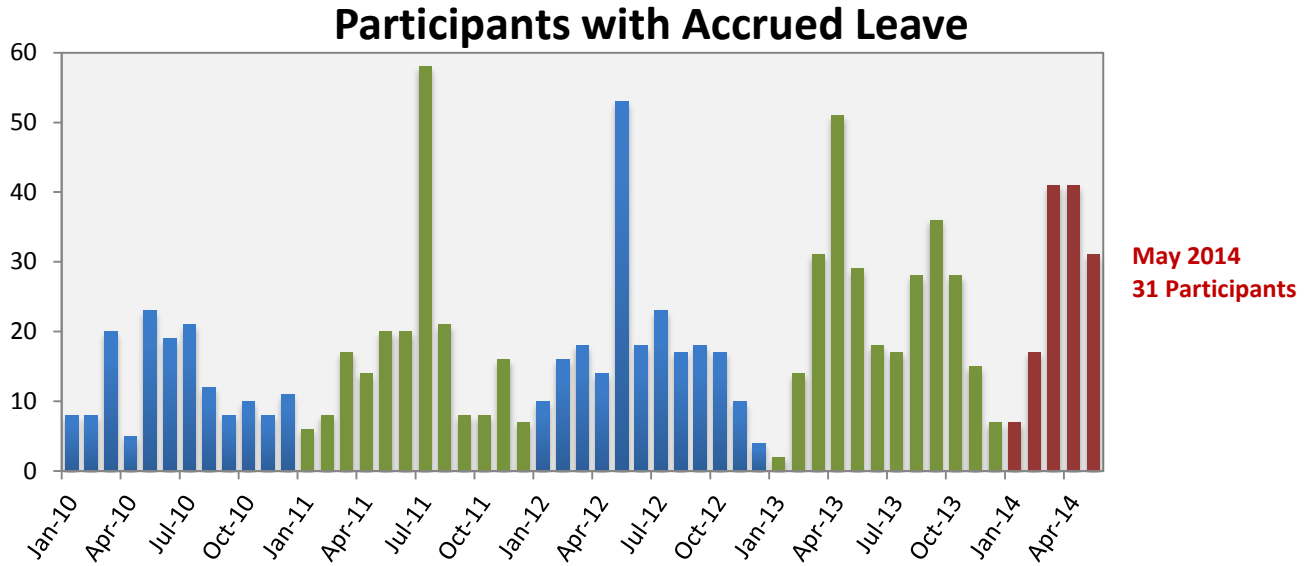
## Counter Activity



## ACCRUED LEAVE ACTIVITY

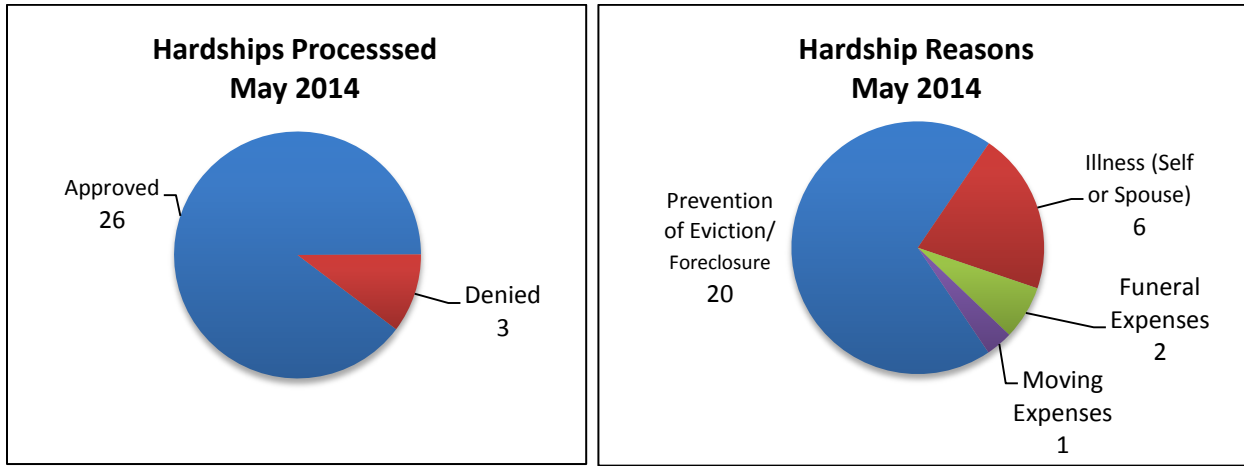
Staff has compiled the following results of Accrued Leave enrollment for the month of May 2014. During the month of May, 31 participants deferred **\$652,183** into the Plan from their Accrued Leave payouts.

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

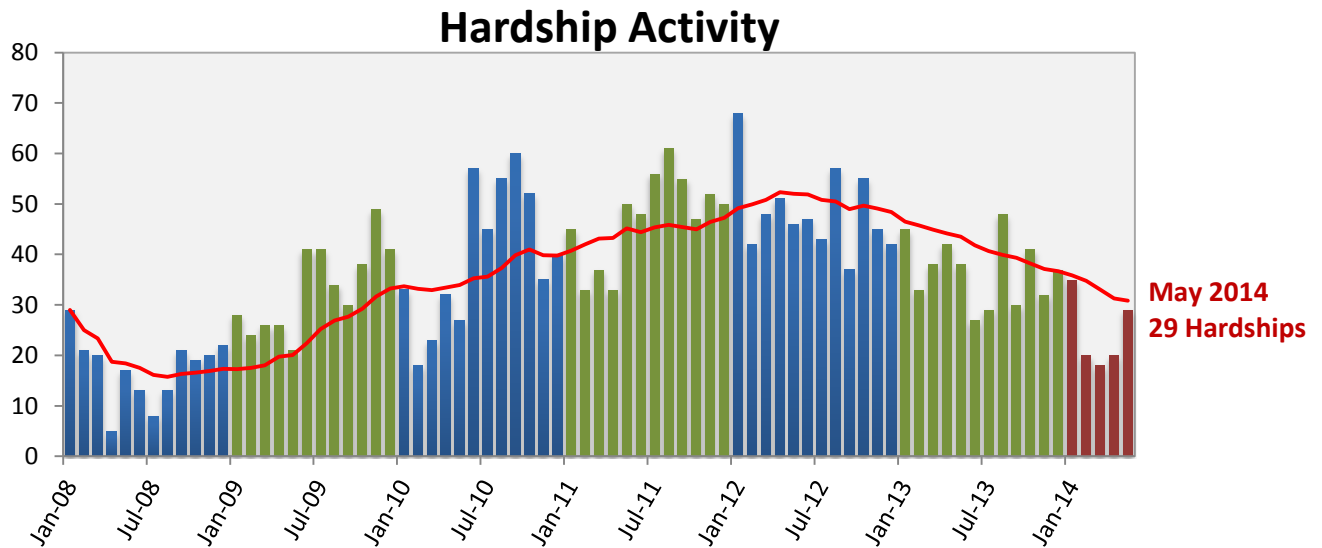


# HARDSHIP ACTIVITY

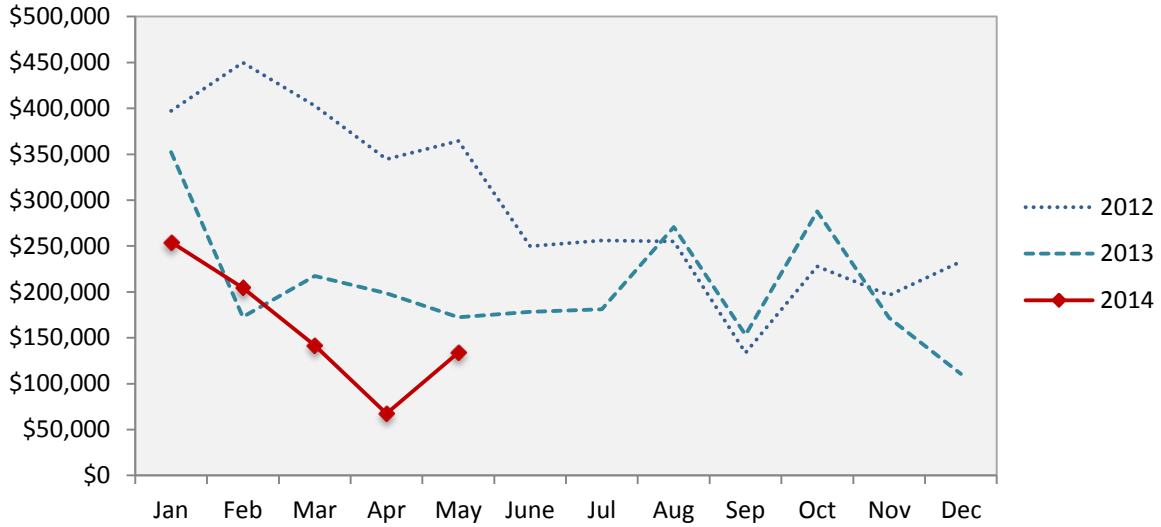
Staff has compiled the following results of hardship processing with Great-West for the month of May 2014. During the month of May, 29 hardship cases were submitted to Great-West. There were 26 cases approved and 3 cases denied. The dollar amount for hardships withdrawn from the plan in May 2014 was approximately **\$133,900**.



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



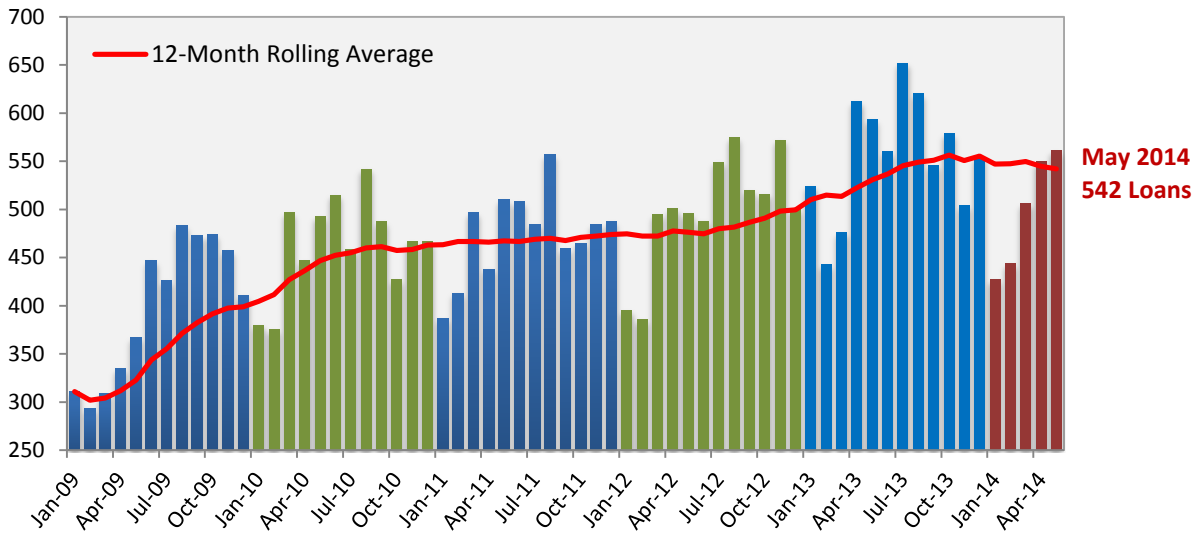
### Hardship Dollars Disbursed



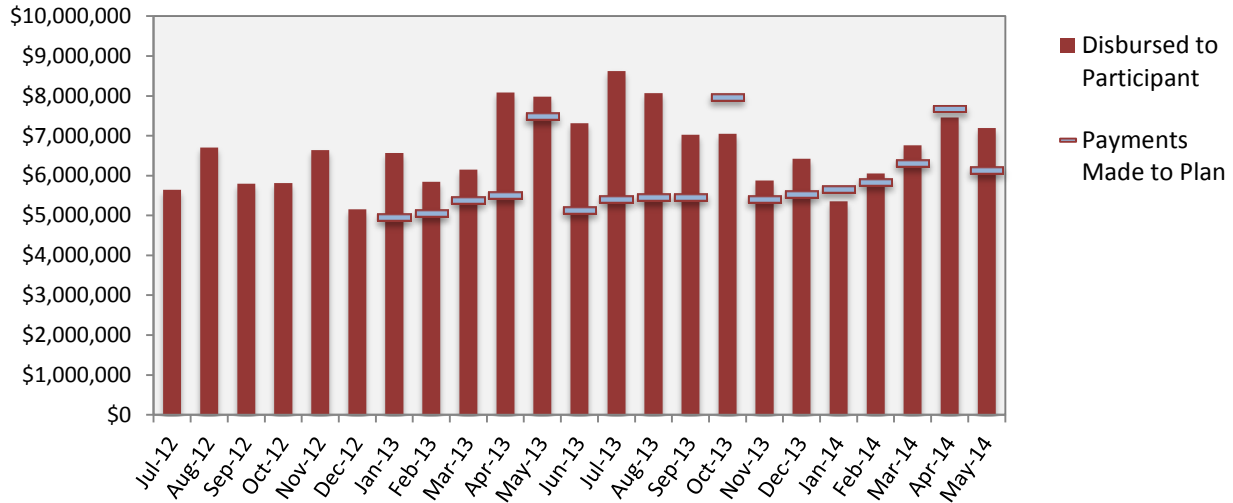
### LOAN ACTIVITY

Staff has compiled the following results of new loans acquired by participants for the month of May 2014. During the month of May, 542 participants elected to obtain a new loan and **\$7,189,659** was withdrawn from the Plan for their loan payouts.

### Loan Activity



## Loan Dollars

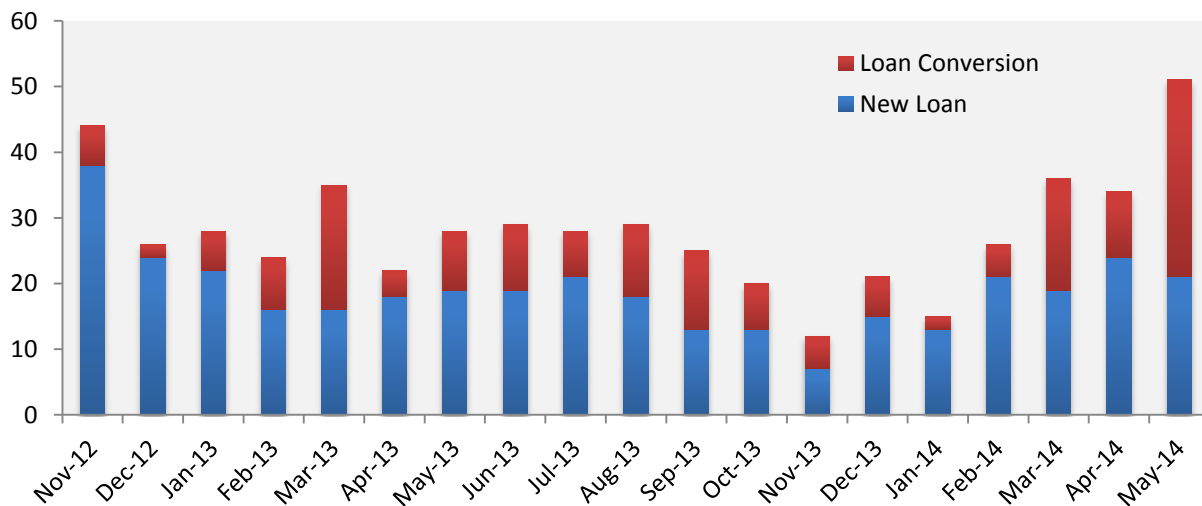


### For Retirees or Terminated Employees

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.

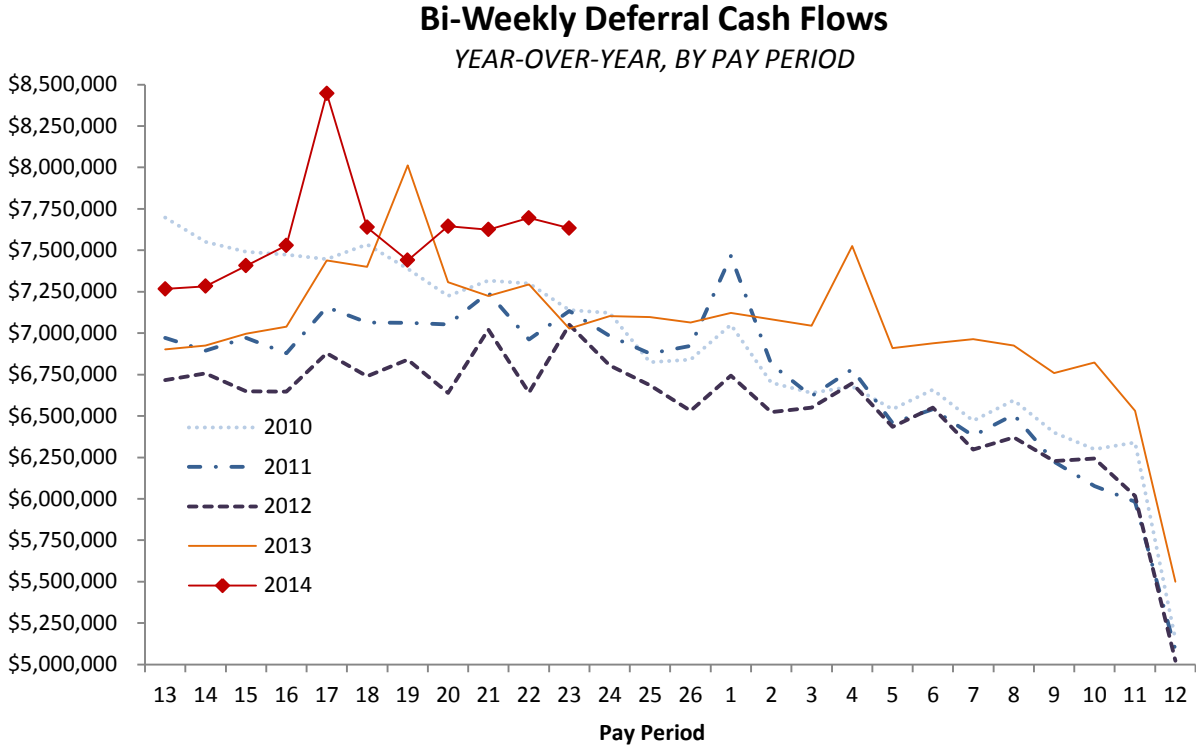
In May 2014, staff processed 21 new loan requests and 30 requests for loan conversion. **To date, staff has processed a total of 357 requests for retiree loans and 176 requests for conversion.**

## Retiree Loans



# DEFERRAL TRACKING

Staff has compiled the following results of bi-weekly deferral cash flows for the month of May 2014 for the City of Los Angeles and Department of Water and Power (DWP). During the month of May, the City and DWP deferred **\$15,328,444** into the Deferred Compensation Plan. This compares to **\$14,321,430** in 2013 for the same pay periods, which constitutes a **7.0% increase**, year-over-year.



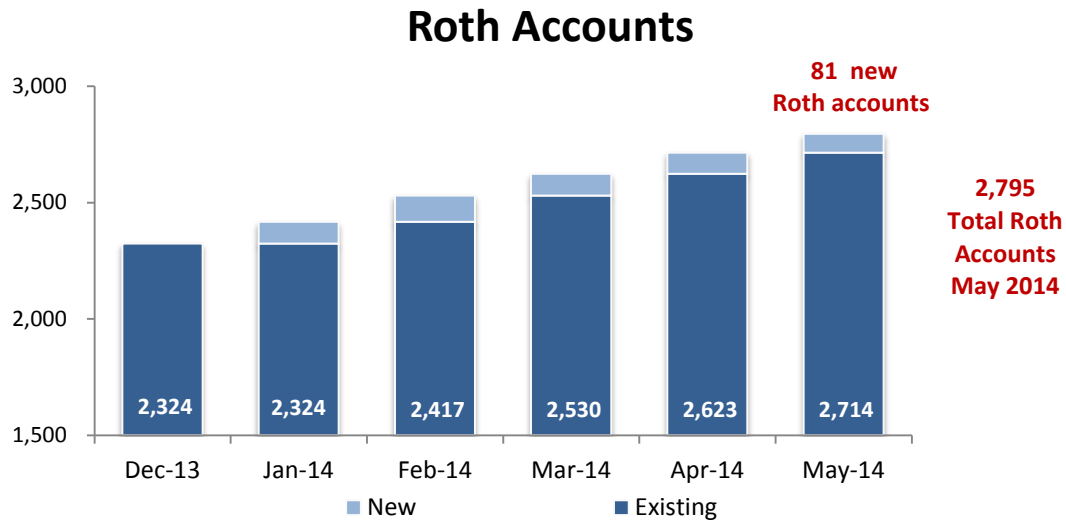
## ROTH CONTRIBUTIONS

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

As of May 31, 2014, there are **2,795** accounts with a Roth balance. This figure represents approximately **6.9%**<sup>1</sup> of all participants with a balance. Here is a breakdown of this statistic:

	<i>No. of Accounts with a Balance</i>	<i>No. of Accounts with a Roth Balance</i>	<i>%</i>
<b>Active</b>	<b>31,810</b>	<b>2,730</b>	<b>8.6%</b>
<b>Separated/Retired/Alt Payee</b>	8,694	65	0.7%
<b>TOTAL</b>	40,504	2,795	6.9%

There were a total of 81 new Roth accounts added in May 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 May 2014:

	<b>Employee Count</b>	<b>% of Total</b>
Pre-tax deferral only	25,553	91.8%
Pre-tax and Roth deferral	1,352	4.9%
Roth deferral only	937	3.3%
<b>TOTAL Contributing Participants</b>	<b>27,842</b>	<b>100%</b>

<sup>1</sup> 40,504 accounts with a balance effective May 31, 2014 (Participant Data Extract report).

**PROJECT UPDATE**  
(reflects project activity for period 05/01/14 through 05/31/14)

DCP						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: MAY 2014						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Minutes - March 18, 2014 Meeting	05/31/14	Y	N/A
2	Completed	G	Board Report - NAGDCA Board Meeting Review	05/31/14	Y	N/A
3	Completed	G	Board Report - Contracts, RFP, Fund Search Update	05/31/14	Y	N/A
4	Completed	G	Board Report - Elections Update	05/31/14	Y	N/A
5	Completed	G	Board Report - Training & Travel Elections for FY 14/15	05/31/14	Y	N/A
6	Completed	G	Board Report - April Staff Report	05/31/14	Y	N/A
7	Completed	G	Elections - Supplemental Roster	05/31/14	Y	Review of those no longer eligible.
8	Completed	C	DCP Annual Report	05/31/14	Y	N/A
9	Completed	C	PSP Annual Report	05/31/14	Y	N/A
10	Completed	O	Update PSP Defaulted Addresses - Review & Clean-Up	05/31/14	Y	N/A
11	Completed	A	FDIC Savings Account RFP - Pre-Proposal Conference	05/31/14	Y	N/A
PENDING PROJECTS						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
JUNE 2014						
1	PENDING	G	Minutes - May 20, 2014 Meeting	06/30/14		Pending
2	PENDING	G	Board Report: Official Results for 2014 Board Election	06/30/14		Pending
3	PENDING	G	Board Report: Election of 3rd Provisional Chair	06/30/14		Pending
4	PENDING	G	Board Report - Quarterly Budget Review & Reimbursements	06/30/14		Pending
5	PENDING	G	Board Report - Plan Document Review & Action Plan	06/30/14		Pending
6	PENDING	G	Board Report - Plan Communications Update	06/30/14		Pending
7	PENDING	G	Board Report - May Staff Report	06/30/14		Pending
8	PENDING	G	Metrics Tracking Document	06/30/14		Pending
9	PENDING	G	Correspondence to CAO and City Unions re Auto Enrollment	06/30/14		Pending



10	PENDING	G	Plan Governance & Administrative Issues Committee Meeting - Report on Auto Enrollment	06/30/14		Pending
11	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	06/30/14		Pending
12	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	06/30/14		Pending
13	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting			
14	PENDING	A	FDIC Savings Account RFP - Review of Questions Related to Procurement Process	06/30/14		Pending
15	PENDING	A	Great-West Contract Amendment Extension PSP Services 2012-2016	05/31/14		Pending
16	PENDING	A	Galliard Contract Amendment	05/31/14		Pending
17	PENDING	A	SSgA Contract Amendment	05/31/14		Pending
18	PENDING	C	Participant Survey Proposal - Plan Satisfaction	05/31/14		Pending
19	PENDING	C	Revise Plan Highlights	06/30/14		Pending
20	PENDING	C	Web Page Content Update	06/30/14		Pending
21	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	06/30/14		Pending
22	PENDING	C	Enrollment Form Revision Phase 1 (Graphic change)	06/30/14		Pending
23	PENDING	C	Enrollment Guide Revision	06/30/14		Pending
24	PENDING	C	Calculator Promotion Campaign - Develop proposal	06/30/14		Pending
25	PENDING	C	New Brand Style Guide	06/30/14		Pending
26	PENDING	C	Design Templates - PowerPoint and Word	06/30/14		Pending
27	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	05/31/14		Pending
28	PENDING	O	Catch-Up Participant Review (2012 & 2013)	05/31/14		Pending
29	PENDING	O	Annual Contributions Review - 2012	05/31/14		Pending - for Controller's
30	PENDING	O	Loan Default Reversal - Hold Harmless	05/31/14		5/20 Lisa Tilley to talk to loans team
31	PENDING	O	In-Plan Roth Conversion - Implementation	06/30/14		Pending
30	PENDING	O	PaySR .NET Testing for DCP Related Items	06/30/14		Pending
<b>UPCOMING</b>						
31	PENDING	G	Board Report - Beneficiary Rules	06/30/14		Pending
32	PENDING	G	Board Report - Steptoe Contract & Additional Funding	TBD		Pending
33	PENDING	G	Board Report - Selection for FDIC RFP	TBD		Pending
34	PENDING	G	Distributions & Contributions - Retirees who return to work	06/30/14		Pending

35	PENDING	G	Loan Policy Document	TBD		Pending
36	PENDING	G	Board Report - Plan Metrics Baseline	TBD		Pending
37	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
38	PENDING	O	Online Enrollment Functionality	TBD		Pending
39	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	05/31/14		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
52	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
53	PENDING	G	Board Report - SAS Form from Great-West	TBD		Pending
54	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
55	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
56	PENDING	G	Board Report - DROP Mailing	TBD		Pending
57	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
58	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		Pending
59	PENDING	C	DCP Glossary	TBD		Pending
60	PENDING	C	Participant Survey - Metrics demographic	TBD		Pending
61	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending

62	PENDING	G	Review and report back on PIMCO hedge fund strategy	TBD		Pending
63	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
64	PENDING	G	Board Report - Proxy Share Voting	TBD		Pending
65	PENDING	C	DROP Brochure Ad	TBD		Pending
66	PENDING	C	DROP Brochure	TBD		Pending
67	PENDING	C	Notification of Participants - Catch-Up Eligibility	TBD		Pending
68	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
69	PENDING	C	Revise Pension Savings Plan Highlights	TBD		Pending
70	PENDING	G	Revisit Plan Audit	TBD		Pending
71	PENDING	A	PSP Account Consolidation	TBD		Pending
72	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
73	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
74	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
75	PENDING	G	Deemed IRA	TBD		Pending
76	PENDING	C	Online Enrollment Communications Document	TBD		Pending
77	PENDING	C	DCP Bi-Monthly Newsletter	TBD		Pending
78	PENDING	G	Retirement Plan Summit	TBD		Pending
79	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	11/30/14		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
<b>Personnel</b>				
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
<b>City Attorney</b>				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curt Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

**Committee Membership**

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

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

Submitted by: \_\_\_\_\_  
Esther Chang

Approved by: \_\_\_\_\_  
Steven Montagna