

Deferred Compensation Plan BOARD REPORT 14-36

Date: August 19, 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, Third Provisional Chair
 Ray Ciranna
 Mary Higgins
 David Luther
 Robert Schoonover

Recommendation:

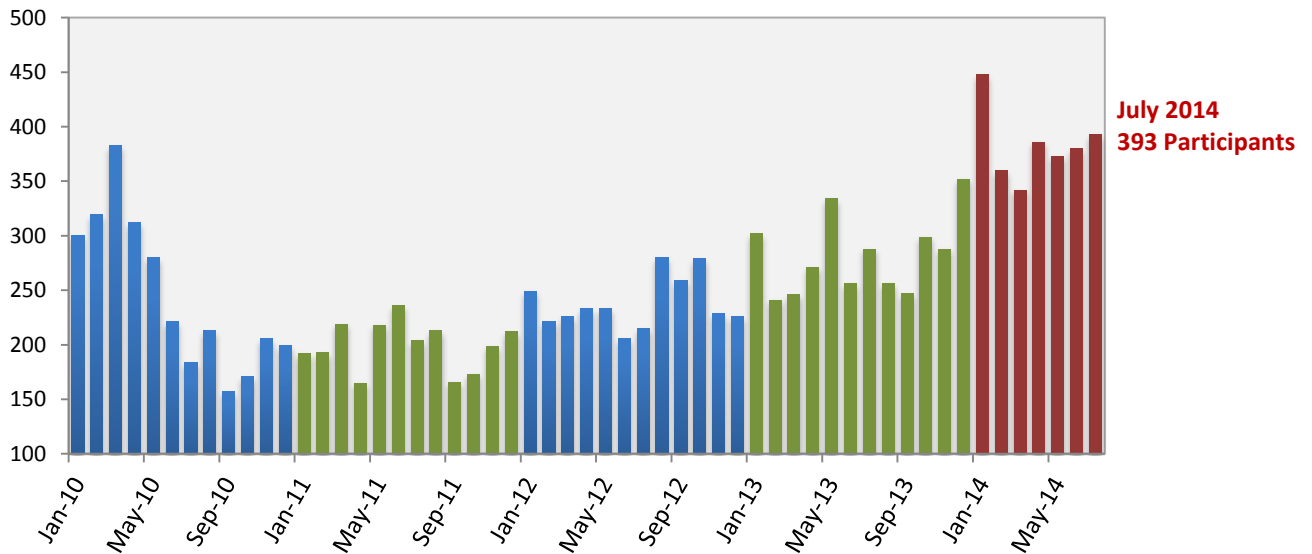
That the Board of Deferred Compensation Administration receive and file the following information.

Activity Reports:

Counter Activity Employee Benefits Division

Staff has compiled the following results of Counter Activity flow for the month of July 2014. During the month of July, 393 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 July 2014:

Counter Activity

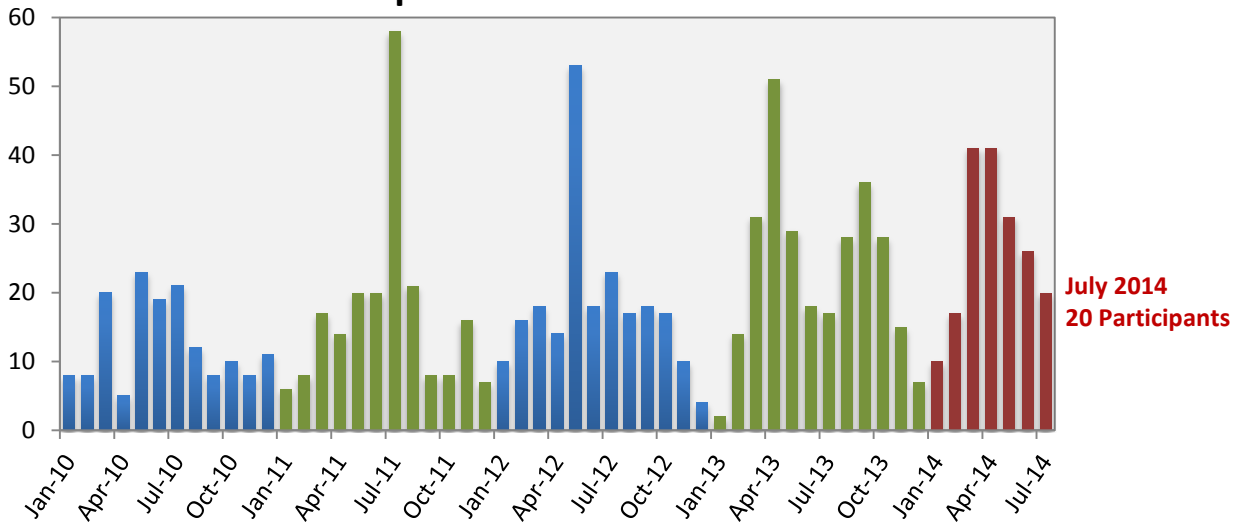


ACCRUED LEAVE ACTIVITY

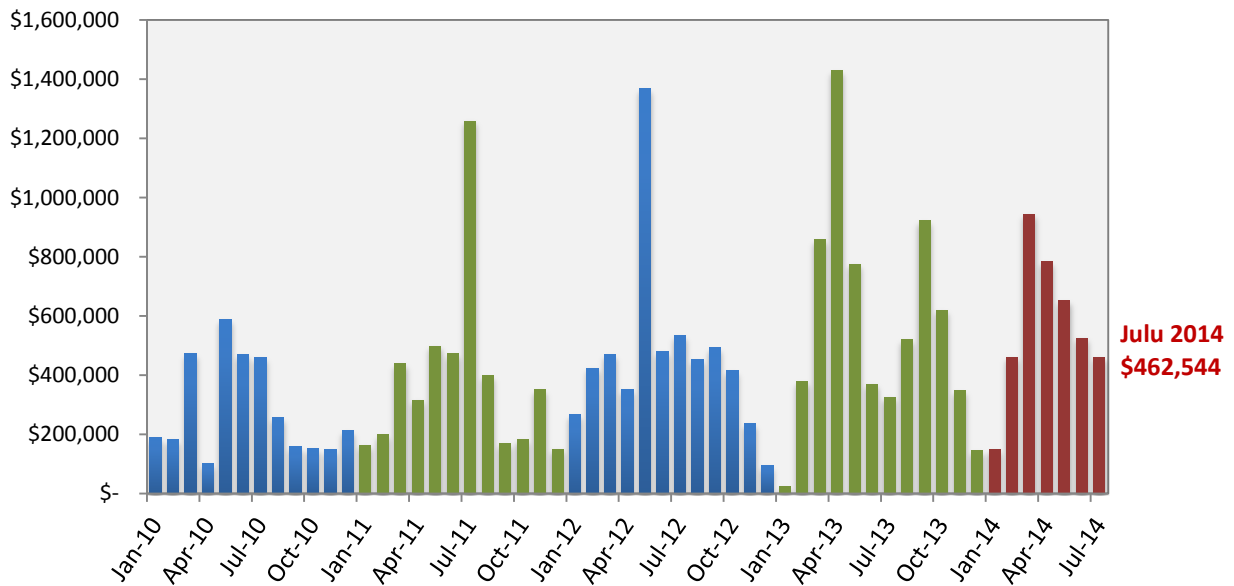
Staff has compiled the following results of Accrued Leave enrollment for the month of July 2014. During the month of July, 20 participants deferred **\$462,544** into the Plan from their Accrued Leave payouts.

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

Participants with Accrued Leave

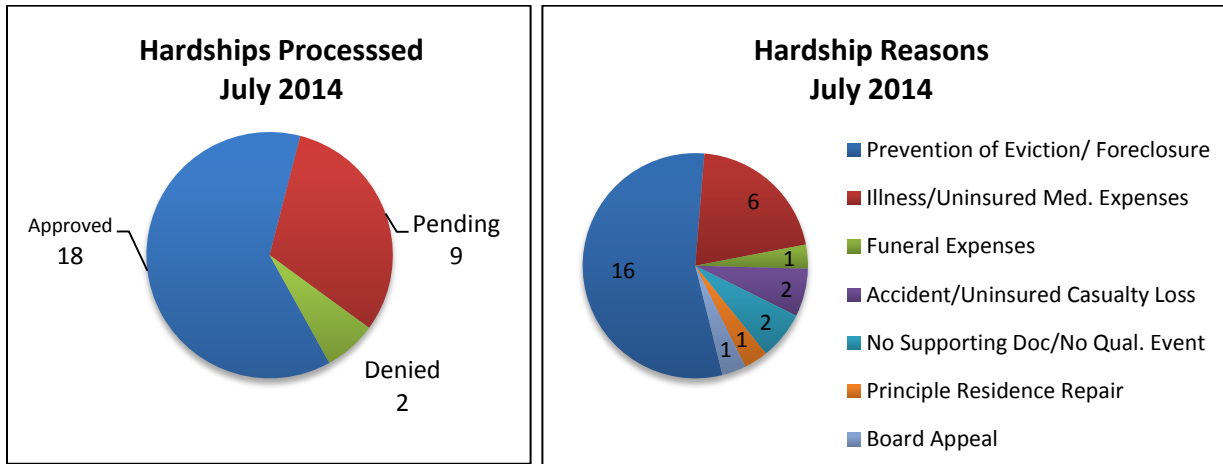


Accrued Leave Deferral Amounts

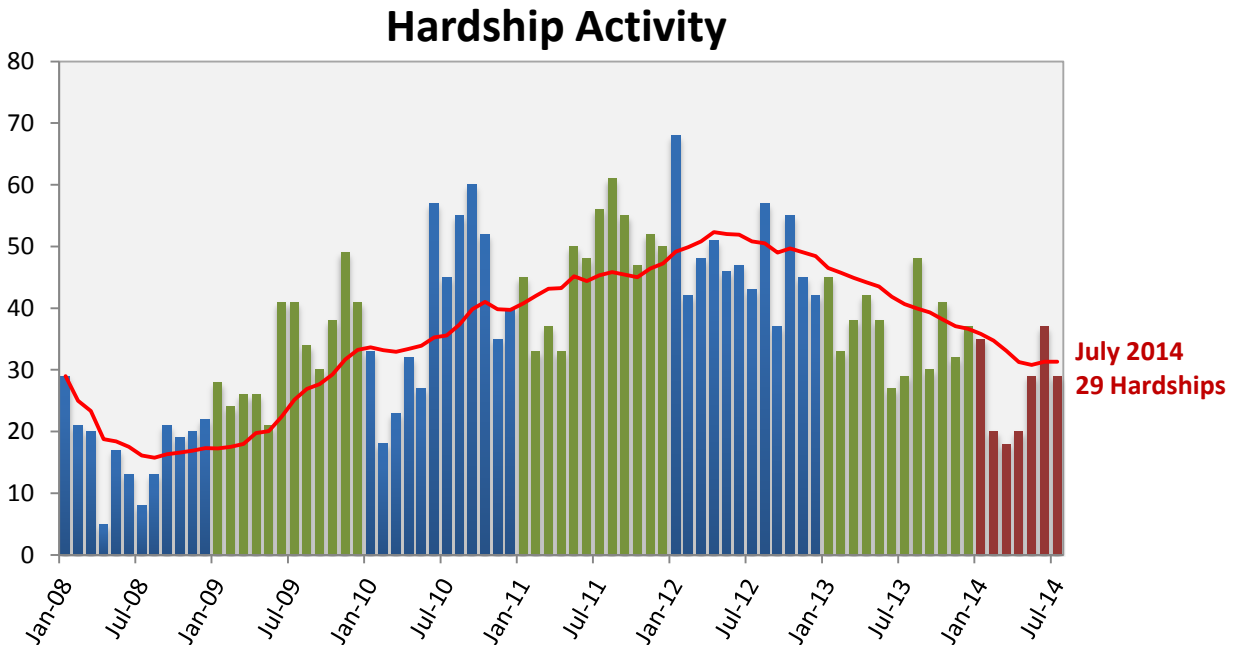


HARDSHIP ACTIVITY

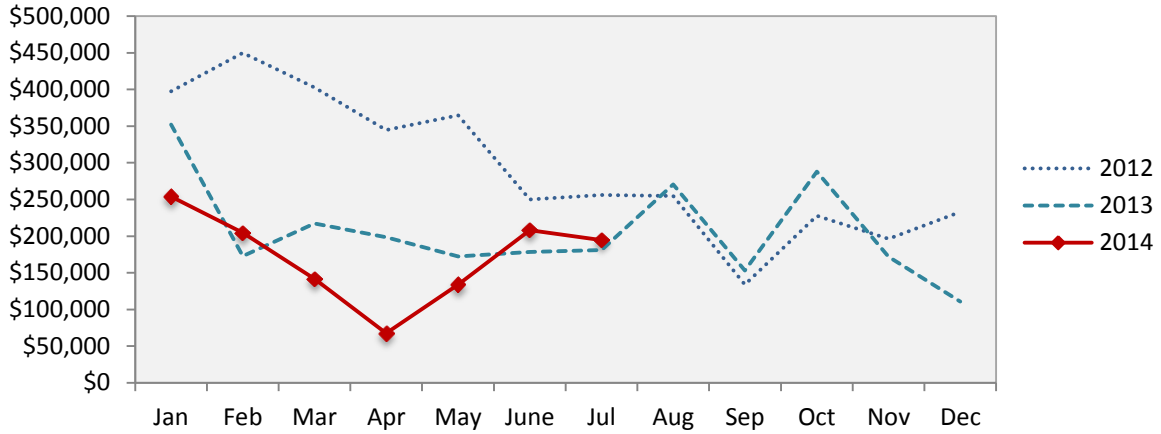
Staff has compiled the following results of hardship processing with Great-West for the month of July 2014. During the month of July, 29 hardship cases were submitted to Great-West. There were 18 cases approved, 2 cases denied, and 9 cases pending additional information. The dollar amount for hardships withdrawn from the plan in July 2014 was approximately **\$194,786**.



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



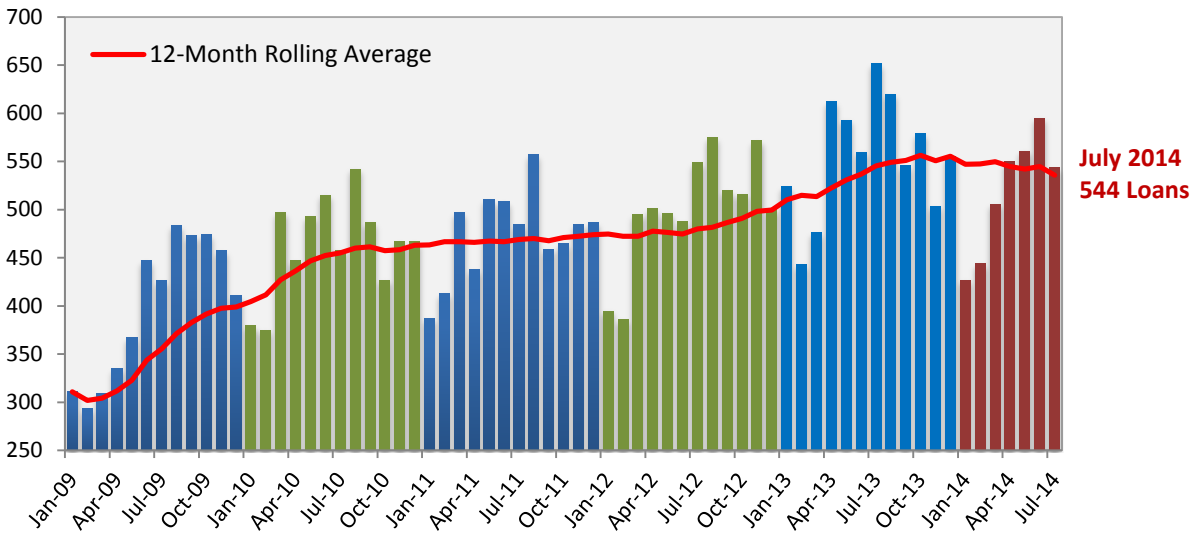
Hardship Dollars Disbursed



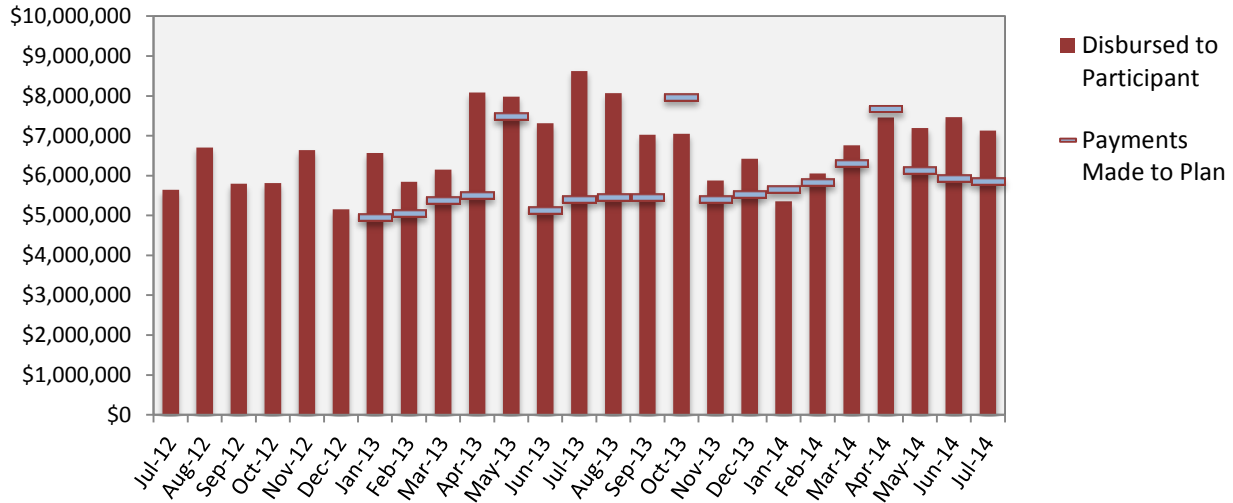
LOAN ACTIVITY

Staff has compiled the following results of new loans acquired by participants for the month of July 2014. During the month of July, 544 participants elected to obtain a new loan and **\$7,129,562** was withdrawn from the Plan for their loan payouts.

Loan Activity



Loan Dollars

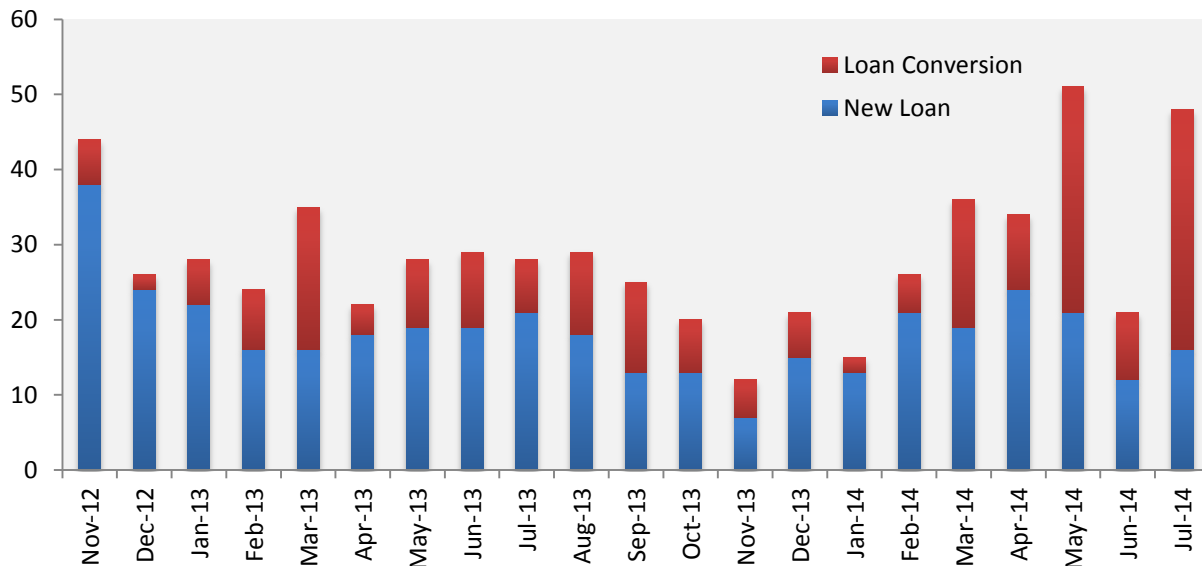


For Retirees or Terminated Employees

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.

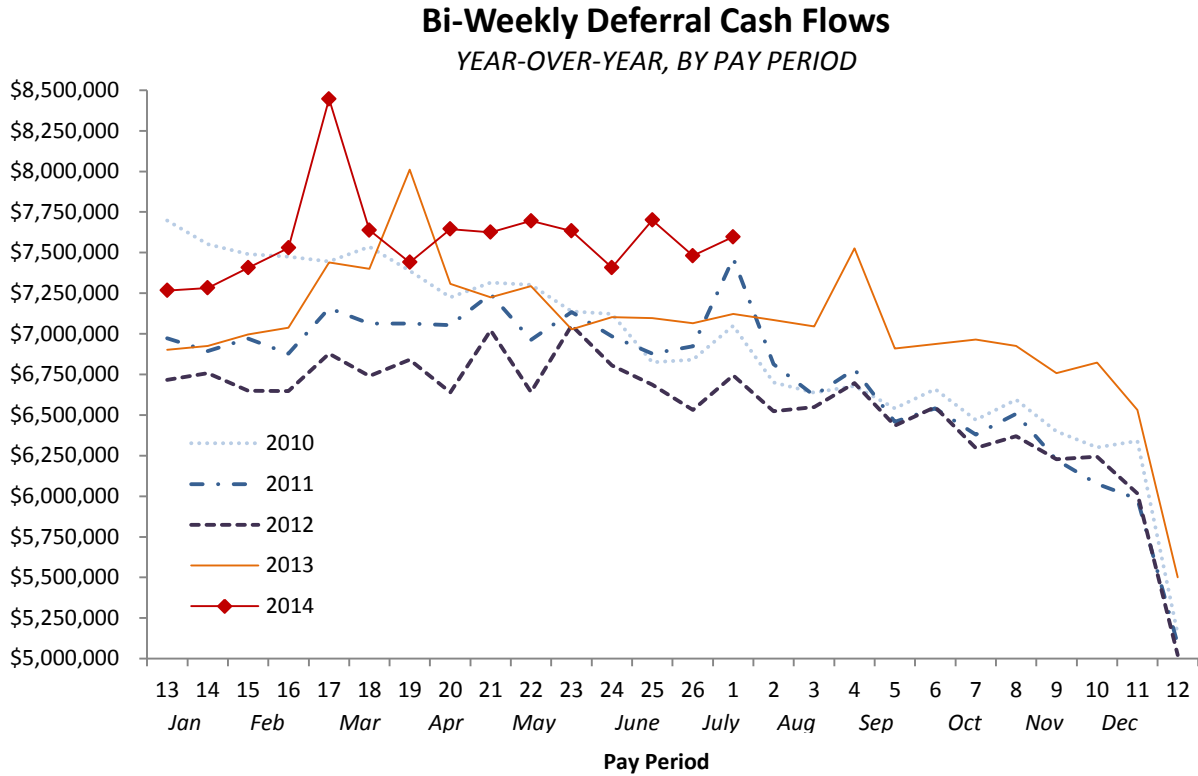
In July 2014, staff processed 16 new loan requests and 32 requests for loan conversion. **To date, staff has processed a total of 385 requests for retiree loans and 217 requests for conversion.**

Retiree Loans



DEFERRAL TRACKING

Staff has compiled the following results of bi-weekly deferral cash flows for the month of July 2014 for the City of Los Angeles and Department of Water and Power (DWP). During the month of July, the City and DWP deferred **\$15,076,950** into the Deferred Compensation Plan. This compares to **\$14,187,286** in 2013 for the same pay periods, which constitutes a **6.3% increase**, year-over-year.



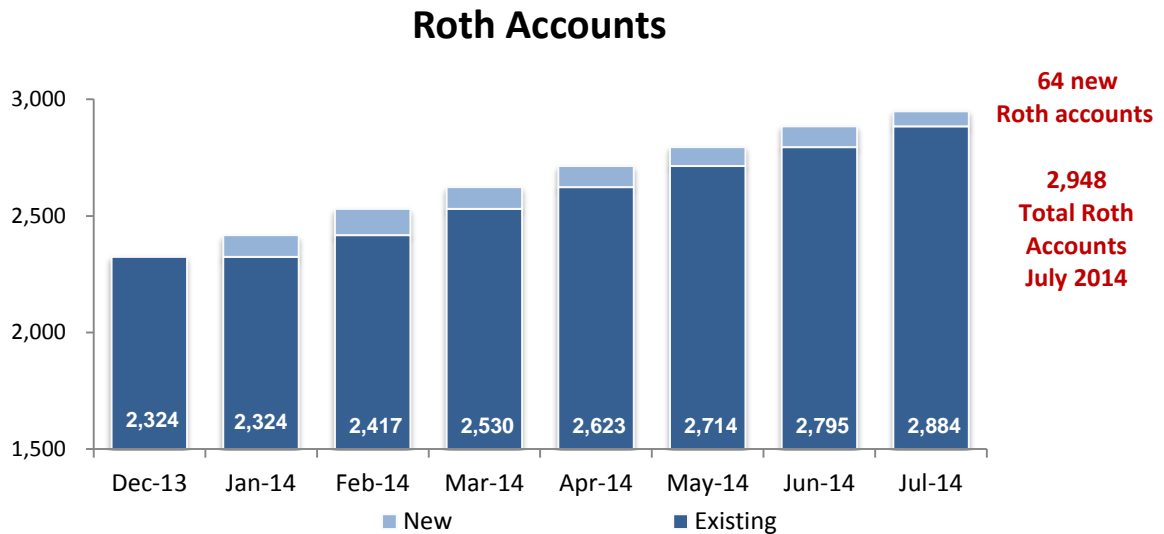
ROTH CONTRIBUTIONS

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

At July 2014 end, there were **2,948** participants with a Roth balance. This figure represents approximately **7.3%**¹ 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>
Active	31,800	2,875	9.0%
Separated/Retired/Alt Payee	8,783	73	0.8%
TOTAL	40,583	2,948	7.3%

There were a total of 64 new Roth accounts added in July 2014:



** Staff reported that a recent review of metrics revealed a more accurate method of reporting Roth information beginning in January 2014.*

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

	Employee Count	% of Total
Pre-tax deferral only	25,447	91.3%
Pre-tax and Roth deferral	1,398	5.0%
Roth deferral only	1,017	3.7%
TOTAL Contributing Participants	27,862	100%

¹ 40,583 accounts with a balance effective August 4, 2014 (Participant Data Extract report).

PROJECT UPDATE
(reflects project activity for period 07/01/14 through 07/31/14)

DEFERED COMPENSATION

Legend:
G = Governance
C = Communications
O = Operations
A = Administration

COMPLETED PROJECTS: JULY 2014

#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Minutes - June 17, 2014 Meeting	07/31/14	Y	N/A
2	Completed	G	Board Report - Selection for FDIC RFP	07/31/14	Y	N/A
3	Completed	G	Board Report - National Save for Retirement Week Proposal	07/31/14	Y	N/A
4	Completed	G	Board Report - Quarterly Budget Reimb 1Q 2014	07/31/14	Y	N/A
5	Completed	G	Board Report - Steptoe Contract & Additional Funding	07/31/14	Y	N/A
6	Completed	G	Board Report - Hardship Appeal 14-01	07/31/14	Y	N/A
7	Completed	G	Staff Report - June 2014	07/31/14	Y	N/A
8	Completed	A	Great-West Contract Amendment Extension PSP Services 2012-2016	07/31/14	Y	Contract language finalized.
9	Completed	A	Galliard Contract Amendment	07/31/14	Y	Contract language finalized.
10	Completed	A	Plan Gov & Investments Committee Meetings - Scheduling	07/31/14	Y	N/A

PENDING PROJECTS

#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
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AUGUST 2014

1	PENDING	G	Minutes - July 15, 2014 Meeting	08/31/14		Pending
2	PENDING	G	Staff Report - July 2014	08/31/14		Pending
3	PENDING	G	Board Report - FDIC Third Provider Search	08/31/14		
4	PENDING	G	Board Report - Travel/NAGDCA Update	08/31/14		
5	PENDING	G	Board Report - National Save for Retirement Week, Part II	08/31/14		Review of retiree survey

6	PENDING	G	Plan Governance & Administrative Issues Committee Meeting - Report on Auto Enrollment	08/31/14		Aug 20, 2014
7	PENDING	G	Investments Committee - Inv Manager Review [Bonds, Round 1 & 2]	08/31/14		Aug 26 & Aug 28, 2014
8	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	08/31/14		Pending
9	PENDING	A	SSgA Contract Amendment	08/31/14		Pending
10	PENDING	A	Bank of America Amendment	08/31/14		Pending
11	PENDING	C	Participant Survey Proposal - Plan Satisfaction	08/31/14		Pending
12	PENDING	C	Revise Plan Highlights	08/31/14		Pending
13	PENDING	C	Web Page Content Update	08/31/14		Pending
14	PENDING	C	Enrollment Form Revision Phase 1 (Graphic change)	08/31/14	Y	Completed
15	PENDING	C	Enrollment Guide Revision	08/31/14		Pending
16	PENDING	C	New Brand Style Guide	08/31/14		Pending
17	PENDING	C	Design Templates - PowerPoint and Word	08/31/14		Pending
18	PENDING	O	Loan Default Reversal - Hold Harmless	08/31/14		Pending discussions
SEPTEMBER 2014						
19	PENDING	G	Minutes - August 19, 2014 Meeting	09/30/14		Pending
20	PENDING	G	Staff Report - August 2014	09/30/14		
21	PENDING	G	NAGDCA Recap	09/30/14		
22	PENDING	G	Board Report - Plan Gov Committee	09/30/14		Auto Enrollment report to Board
23	PENDING	G	Board Report - Inv Committee	09/30/14		Bond recommendation to Board
24	PENDING	G	Board Report - FDIC Account Procurement/Contracts Update	09/30/14		
25	PENDING	G	Board Report - Beneficiary Rules	09/30/14		Pending
26	PENDING	G	Board Report - Web Authentication/Security	09/30/14		Pending
27	PENDING	G	Investments Committee - Inv Manager Review [Mid-Cap, Round 1]	09/30/14		Sep. 29, 2014
28	PENDING	A	FDIC Savings - Bank of the West Contract	09/30/14		Pending
29	PENDING	A	FDIC Savings - East West Bank Contract	09/30/14		Pending

30	PENDING	O	In-Plan Roth Conversion - Implementation	09/30/14		Pending
31	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	09/30/14		Pending
32	PENDING	O	Catch-Up Participant Review (2012 & 2013)	09/30/14		Pending
33	PENDING	O	Response to Controller re: IRS 2012 Inquiry	09/30/14		Pending Controller/legal direction
34	PENDING	O	PaySR .NET Testing for DCP Related Items	09/30/14		Pending
UPCOMING						
35	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending
36	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
37	PENDING	G	Metrics Tracking Document	TBD		Pending
38	PENDING	G	Correspondence to CAO and City Unions re Auto Enrollment	TBD		Pending
39	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending
40	PENDING	G	Loan Policy Document	TBD		Pending
41	PENDING	G	Board Report - Plan Metrics Baseline	TBD		Pending
42	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
43	PENDING	O	Online Enrollment Functionality	TBD		Pending
44	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	TBD		Pending
45	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
46	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
47	PENDING	C	Board Report - Social Media Options	TBD		Pending
48	PENDING	C	Board Report - EZ Enrollment Form	TBD		Pending
49	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
50	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending

51	PENDING	C	Revise Distribution Form	TBD	Pending
52	PENDING	C	Calculator Promotion Campaign - Develop proposal	TBD	Pending
53	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	TBD	Pending
54	PENDING	C	Accrued Leave - Flier and Form Revisions	TBD	Pending
55	PENDING	C	KeyTalk and Web Guide - Revisions	TBD	Pending
56	PENDING	C	Distribution Options Guide - Tax and Loan revisions	TBD	Pending
57	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD	Pending
58	PENDING	G	Board Report - Contribution History & Rollovers	TBD	Pending
59	PENDING	G	Board Report - Historical Contribution History	TBD	Pending
60	PENDING	G	Board Report - SAS Form from Great-West	TBD	Pending
61	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD	Pending
62	PENDING	G	Board Report - Contractor Evaluation Policy	TBD	Pending
63	PENDING	G	Board Report - DROP Mailing	TBD	Pending
64	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD	Pending
65	PENDING	C	DCP Glossary	TBD	Pending
66	PENDING	C	Participant Survey - Metrics demographic	TBD	Pending
67	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD	Pending
68	PENDING	G	Review and report back on PIMCO hedge fund strategy	TBD	Pending
69	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD	Pending
70	PENDING	G	Board Report - Proxy Share Voting	TBD	Pending
71	PENDING	C	DROP Brochure Ad	TBD	Pending
72	PENDING	C	DROP Brochure	TBD	Pending
73	PENDING	C	Notification of Participants - Catch-Up Eligibility	TBD	Pending
74	PENDING	O	Pre-Audit Testing - Phase II	TBD	Pending

75	PENDING	C	Revise Pension Savings Plan Highlights	TBD		Pending
76	PENDING	G	Revisit Plan Audit	TBD		Pending
77	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		
78	PENDING	A	PSP Account Consolidation	TBD		Pending
79	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
80	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
81	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
82	PENDING	G	Deemed IRA	TBD		Pending
83	PENDING	C	Online Enrollment Communications Document	TBD		Pending
84	PENDING	C	DCP Bi-Monthly Newsletter	TBD		Pending
85	PENDING	G	Retirement Plan Summit	TBD		Pending
86	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
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>John R. Mumma, Chair Cliff Cannon Eugene K. Canzano</p>

Investments Committee
<p>Eugene K. Canzano, Chair Tom Moutes Michael Amerian Mary Higgins</p>

Submitted by: _____
Esther Chang

Approved by: _____
Steven Montagna