

Deferred Compensation Plan BOARD REPORT 14-47

Date: October 9, 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:

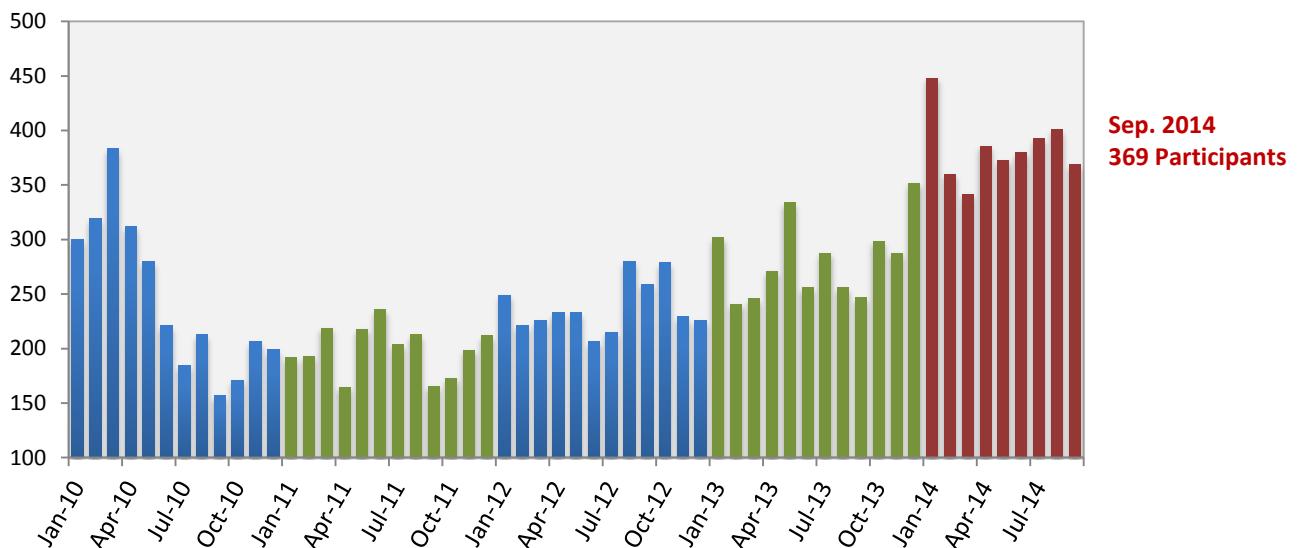
That the Board of Deferred Compensation Administration receive and file the following information.

Activity Reports:

Counter Activity Employee Benefits Division

Staff has compiled the following results of Counter Activity flow for the month of September 2014. During the month of September, 369 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 September 2014:

Counter Activity

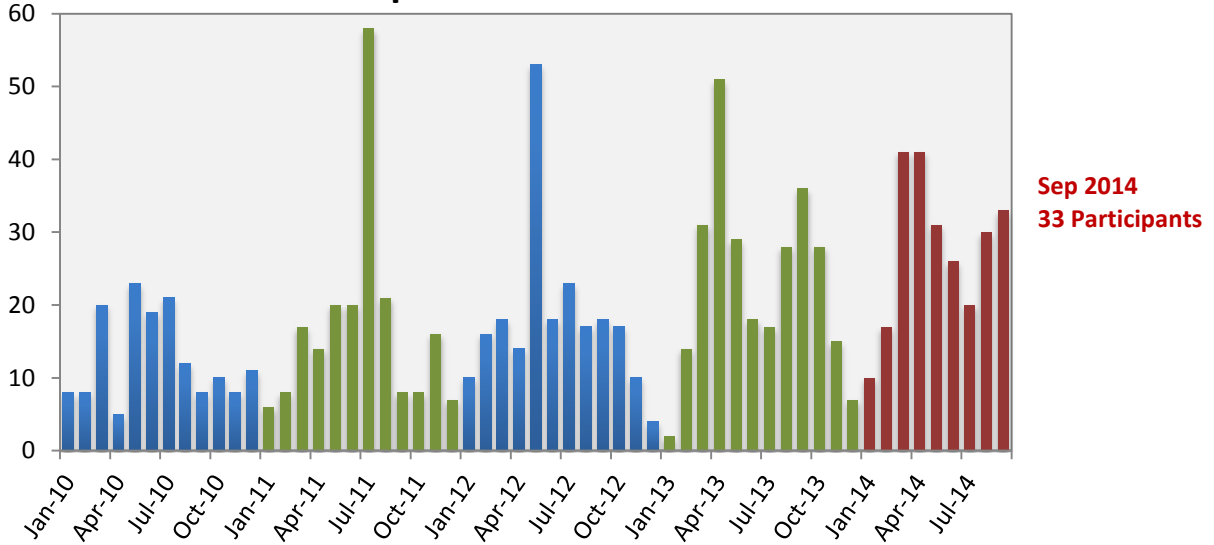


ACCRUED LEAVE ACTIVITY

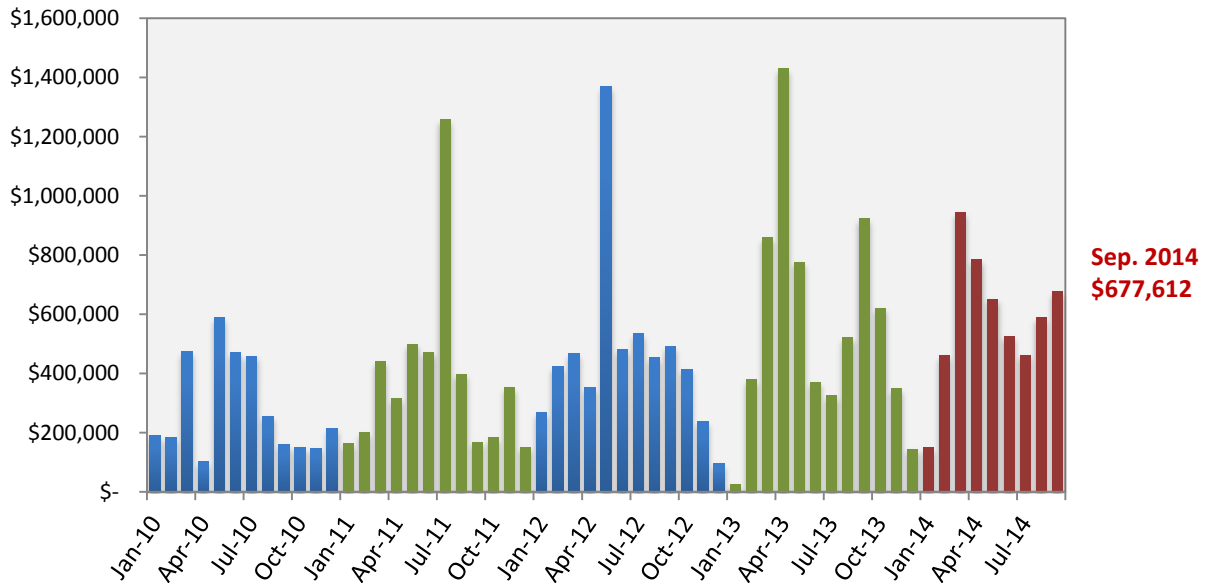
Staff has compiled the following results of Accrued Leave enrollment for the month of September 2014. During the month of September, 33 participants deferred **\$677,612** into the Plan from their Accrued Leave payouts.

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

Participants with Accrued Leave

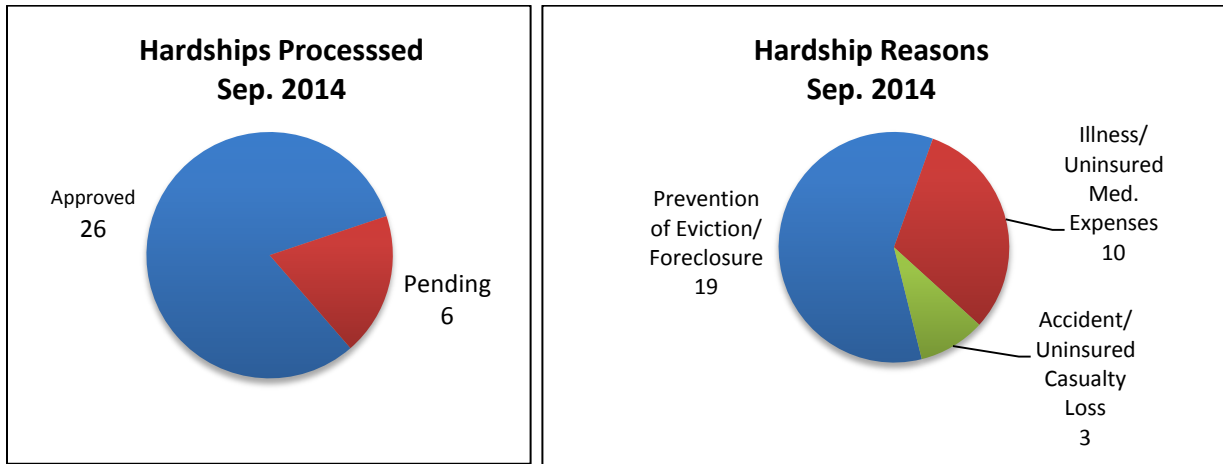


Accrued Leave Deferral Amounts

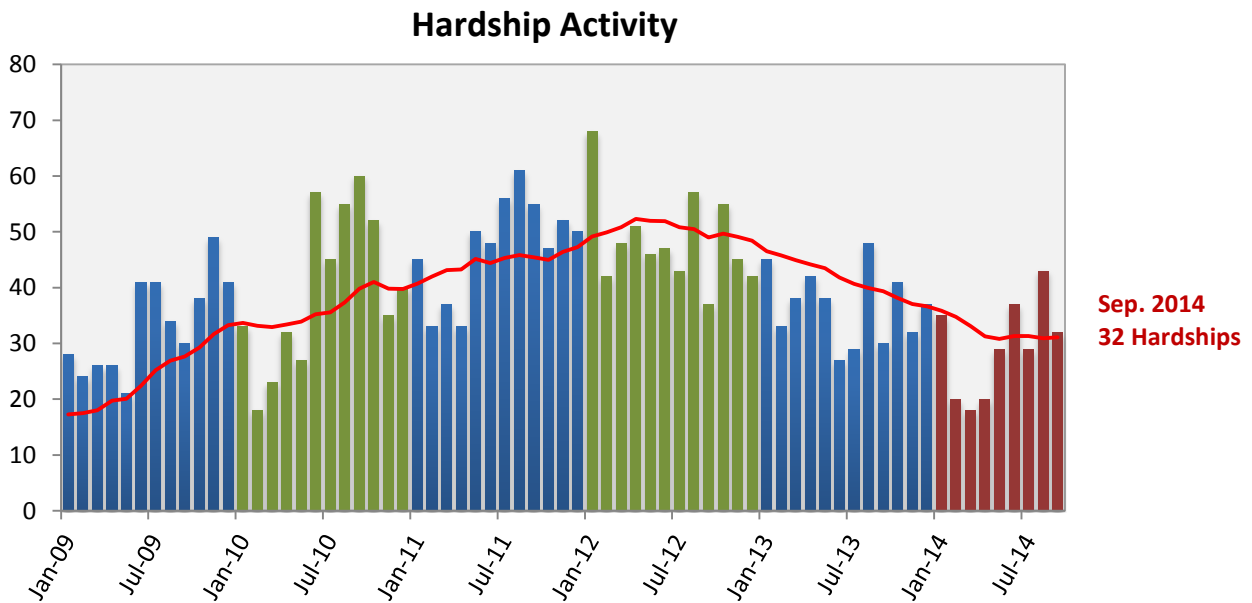


HARDSHIP ACTIVITY

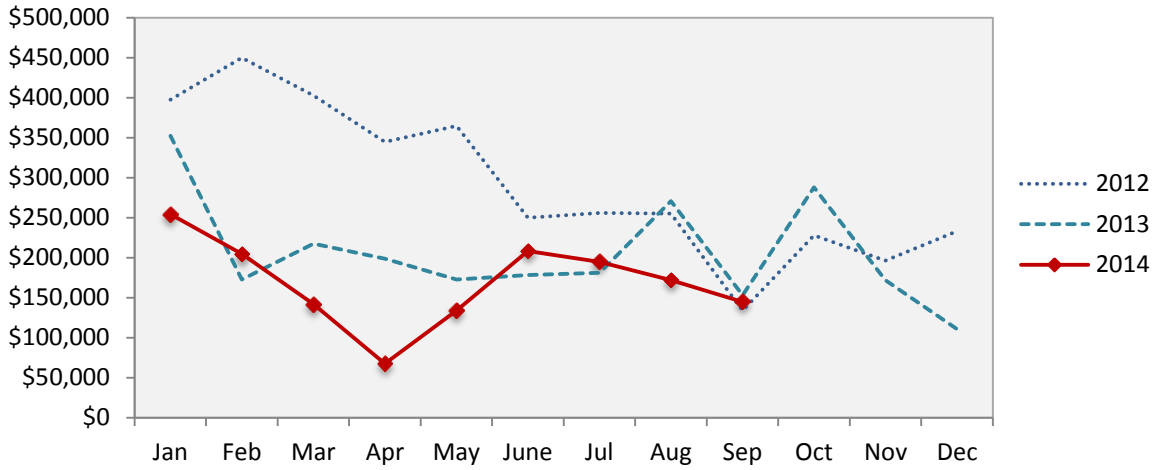
Staff has compiled the following results of hardship processing with Great-West for the month of September 2014. During the month of September, 32 hardship cases were submitted to Great-West. There were 26 cases approved and 6 cases pending additional information. The dollar amount for hardships withdrawn from the plan in September 2014 was approximately **\$144,701**.



Following are hardship activity results from January 2009 to September 2014:



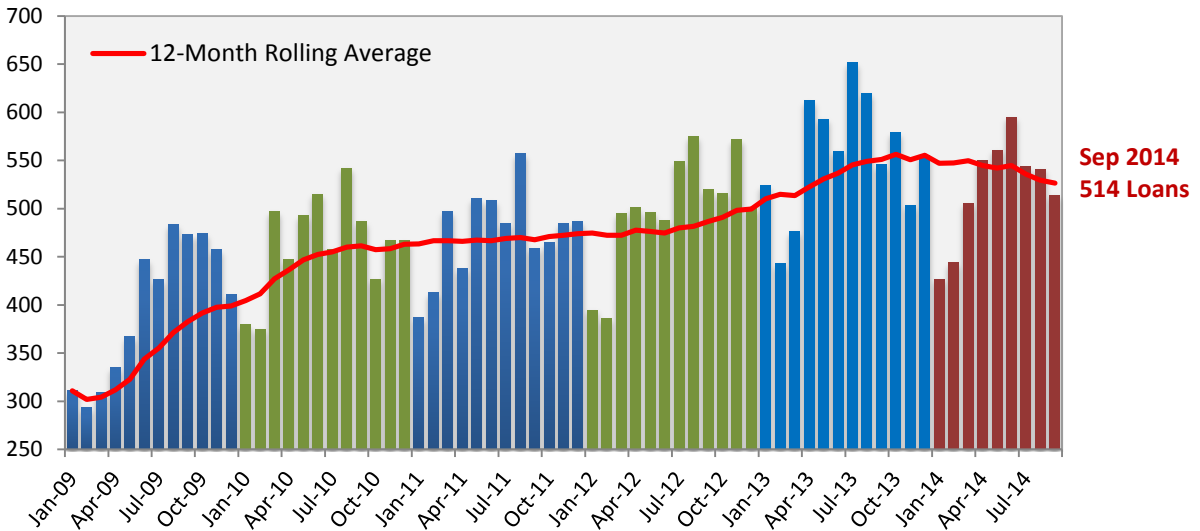
Hardship Dollars Disbursed



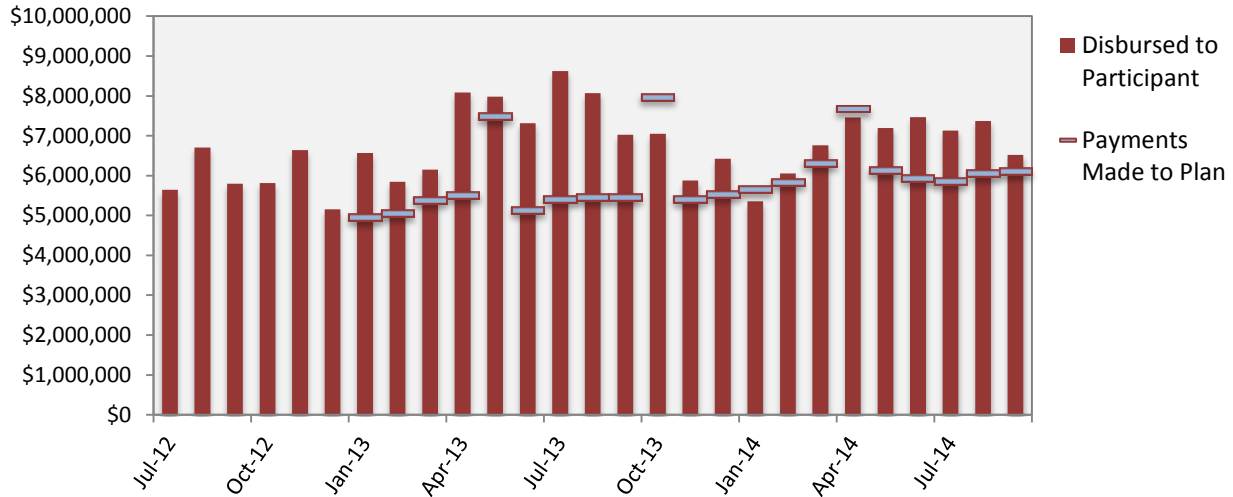
LOAN ACTIVITY

Staff has compiled the following results of new loans acquired by participants for the month of September 2014. During the month of September, 514 participants elected to obtain a new loan and **\$6,517,312** was withdrawn from the Plan for their loan payouts.

Loan Activity



Loan Dollars

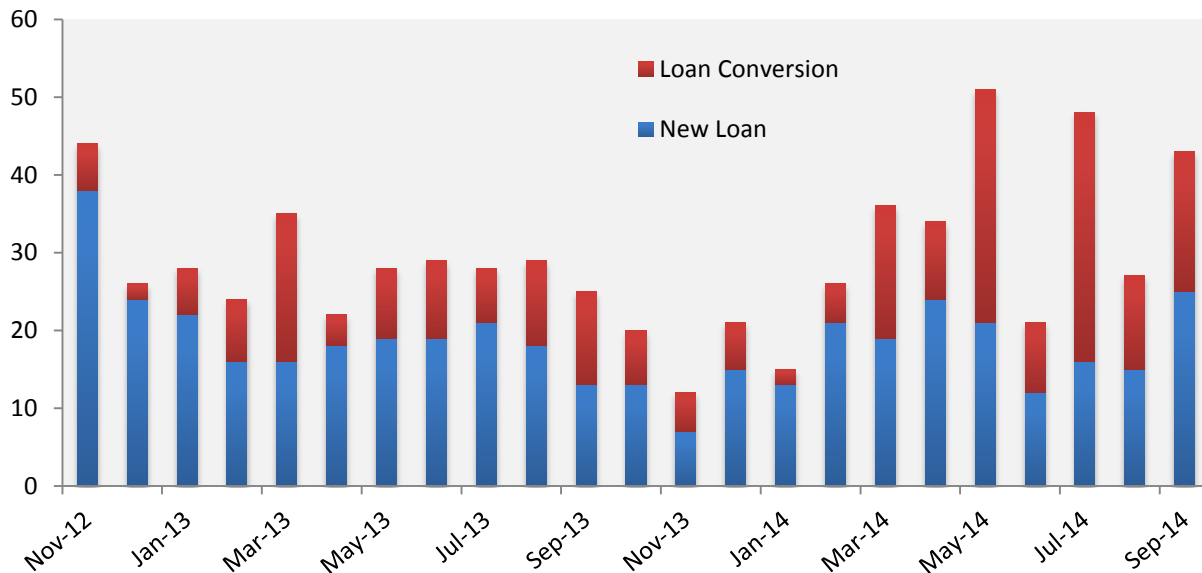


For Retirees or Terminated Employees

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.

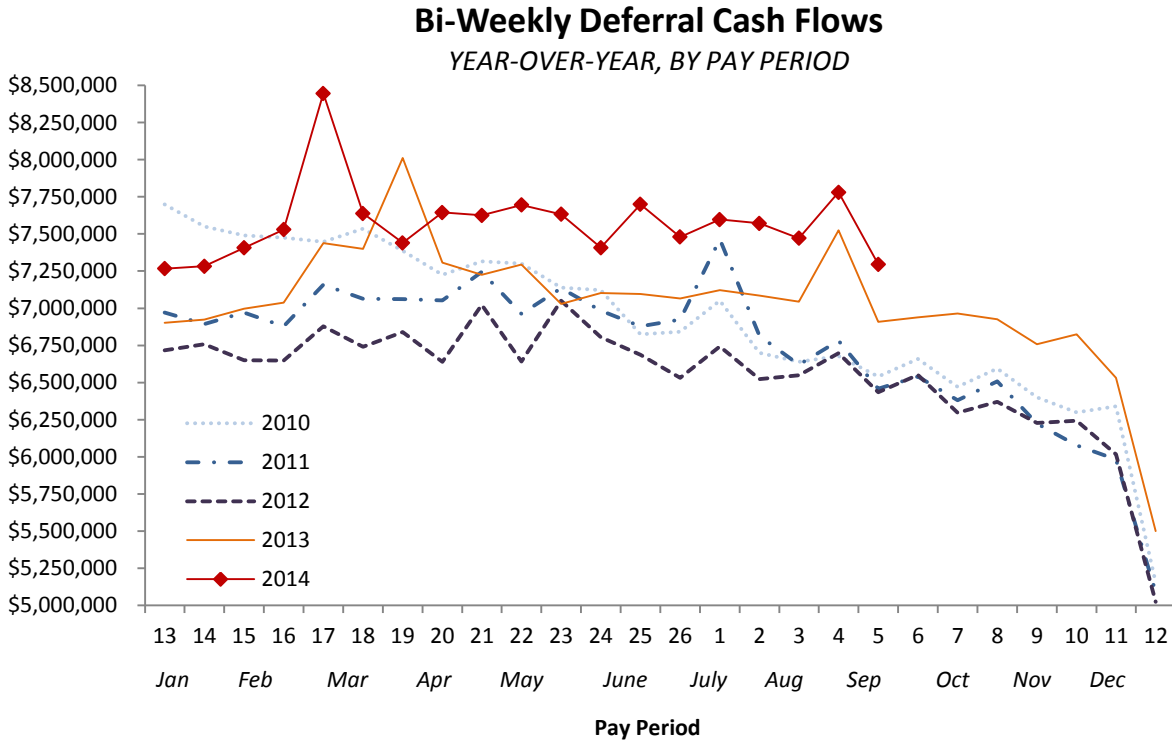
In September 2014, staff processed 25 new loan requests and 18 requests for loan conversion. **To date, staff has processed a total of 425 requests for retiree loans and 247 requests for conversion.**

Retiree Loans



DEFERRAL TRACKING

Staff has compiled the following results of bi-weekly deferral cash flows for the month of September 2014 for the City of Los Angeles and Department of Water and Power (DWP). During the month of September, the City and DWP deferred **\$15,076,794** into the Deferred Compensation Plan. This compares to **\$14,434,946** in 2013 for the same pay periods, which constitutes a **4.4% increase**, year-over-year.

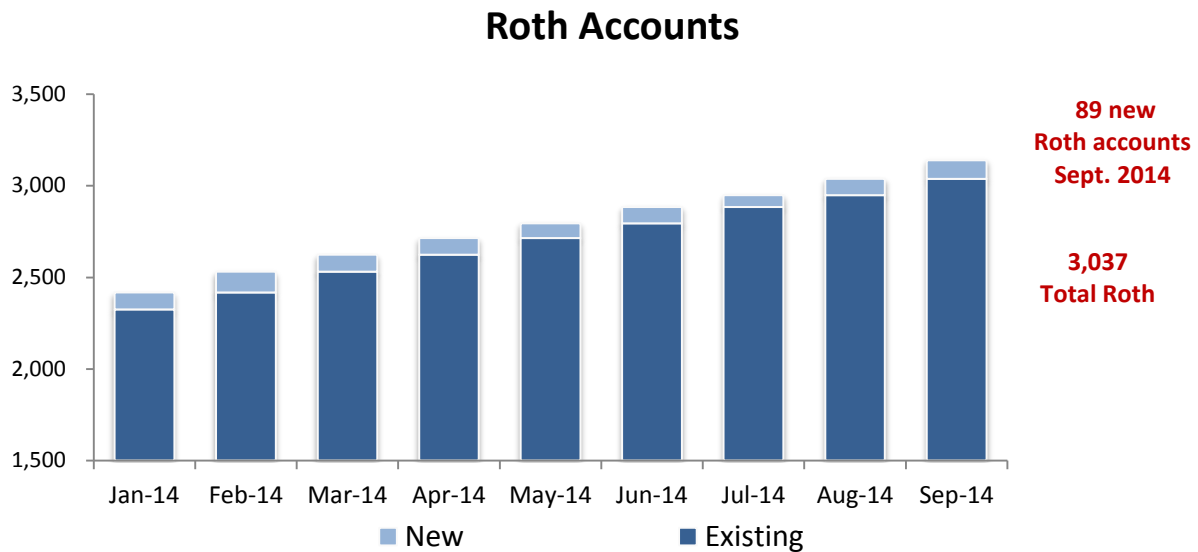


ROTH CONTRIBUTIONS

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

At September 2014 end, there were **3,139** participants with a Roth balance. This figure represents approximately **7.7%**¹ of all participants with a balance.

There were a total of 89 new Roth accounts added in July 2014:



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

	Employee Count	% of Total
Pre-tax deferral only	25,218	90.8%
Pre-tax and Roth deferral	1,474	5.3%
Roth deferral only	1,074	3.9%
TOTAL Contributing Participants	27,766	100%

¹ 40,703 accounts with a balance effective September 30, 2014 (Participant Data Extract report).

PROJECT UPDATE
(reflects project activity for period 09/01/14 through 09/31/14)

DEFERED COMPENSATION						
		Legend:				
		G = Governance				
		C = Communications				
		O = Operations				
		A = Administration				
COMPLETED PROJECTS: SEPTEMBER 2014						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Special Board Meeting Board Report - FDIC Allocation	09/30/14	Y	Meeting 9/5/2014
2	Completed	G	Special Board Meeting Board Report - NSFRW Proclamation	09/30/14	Y	Meeting 9/5/2014
3	Completed	G	Investments Committee Report: Bond & Small Cap Finalist Reviews	09/30/14	Y	Meeting 9/29/2014
4	Completed	G	Investments Committee Report Mid-Cap Funds Initial	09/30/14	Y	Meeting 10/2/2014
5	Completed	G	BDCA Special Meeting Report Bond & Small Cap Selection	09/30/14	Y	Meeting 10/2/2014
7	Completed	A	FDIC Savings - East West Bank Contract	09/30/14	Y	N/A
8	Completed	C	FDIC Letter to Participants - Balances \$450k+	09/30/14	Y	N/A
9	Completed	C	NSFRW - Mayoral Proclamation	09/30/14	Y	N/A
10	Completed	O	SDBO - Canadian Tax Withholding on Dividend Paying Securities	09/30/14	Y	N/A
PENDING PROJECTS						
OCTOBER 2014						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	PENDING	G	Board Report - Plan Gov Committee Rec for AE	10/31/14		Auto Enrollment report to Board
2	PENDING	G	Board Report - Bond Update & Active Fund Search Update	10/31/14		
3	PENDING	G	Board Report - Investments Committee Rec for Small Cap	10/31/14		Pending
4	PENDING	G	Board Report - NAGDCA Recap	10/31/14		Pending
5	PENDING	G	Board Report - Travel Budget 2015-16	10/31/14		Pending
6	PENDING	G	Board Report - NSFRW Update	10/31/14		Pending

7	PENDING	G	Board Report - Contract Update	10/31/14		Pending
8	PENDING	G	Staff Report - September 2014	10/31/14		Pending
9	PENDING	G	Minutes - August 19, 2014 Meeting	10/31/14		Pending
10	PENDING	G	Minutes - September 5, 2014 Special Meeting	10/31/14		Pending
11	PENDING	G	PG&A Committee - Meeting Minutes	10/31/14		Pending
12	PENDING	G	Investments Committee - 8/28/14 Meeting Minutes	10/31/14		Pending
13	PENDING	G	Investments Committee - 9/29/14 Meeting Minutes	10/31/14		Pending
14	PENDING	G	Investments Committee - 10/2/14 Meeting Minutes	10/31/14		Pending
15	PENDING	G	Investments Committee Report: Mid Cap Selection	10/31/14		For 10/22/2014 meeting
16	PENDING	G	Investments Committee Report: International Initial Review	10/31/14		For 10/22/2014 meeting
17	PENDING	A	FDIC Savings - Bank of the West Contract	10/31/14		Pending
18	PENDING	A	SSgA Contract Amendment	10/31/14		Pending
19	PENDING	A	Charter Section 1022 - Requests for Review	10/31/14		Galliard, PSP, State Street amendments
20	PENDING	A	NAGDCA 2014 - Personal Expense Statements	10/31/14		Pending
21	PENDING	A	NAGDCA 2014 - Ethics Limit Invoices	10/31/14		Pending
22	PENDING	A	FDIC Savings - Union Bank Contract	10/31/14		Pending
23	PENDING	A	DCP Stable Value - Draft RFP	10/31/14		Pending
24	PENDING	A	Mercer - Contract Amendment	10/31/14		Pending
25	PENDING	A	Consulting Services - Draft RFP	10/31/14		Pending
26	PENDING	C	Participant Survey Proposal - Plan Satisfaction	10/31/14		Pending
27	PENDING	C	Revise Plan Highlights	10/31/14		Pending
28	PENDING	C	Web Page Content Update	10/31/14		Pending
29	PENDING	C	Enrollment Guide Revision	10/31/14		Pending
30	PENDING	C	KeyTalk and Web Guide - Revisions	10/31/14		Pending
31	PENDING	C	Distribution Options Guide - Tax and Loan revisions	10/31/14		Pending
32	PENDING	C	Enrollment Essentials Folder	10/31/14		Pending
33	PENDING	C	New Brand Style Guide	10/31/14		Pending

34	PENDING	C	Design Templates - PowerPoint and Word	10/31/14		Pending
35	PENDING	C	FDIC Fund Sheet	10/31/14		Pending
36	PENDING	C	FDIC Web Bulletin & Banner	10/31/14		Pending
37	PENDING	C	DCP Bond Fund Sheet	10/31/14		Update for new active bond
38	PENDING	C	NSFRW - Special Mailing	10/31/14		Pending
39	PENDING	C	NSFRW - Promotional Campaign Announcements, Jumpage, & Surveys	10/31/14		Pending
40	PENDING	C	Calculator Revisions	10/31/14		Pending corrections/testing
41	PENDING	O	Loan Default Reversal - Hold Harmless	10/31/14		Pending discussions
NOVEMBER 2014						
42	PENDING	G	Minutes - October 21, 2014 Meeting	11/31/2014		Pending
43	PENDING	G	Staff Report -October 2014	11/31/2014		Pending
44	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending
45	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
46	PENDING	A	DCP Stable Value - Release RFP	11/30/14		Pending
47		A	Consulting Services - Release RFP	11/30/14		Pending
48	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	TBD		Pending
49	PENDING	C	Accrued Leave - Flier and Form Revisions	TBD		Pending
50	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	11/30/14		Pending
51	PENDING	O	2014 Annual Contributions - Preliminary Review	11/30/14		Pending
52	PENDING	O	In-Plan Roth Conversion - Implementation	10/31/14		Pending
53	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	10/31/14		Pending
54	PENDING	O	Catch-Up Participant Review (2012 & 2013)	10/31/14		Pending
55	PENDING	O	Response to Controller re: IRS 2012 Inquiry	10/31/14		Pending Controller/legal direction
56	PENDING	O	PaySR .NET Testing for DCP Related Items	10/31/14		Pending

DECEMBER 2014						
57	PENDING	G	Minutes - November 18, 2014 Meeting	12/31/14		Pending
58	PENDING	G	Staff Report - November 2014	12/31/14		Pending
UPCOMING						
59	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	10/31/14		Pending
60	PENDING	G	Board Report - Beneficiary Rules	10/31/14		Pending
61	PENDING	G	Metrics Tracking Document	TBD		Pending
62	PENDING	G	Correspondence to CAO and City Unions re Auto Enrollment	TBD		Pending
63	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending
64	PENDING	G	Loan Policy Document	TBD		Pending
65	PENDING	G	Board Report - Plan Metrics Baseline	TBD		Pending
66	PENDING	G	Board Report - Contribution History & Rollovers	TBD		Pending
67	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
68	PENDING	G	Board Report - SAS Form from Great-West	TBD		Pending
69	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
70	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
71	PENDING	G	Board Report - DROP Mailing	TBD		Pending
72	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
73	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
74	PENDING	G	Review and report back on PIMCO hedge fund strategy	TBD		Pending
75	PENDING	G	Board Report - Proxy Share Voting	TBD		Pending
76	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending

77	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
78	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
79	PENDING	G	Deemed IRA	TBD		Pending
80	PENDING	G	Retirement Plan Summit	TBD		Pending
81	PENDING	G	Revisit Plan Audit	TBD		Pending
82	PENDING	A	RFP - DCP/PSP Third Party Admin	TBD		Great-West contract expires 12/31/2016
83	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
84	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
85	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
86	PENDING	C	Board Report - Social Media Options	TBD		Pending
87	PENDING	C	Board Report - EZ Enrollment Form	TBD		Pending
88	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
89	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending
90	PENDING	C	Revise Distribution Form	TBD		Pending
91	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending
92	PENDING	C	DCP Glossary	TBD		Pending
93	PENDING	C	Participant Survey - Metrics demographic	TBD		Pending
94	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
95	PENDING	C	DROP Brochure Ad	TBD		Pending
96	PENDING	C	DROP Brochure	TBD		Pending
97	PENDING	C	Notification of Participants - Catch-Up Eligibility	TBD		Pending
98	PENDING	C	Revise Pension Savings Plan Highlights	TBD		Pending
99	PENDING	C	Online Enrollment Communications Document	TBD		Pending
100	PENDING	C	DCP Bi-Monthly Newsletter	TBD		Pending
101	PENDING	O	PSP Account Consolidation	TBD		Pending

102	PENDING	○	Domestic Partners Research and Review with City Attorney and California Peers	TBD		
103	PENDING	○	Pre-Audit Testing - Phase II	TBD		Pending
104	PENDING	○	Online Enrollment Functionality	TBD		Pending
105	PENDING	○	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	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%	Steven Montagna
Senior Personnel Analyst II	n/a	Plan Manager	60%	Vacant
Senior Personnel Analyst I	Senior Management Analyst I	Administration	100%	Esther Chang
Management Analyst II	Management Analyst II	Operations	90%	Paul Makowski
Management Analyst II	n/a	Communications	90%	Vacant
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

A certification process is underway to fill the vacant Management Analyst II position. Interviews are anticipated to be held during the third or fourth week of October. The Personnel Department is also moving forward on filling the vacant Senior Personnel Analyst II position.

Committee Membership

Plan Governance & Administrative Issues Committee
John R. Mumma, Chair Cliff Cannon Eugene K. Canzano

Investments Committee
Eugene K. Canzano, Chair Tom Moutes Michael Amerian Mary Higgins

Submitted by: _____
Esther Chang

Approved by: _____
Steven Montagna