

# Deferred Compensation Plan BOARD REPORT 14-52

Date: November 5, 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:**

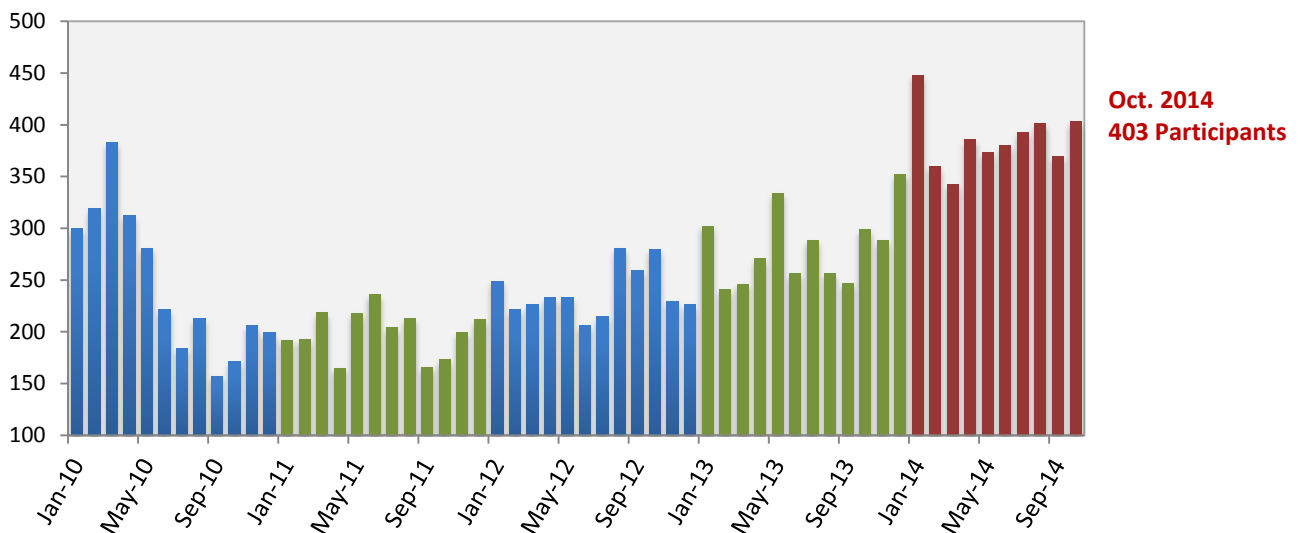
That the Board of Deferred Compensation Administration receive and file the following information.

**Activity Reports:**

**Counter Activity Employee Benefits Division**

Staff has compiled the following results of Counter Activity flow for the month of October 2014. During the month of October, 403 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 October 2014:

## Counter Activity

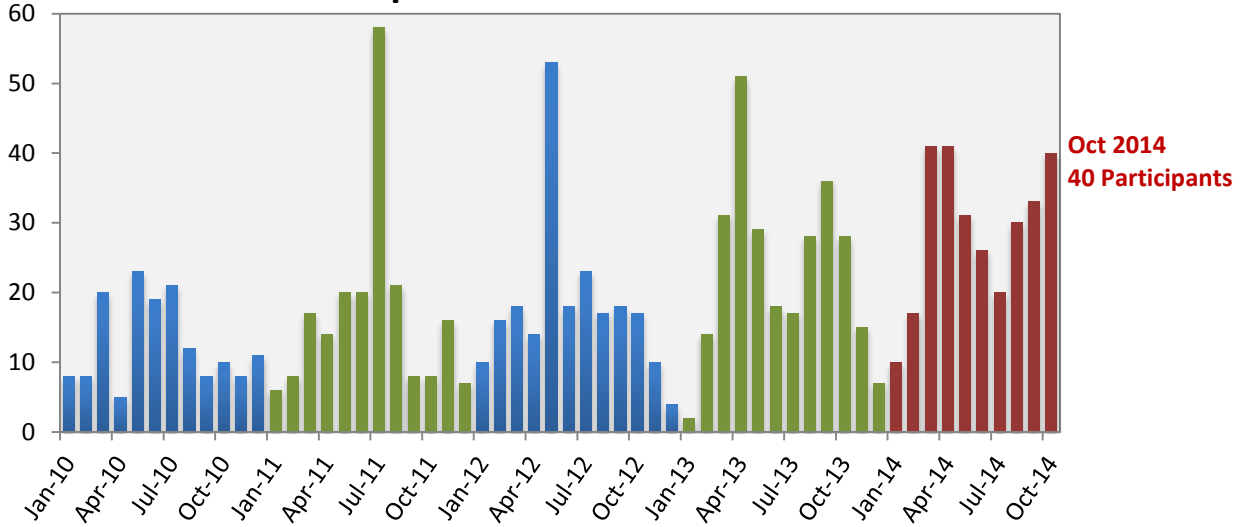


## ACCRUED LEAVE ACTIVITY

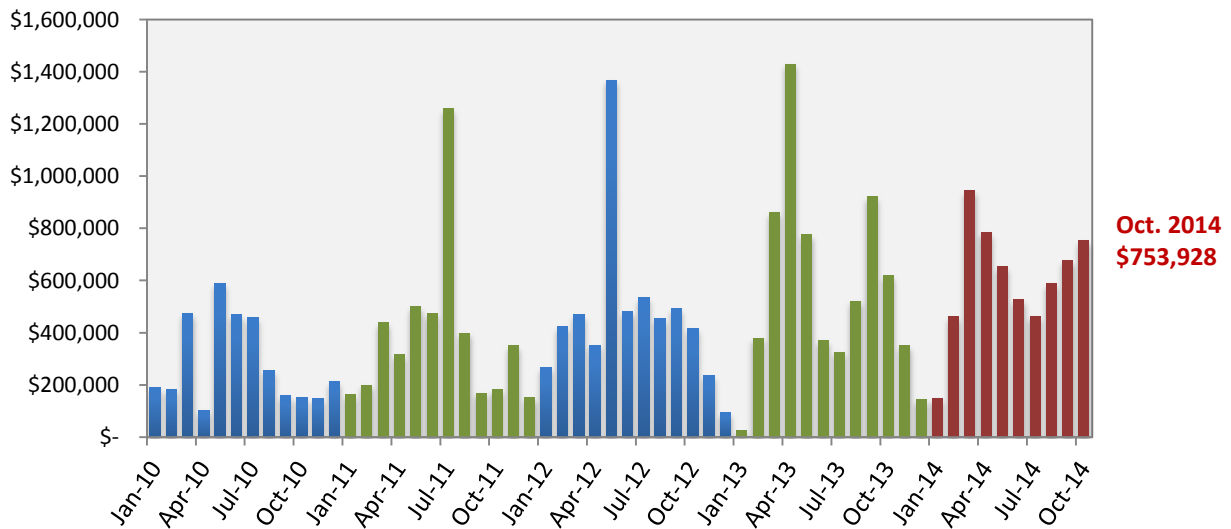
Staff has compiled the following results of Accrued Leave enrollment for the month of October 2014. During the month of October, 40 participants deferred **\$753,928** into the Plan from their Accrued Leave payouts.

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

### Participants with Accrued Leave

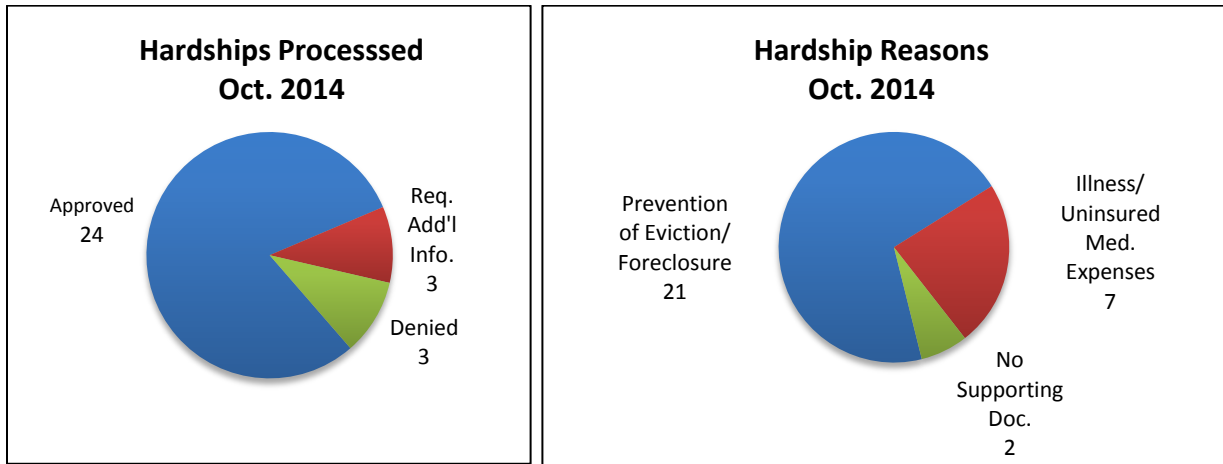


### Accrued Leave Deferral Amounts

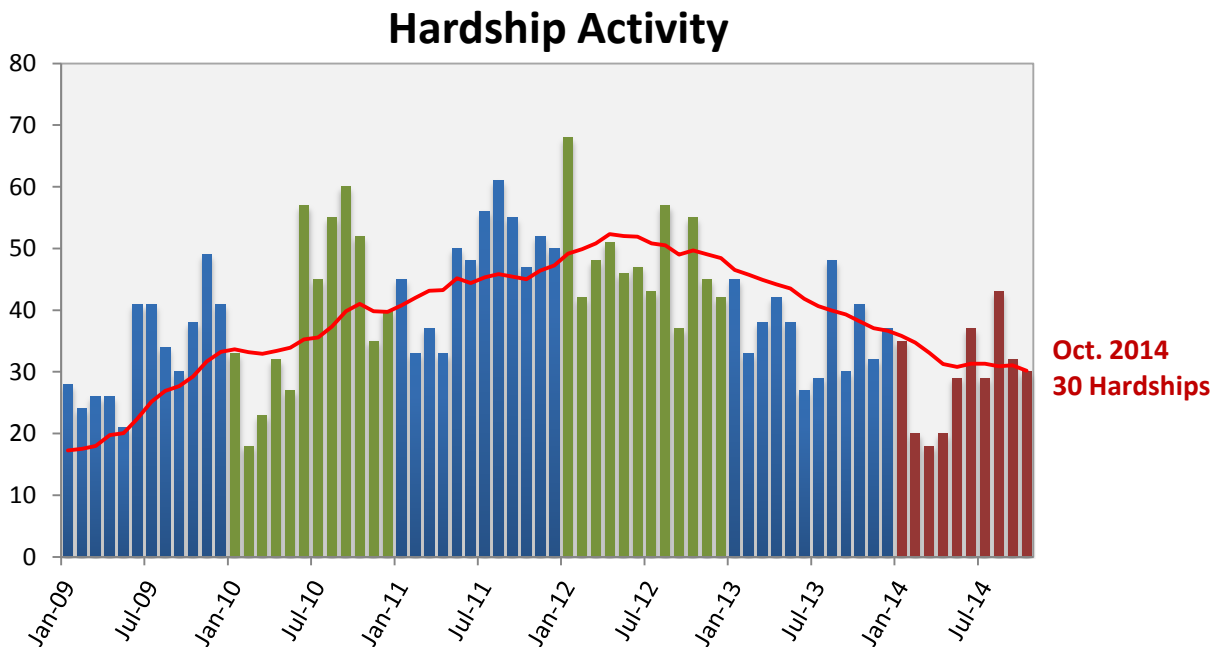


## HARDSHIP ACTIVITY

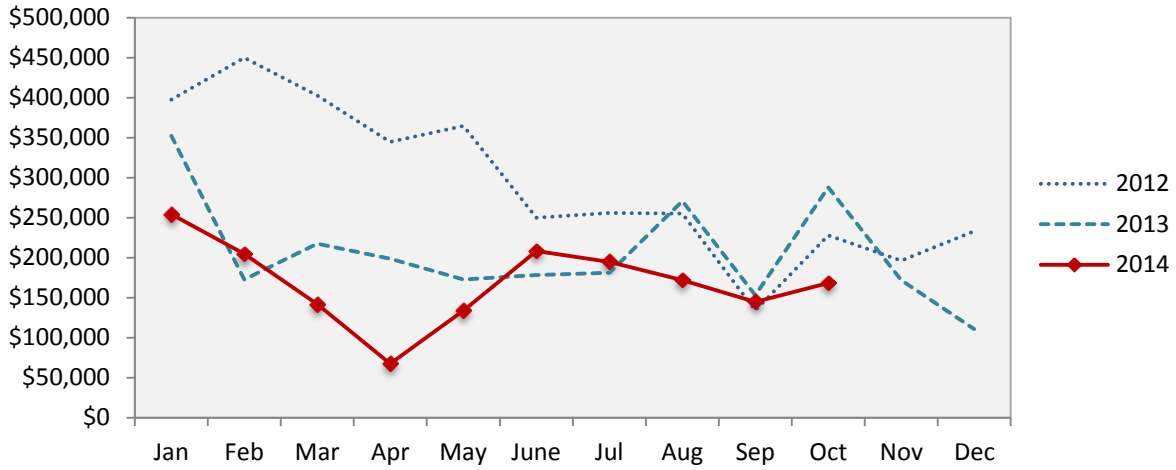
Staff has compiled the following results of hardship processing with Great-West for the month of October 2014. During the month of October, 30 hardship cases were submitted to Great-West. There were 24 cases approved, 3 cases pending additional information, and 3 cases denied. The dollar amount for hardships withdrawn from the plan in October 2014 was approximately **\$168,245**.



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



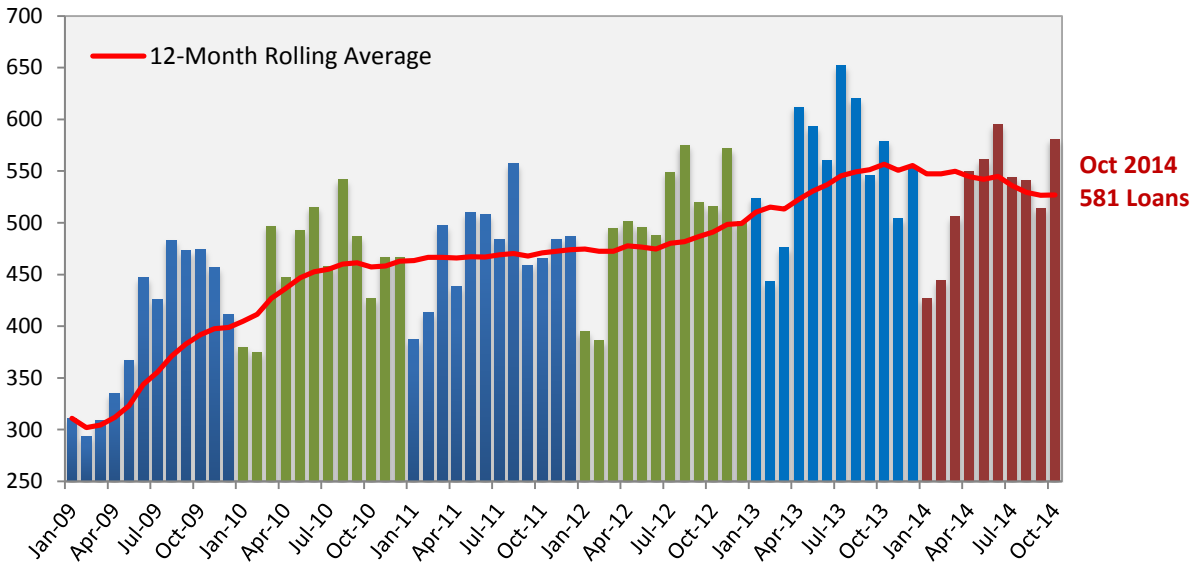
### Hardship Dollars Disbursed



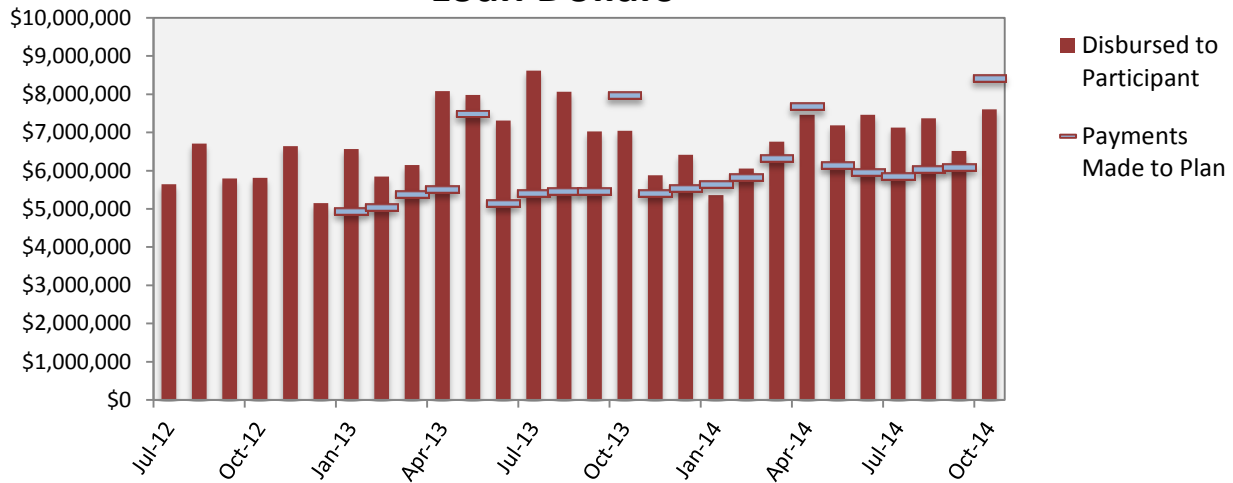
## LOAN ACTIVITY

Staff has compiled the following results of new loans acquired by participants for the month of October 2014. During the month of October, 581 participants elected to obtain a new loan and **\$7,607,036** was withdrawn from the Plan for their loan payouts.

### Loan Activity



## Loan Dollars

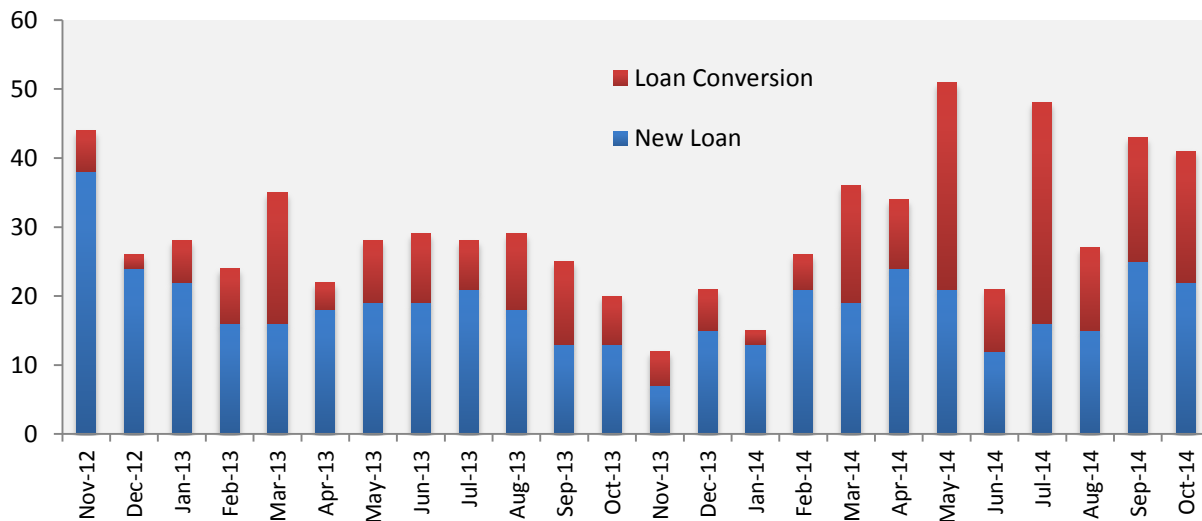


### For Retirees or Terminated Employees

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 October 2014, staff processed 22 new loan requests and 19 requests for loan conversion. **To date, staff has processed a total of 447 requests for retiree loans and 266 requests for conversion.**

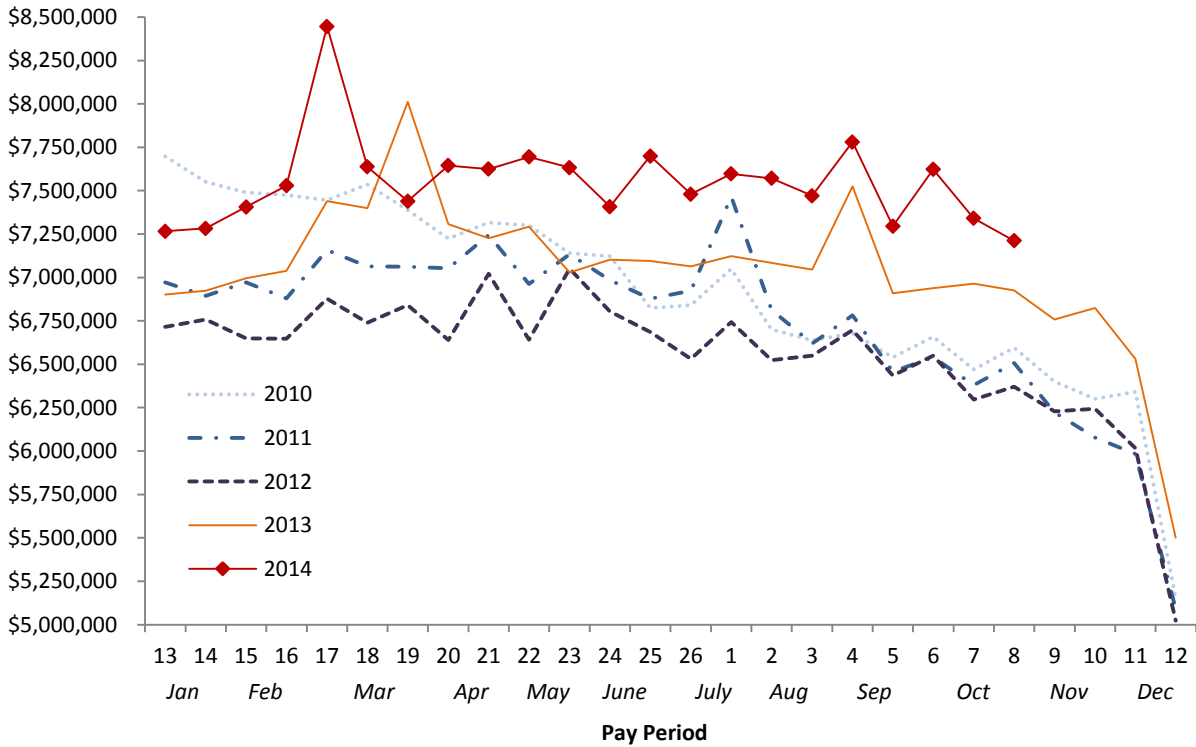
## Retiree Loans



# 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 October, the City and DWP deferred **\$22,175,636** into the Deferred Compensation Plan. This compares to **\$20,826,807** in 2013 for the same pay periods, which constitutes a **6.5% increase**, year-over-year.

**Bi-Weekly Deferral Cash Flows**  
YEAR-OVER-YEAR, BY PAY PERIOD

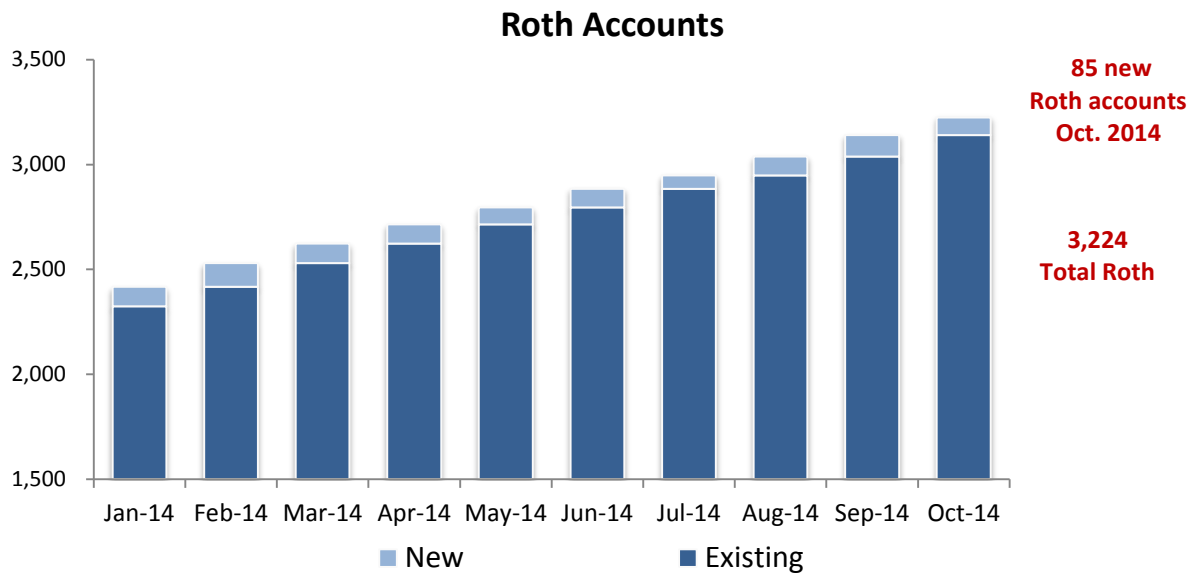


## ROTH CONTRIBUTIONS

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

At October 2014 end, there were **3,224** participants with a Roth balance. This figure represents approximately **7.9%**<sup>1</sup> of all participants with a balance.

There were a total of 85 new Roth accounts added in October 2014:



## ANNUAL LIMITS UPDATE

The IRS announced that limits would be increasing in 2015. The regular limit is increased from \$17,500 to \$18,000; the over 50 limit is increased from \$23,000 to \$24,000; and the special catch-up limit is increased from \$34,000 to \$35,000.

<sup>1</sup> 40,754 accounts with a balance effective October 31, 2014 (Participant Data Extract report).

**PROJECT UPDATE**  
(reflects project activity for period 10/01/14 through 10/31/14)

DEFERED COMPENSATION						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: OCTOBER 2014						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Board Report - Bond Update & Active Fund Search Update	10/31/14	Y	N/A
2	Completed	G	Board Report - NAGDCA Recap	10/31/14	Y	N/A
3	Completed	G	Board Report - Travel Budget 2015-16	10/31/14	Y	N/A
4	Completed	G	Board Report - NSFRW Update	10/31/14	Y	N/A
5	Completed	G	Board Report - Contract Update	10/31/14	Y	N/A
6	Completed	G	Staff Report - September 2014	10/31/14	Y	N/A
7	Completed	G	Minutes - August 19, 2014 Meeting	10/31/14	Y	N/A
8	Completed	G	Minutes - September 5, 2014 Special Meeting	10/31/14	Y	N/A
9	Completed	G	Investments Committee Report: Mid Cap Selection	10/31/14	Y	For 10/22/2014 meeting
10	Completed	G	Investments Committee Report: International Initial Review	10/31/14	Y	For 10/22/2014 meeting - Developed & emerging markets
11	Completed	G	Investments Committee - International Initial Review	10/31/14	Y	For 10/30/2014 meeting - international small cap
12	Completed	G	Correspondence to CAO and City Unions re Auto Enrollment	TBD	Y	Pending
13	Completed	A	SSgA Contract Amendment	10/31/14	Y	N/A
14	Completed	A	Charter Section 1022 - Requests for Review	10/31/14	Y	Galliard & State Street amendments
15	Completed	C	Revise Plan Highlights	10/31/14	Y	N/A
16	Completed	C	KeyTalk and Web Guide - Revisions	10/31/14	Y	N/A
17	Completed	C	Enrollment Essentials Folder	10/31/14	Y	N/A
18	Completed	C	FDIC Fund Sheet	10/31/14	Y	N/A
19	Completed	C	NSFRW - Special Mailing	10/31/14	Y	N/A



20	Completed	C	NSFRW - Promotional Campaign Announcements, Microsite, & Jumpage	10/31/14	Y	N/A
21	Completed	C	NSFRW - Promotional Campaign Surveys, Active & Retiree	10/31/14	Y	N/A
22	Completed	C	NSFRW - Promotional Campaign - Webinar	10/31/14	Y	N/A

## PENDING PROJECTS

NOVEMBER 2014

#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	PENDING	G	Board Report - Auto Enrollment	11/30/2014		Pending
2	PENDING	G	Board Report - DCP Small Cap Active Manager Selection	11/30/2014		Pending
3	PENDING	G	Board Report - DCP Mid Cap Active Manager Selection	11/30/2014		Pending
4	PENDING	G	Board Report - DCP Stable Value Fund RFP	11/30/2014		Pending
5	PENDING	G	Minutes - October 21, 2014 Meeting	11/30/2014		Pending
6	PENDING	G	Minutes - October 2, 2014 Special Meeting	11/30/2014		Pending
7	PENDING	G	Staff Report - October 2014	11/30/2014		Pending
8	PENDING	G	Investments Committee - International Finalist Review	11/30/2014		For 12/5/2014 meeting
9	PENDING	G	PG&A Committee - Meeting Minutes	11/30/2014		Pending
10	PENDING	G	Investments Committee - 8/28/14 Meeting Minutes	11/30/2014		Pending
11	PENDING	G	Investments Committee - 9/29/14 Meeting Minutes	11/30/2014		Pending
12	PENDING	G	Investments Committee - 10/2/14 Meeting Minutes	11/30/2014		Pending
13	PENDING	A	NAGDCA 2014 - Personal Expense Statements	11/30/2014		Pending
14	PENDING	A	NAGDCA 2014 - Ethics Limit Invoices	11/30/2014		Pending
15	PENDING	A	DCP Stable Value - Draft RFP	11/30/2014		Pending
16	PENDING	A	Consulting Services - Draft RFP	11/30/2014		Pending
17	PENDING	C	Web Page Content Update	11/30/2014		Pending
18	PENDING	C	Distribution Options Guide - Tax and Loan revisions	11/30/2014		Pending
19	PENDING	C	2015 Annual Limits Flyer & Announcement	11/30/2014		Pending
20	PENDING	C	FDIC Web Bulletin & Banner	11/30/2014		Pending
21	PENDING	C	DCP Bond Fund Sheet	11/30/2014		Update for new active bond

DECEMBER 2014						
22	PENDING	G	Minutes - November 18, 2014 Meeting	12/31/14		Pending
23	PENDING	G	Staff Report - November 2014	12/31/14		Pending
24	PENDING	A	FDIC Savings - Bank of the West Contract	12/31/14		Pending
25	PENDING	A	DCP Stable Value - Release RFP	12/31/14		Pending
26	PENDING	A	Consulting Services - Release RFP	12/31/14		Pending
27	PENDING	C	Enrollment Guide Revision	12/31/14		Pending
28	PENDING	C	New Brand Style Guide	12/31/14		Pending
29	PENDING	C	Design Templates - PowerPoint and Word	12/31/14		Pending
30	PENDING	C	Calculator Revisions	12/31/14		Pending corrections/testing
31	PENDING	O	Loan Default Reversal - Hold Harmless	12/31/14		Pending discussions
32	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	12/31/14		Pending
33	PENDING	O	In-Plan Roth Conversion - Implementation	12/31/14		Pending
34	PENDING	O	2014 Annual Contributions - Preliminary Review	12/31/14		Pending
35	PENDING	O	PaySR .NET Testing for DCP Related Items	12/31/14		Pending
UPCOMING						
36	PENDING	A	FDIC Savings - Union Bank Contract	TBD		Pending
37	PENDING	A	Mercer - Contract Amendment	TBD		Pending
38	PENDING	A	RFP - DCP/PSP Third Party Admin	TBD		Great-West contract expires 12/31/2016
39	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending
40	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
41	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	TBD		Pending
42	PENDING	G	Board Report - Beneficiary Rules	TBD		Pending
43	PENDING	G	Metrics Tracking Document	TBD		Pending
44	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending

45	PENDING	G	Loan Policy Document	TBD		Pending
46	PENDING	G	Board Report - Plan Metrics Baseline	TBD		Pending
47	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
48	PENDING	G	Board Report - SAS Form from Great-West	TBD		Pending
49	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
50	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
51	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
52	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
53	PENDING	G	Board Report - Proxy Share Voting	TBD		Pending
54	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
55	PENDING	G	Deemed IRA	TBD		Pending
56	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
57	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
58	PENDING	G	Retirement Plan Summit	TBD		Pending
59	PENDING	G	Revisit Plan Audit	TBD		Pending
60	PENDING	C	Participant Survey Proposal - Plan Satisfaction	TBD		Pending
61	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	TBD		Pending
62	PENDING	C	Accrued Leave - Flier and Form Revisions	TBD		Pending
63	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
64	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
65	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
66	PENDING	C	Board Report - Social Media Options	TBD		Pending
67	PENDING	C	Board Report - EZ Enrollment Form	TBD		Pending
68	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services	TBD		Pending

			Providers			
69	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending
70	PENDING	C	Revise Distribution Form	TBD		Pending
71	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending
72	PENDING	C	DCP Glossary	TBD		Pending
73	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
74	PENDING	C	DROP Brochure Ad	TBD		Pending
75	PENDING	C	DROP Brochure	TBD		Pending
76	PENDING	C	Notification of Participants - Catch-Up Eligibility	TBD		Pending
77	PENDING	C	Revise Pension Savings Plan Highlights	TBD		Pending
78	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	TBD		Pending
79	PENDING	O	Catch-Up Participant Review (2012 & 2013)	TBD		Pending
80	PENDING	O	PSP Account Consolidation	TBD		Pending
81	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		
82	PENDING	O	Online Enrollment Functionality	TBD		Pending
83	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
84	PENDING	O	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
<b>Personnel</b>				
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
<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

The vacant Management Analyst II position will be filled effective December 1, 2014.

### Committee Membership

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

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

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

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