

Deferred Compensation Plan BOARD REPORT 14-60

Date: December 8, 2014
 To: Board of Deferred Compensation Administration
 From: Staff
 Subject: Staff Report – Completed & Pending Projects & Activity Report

Board of Deferred Compensation Administration
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 John R. Mumma, Vice-Chairperson
 Cliff Cannon, First Provisional Chair
 Tom Moutes, Second Provisional Chair
 Michael Amerian, Third Provisional Chair
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 Mary Higgins
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Recommendation:

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

Discussion:

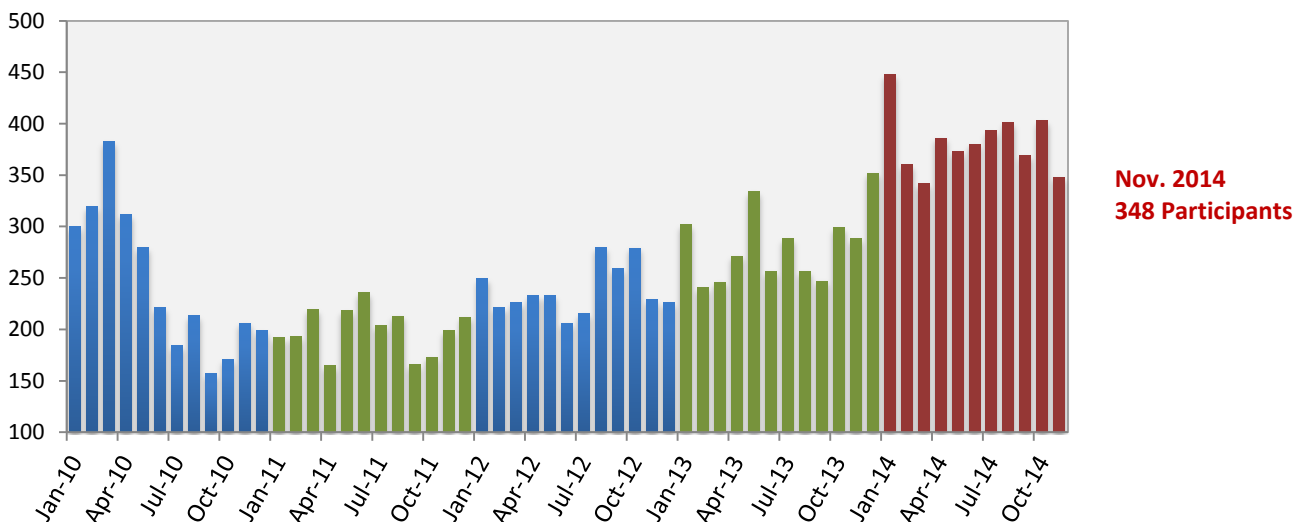
At the Board’s November 18, 2014 meeting, the Board and staff discussed potential changes to the structure, content and frequency of the monthly staff report. Staff is reviewing this and will return with a proposal at the Board’s January 21, 2015 meeting.

Activity Reports:

Counter Activity Employee Benefits Division

Staff has compiled the following results of Counter Activity flow for the month of November 2014. During the month of November, 348 participants visited the Employee Benefits Division to discuss their Deferred Compensation accounts with the Empower Retirement representatives and/or staff. Following are counter activity results from January 2010 through November 2014:

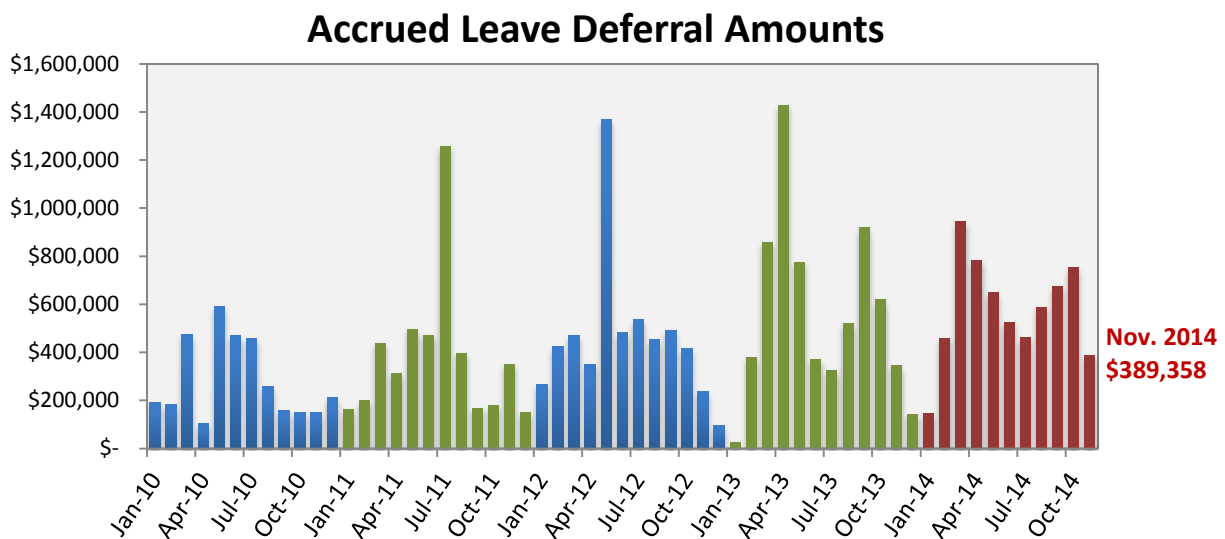
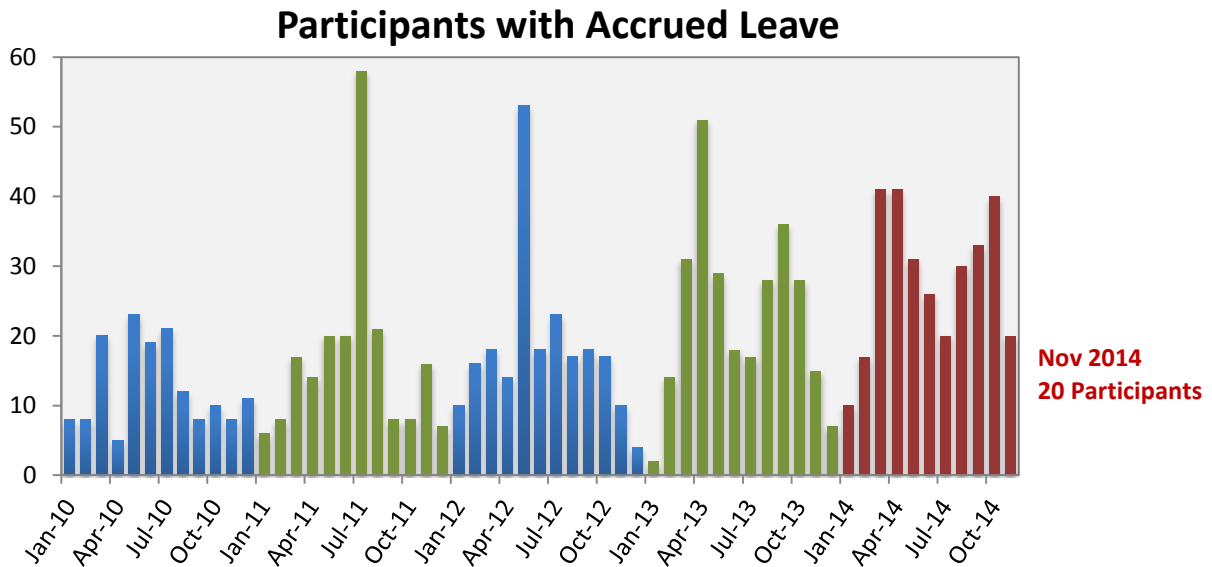
Counter Activity



ACCRUED LEAVE ACTIVITY

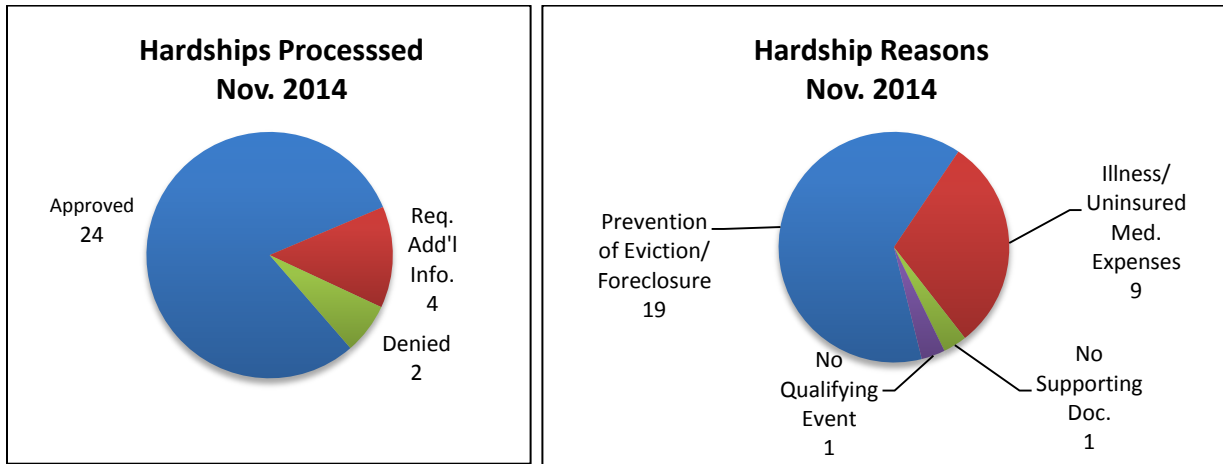
Staff has compiled the following results of Accrued Leave enrollment for the month of November 2014. During the month of November, 20 participants deferred **\$389,358** into the Plan from their Accrued Leave payouts.

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

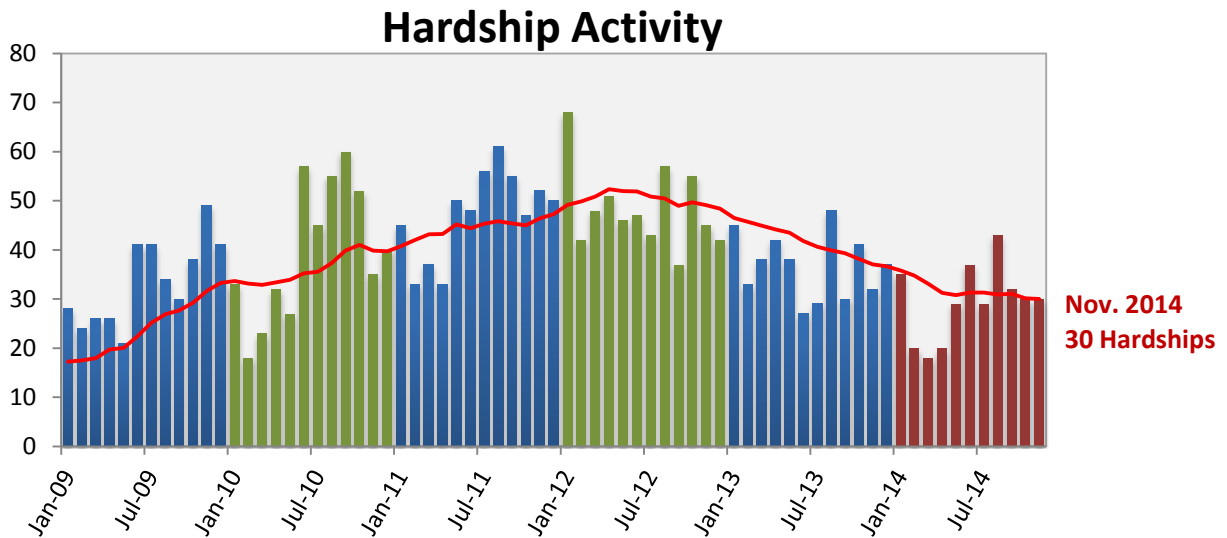


HARDSHIP ACTIVITY

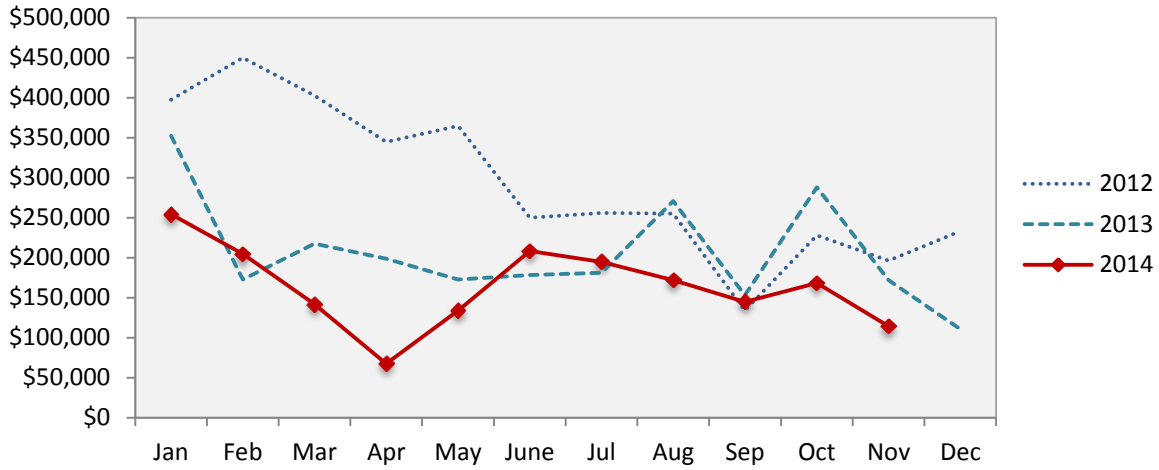
Staff has compiled the following results of hardship processing with Empower Retirement for the month of November 2014. During the month of November, 30 hardship cases were submitted to Empower Retirement. There were 24 cases approved, 4 cases pending additional information, and 2 cases denied. The dollar amount for hardships withdrawn from the plan in November 2014 was approximately **\$114,372**.



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



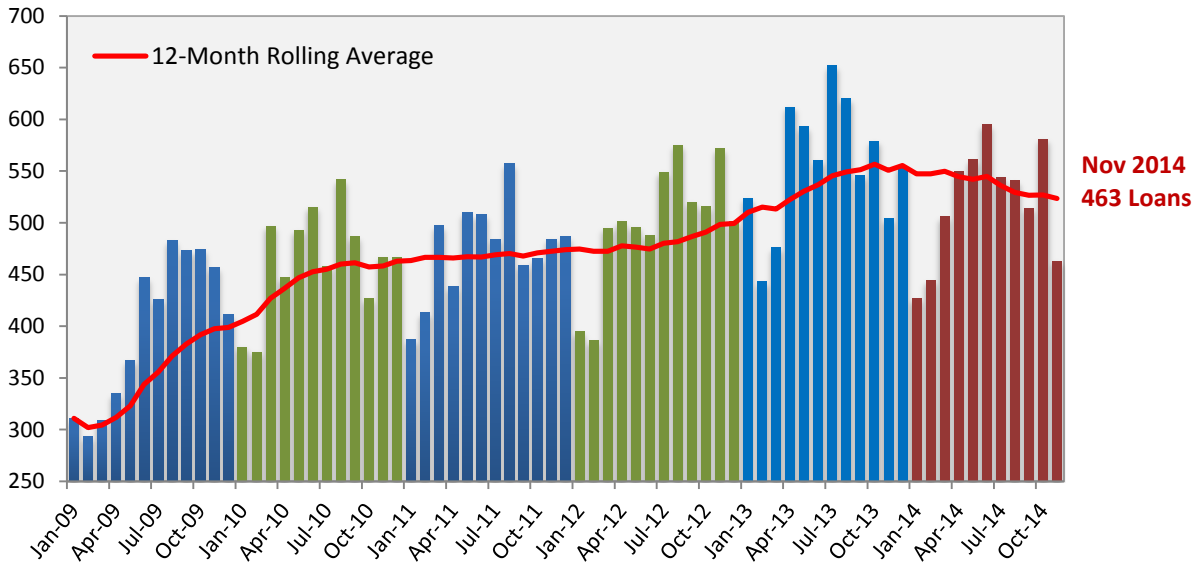
Hardship Dollars Disbursed



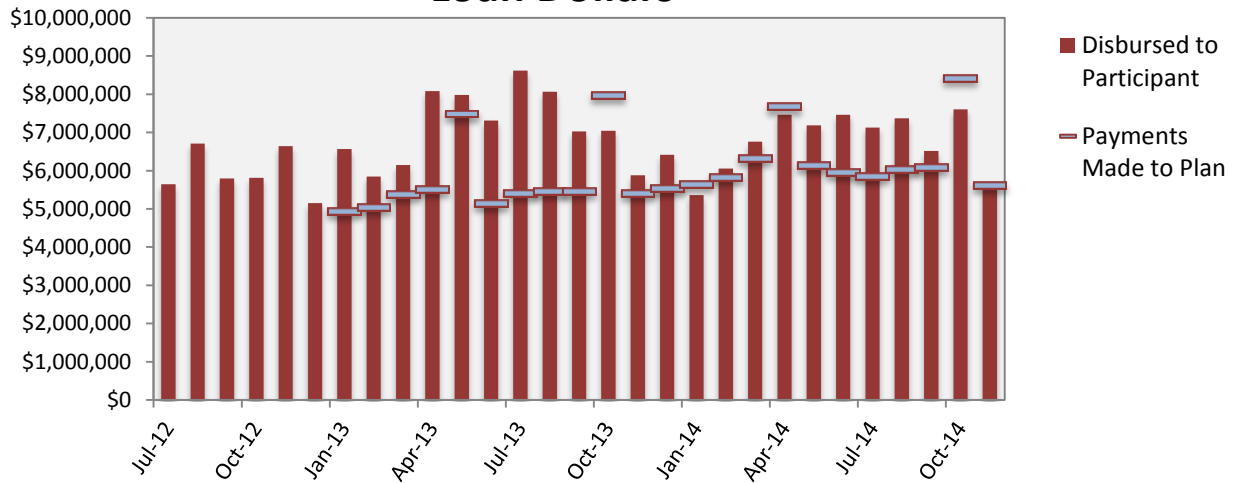
LOAN ACTIVITY

Staff has compiled the following results of new loans acquired by participants for the month of November 2014. During the month of November, 463 participants elected to obtain a new loan and **\$5,667,447** was withdrawn from the Plan for their loan payouts.

Loan Activity



Loan Dollars

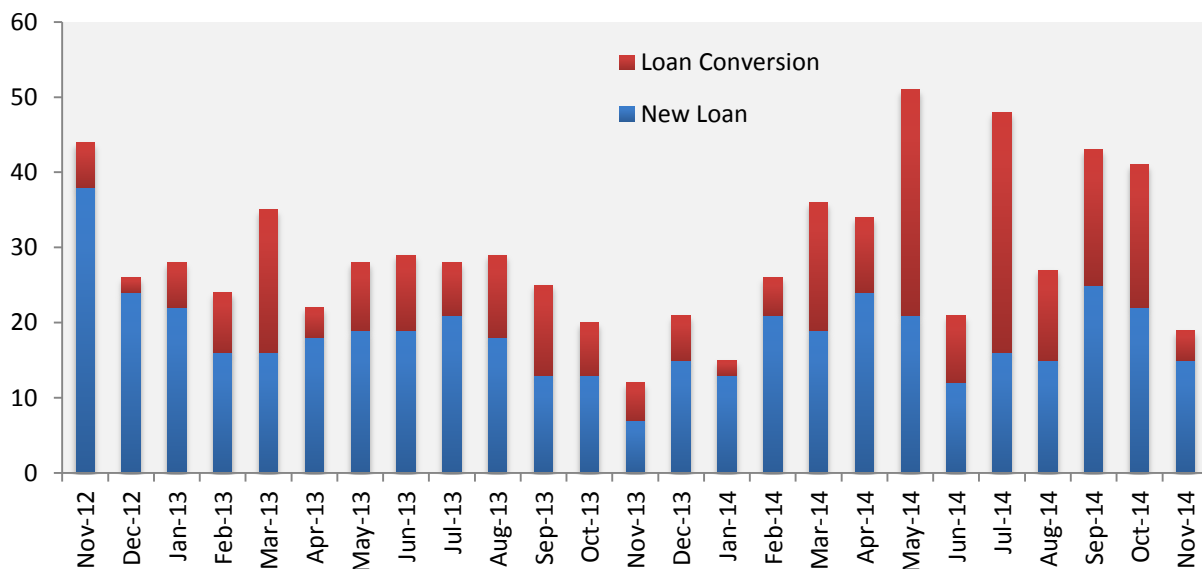


For Retirees or Terminated Employees

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 November 2014, staff processed 15 new loan requests and 4 requests for loan conversion. **To date, staff has processed a total of 462 requests for retiree loans and 270 requests for conversion.**

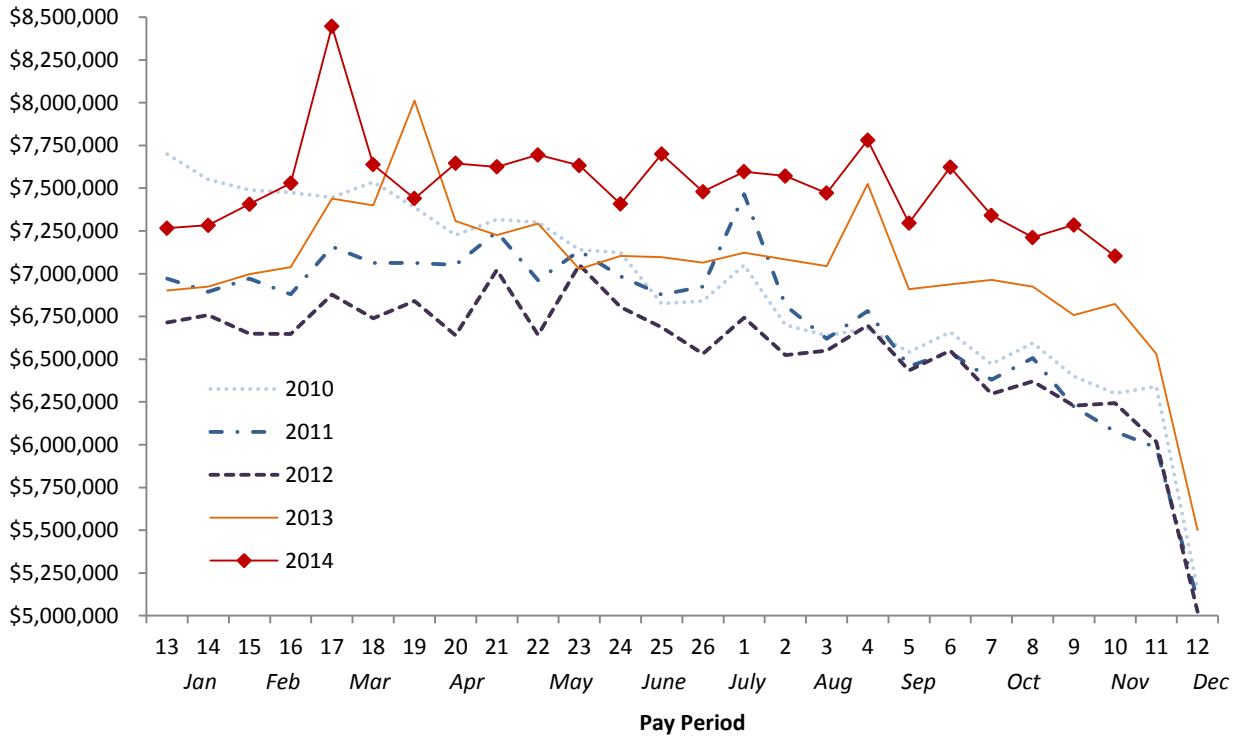
Retiree Loans



DEFERRAL TRACKING

Staff has compiled the following results of bi-weekly deferral cash flows for the month of November 2014 for the City of Los Angeles and Department of Water and Power (DWP). During the month of November, the City and DWP deferred **\$14,387,523** into the Deferred Compensation Plan. This compares to **\$13,582,091** in 2013 for the same pay periods, which constitutes a **5.9% increase**, year-over-year.

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

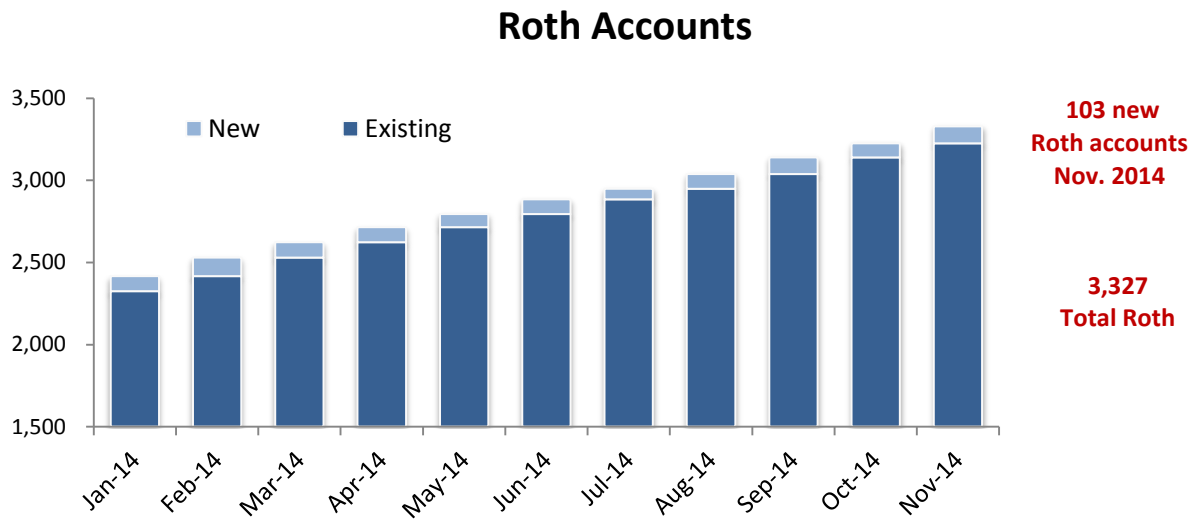


ROTH CONTRIBUTIONS

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

At November 2014 end, there were **3,327** participants with a Roth balance. This figure represents approximately **8.2%**¹ of all participants with a balance.

There were a total of 103 new Roth accounts added in November 2014:



¹ 40,827 accounts with a balance effective November 30, 2014 (Empower Retirement PSC Participant Data Extract report).

PROJECT UPDATE
(reflects project activity for period 11/01/14 through 11/30/14)

DEFERED COMPENSATION						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: NOVEMBER 2014						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Board Report - Auto Enrollment	11/30/2014	Y	N/A
2	Completed	G	Board Report - DCP Small Cap Active Manager Selection	11/30/2014	Y	N/A
3	Completed	G	Board Report - DCP Mid Cap Active Manager Selection	11/30/2014	Y	N/A
4	Completed	G	Board Report - DCP Stable Value Fund RFP	11/30/2014	Y	N/A
5	Completed	G	Minutes - October 21, 2014 Meeting	11/30/2014	Y	N/A
6	Completed	G	Minutes - October 2, 2014 Special Meeting	11/30/2014	Y	N/A
7	Completed	G	Staff Report - October 2014	11/30/2014	Y	N/A
8	Completed	C	2015 Annual Limits Flyer & Announcement	11/30/2014	Y	N/A
9	Completed	C	2015 DROP Seminar Meetings Flyer	11/30/2014	Y	N/A
10	Completed	C	FDIC Web Bulletin & Banner	11/30/2014	Y	N/A
11	Completed	C	DCP Bond Fund Sheet	11/30/2014	Y	N/A
12	Completed	C	4Q 2014 Newsletter Article Drafts & Preliminary Layout	11/30/2014	Y	N/A
13	Completed	C	NSFRW - Selection of Winners and Issuance of Gift Cards	11/30/2014	Y	N/A
14	Completed	A	NAGDCA 2014 - Submission of Personal Expense Statements	11/30/2014	Y	N/A
15	Completed	A	NAGDCA 2014 - Issuance of Ethics Limit Invoices	11/30/2014	Y	N/A
16	Completed	A	DCP Stable Value - Draft RFP	11/30/2014	Y	N/A
PENDING PROJECTS						
DECEMBER 2014						
#	STATUS		PROJECT	DUE DATE	COMPLETED	NOTES
1	PENDING	G	Investments Committee Report - International Finalist Review	12/31/14		For 12/5/2014 meeting
2	PENDING	G	Board Report - International Fund Selections	12/31/14		

3	PENDING	G	Board Report - Implementation Plan for Fund Changes	12/31/14		
4	PENDING	G	Board Report - Passive Manager Selection	12/31/14		
5	PENDING	G	Board Report - Revision to Board Governance Policies & Bylaws	12/31/14		<i>Restricting TPA from simultaneously serving as investment provider</i>
6	PENDING	G	Board Report - Consulting Services RFP	12/31/14		
7	PENDING	G	Board Report - Quarterly Budget Review 6/30/2014	12/31/14		
8	PENDING	G	Board Report - Communications/NSFRW Update	12/31/14		
9	PENDING	G	Minutes - November 18, 2014 Meeting	12/31/14		Pending
10	PENDING	G	Staff Report - November 2014	12/31/14		Pending
11	PENDING	A	DCP Stable Value - Release RFP	12/31/14		Pending
12	PENDING	A	Consulting Services - Draft RFP	12/31/14		Pending
13	PENDING	C	Web Page Content Update	12/31/14		Pending
14	PENDING	C	Distribution Options Guide - Tax and Loan revisions	12/31/14		Pending
15	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	12/31/14		Pending
16	PENDING	O	2014 Annual Contributions - Preliminary Review	12/31/14		Pending
17	PENDING	O	PaySR .NET Testing for DCP Related Items	12/31/14		Pending
JANUARY 2015						
18	PENDING	G	Board Report - Plan Document Revisions	01/31/15		Pending
19	PENDING	G	Minutes - December 2014 Meeting	01/31/15		Pending
20	PENDING	G	Staff Report - December 2014	01/31/15		Pending
21	PENDING	A	Consulting Services - Release RFP	01/31/15		Pending
22	PENDING	A	FDIC Savings - Bank of the West Contract	01/31/15		Pending
23	PENDING	C	Enrollment Guide Revision	01/31/15		Pending
24	PENDING	C	New Brand Style Guide	01/31/15		Pending
25	PENDING	C	Design Templates - PowerPoint and Word	01/31/15		Pending
26	PENDING	C	Calculator Revisions	01/31/15		Pending corrections/testing
27	PENDING	O	Loan Default Reversal - Hold Harmless	01/31/15		Pending discussions

28	PENDING	O	In-Plan Roth Conversion - Implementation	01/31/15		Pending
UPCOMING						
29	PENDING	A	FDIC Savings - Union Bank Contract	TBD		Pending
30	PENDING	A	Mercer - Contract Amendment	TBD		Pending
31	PENDING	A	RFP - DCP/PSP Third Party Admin	TBD		Empower Retirement contract expires 12/31/2016
32	PENDING	G	PG&A Committee - Meeting Minutes	TBD		Pending
33	PENDING	G	Investments Committee - 8/28/14 Meeting Minutes	TBD		Pending
34	PENDING	G	Investments Committee - 9/29/14 Meeting Minutes	TBD		Pending
35	PENDING	G	Investments Committee - 10/2/14 Meeting Minutes	TBD		Pending
36	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending
37	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
38	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	TBD		Pending
39	PENDING	G	Board Report - Beneficiary Rules	TBD		Pending
40	PENDING	G	Metrics Tracking Document	TBD		Pending
41	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending
42	PENDING	G	Loan Policy Document	TBD		Pending
43	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
44	PENDING	G	Board Report - SAS Form from Empower Retirement	TBD		Pending
45	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
46	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
47	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
48	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
49	PENDING	G	Board Report - Proxy Share Voting	TBD		Pending
50	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending

51	PENDING	G	Deemed IRA	TBD		Pending
52	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
53	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
54	PENDING	G	Retirement Plan Summit	TBD		Pending
55	PENDING	G	Revisit Plan Audit	TBD		Pending
56	PENDING	C	Participant Survey Proposal - Plan Satisfaction	TBD		Pending
57	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	TBD		Pending
58	PENDING	C	Accrued Leave - Flier and Form Revisions	TBD		Pending
59	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
60	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
61	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
62	PENDING	C	Board Report - Social Media Options	TBD		Pending
63	PENDING	C	Board Report - EZ Enrollment Form	TBD		Pending
64	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
65	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending
66	PENDING	C	Revise Distribution Form	TBD		Pending
67	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending
68	PENDING	C	DCP Glossary	TBD		Pending
69	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
70	PENDING	C	DROP Brochure Ad	TBD		Pending
71	PENDING	C	DROP Brochure	TBD		Pending
72	PENDING	C	Notification of Participants - Catch-Up Eligibility	TBD		Pending
73	PENDING	C	Revise Pension Savings Plan Highlights	TBD		Pending
74	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	TBD		Pending

75	PENDING	○	Catch-Up Participant Review (2012 & 2013)	TBD		Pending
76	PENDING	○	PSP Account Consolidation	TBD		Pending
77	PENDING	○	Domestic Partners Research and Review with City Attorney and California Peers	TBD		
78	PENDING	○	Online Enrollment Functionality	TBD		Pending
79	PENDING	○	Pre-Audit Testing - Phase II	TBD		Pending
80	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	Management Analyst II	Communications	90%	Matthew Vong
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
John R. Mumma, Chair Cliff Cannon Eugene K. Canzano

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

Additionally, staff is in the process of brainstorming how to revise reporting on Plan statistics and the way completed and pending projects are presented to the Board. Staff anticipates it will propose a new format to the Board in early 2015.

Submitted by: _____
Esther Chang

Approved by: _____
Steven Montagna