

Deferred Compensation Plan BOARD REPORT 15-09

Date: January 13, 2015
 To: Board of Deferred Compensation Administration
 From: Staff
 Subject: Staff Report – Completed & Pending Projects & Activity Report

Board of Deferred Compensation Administration
 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
 Linda Le
 Wendy G. Macy
 Robert Schoonover

Recommendation:

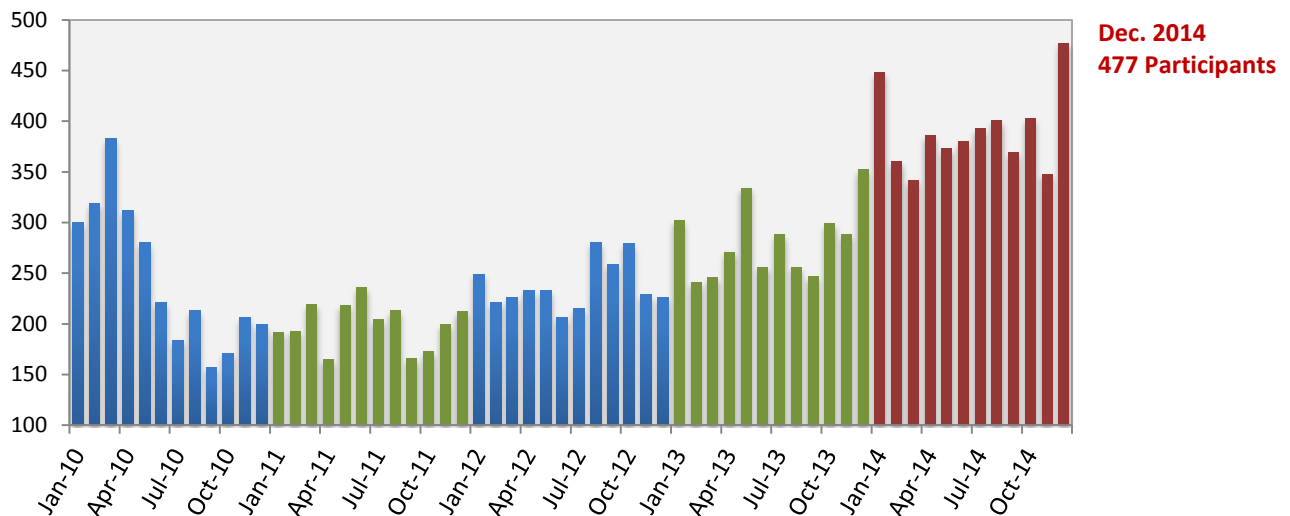
That the Board of Deferred Compensation Administration receive and file the following information.

Activity Reports:

Counter Activity Employee Benefits Division

Staff has compiled the following results of Counter Activity flow for the month of December 2014. During the month of December, 477 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 December 2014:

Counter Activity

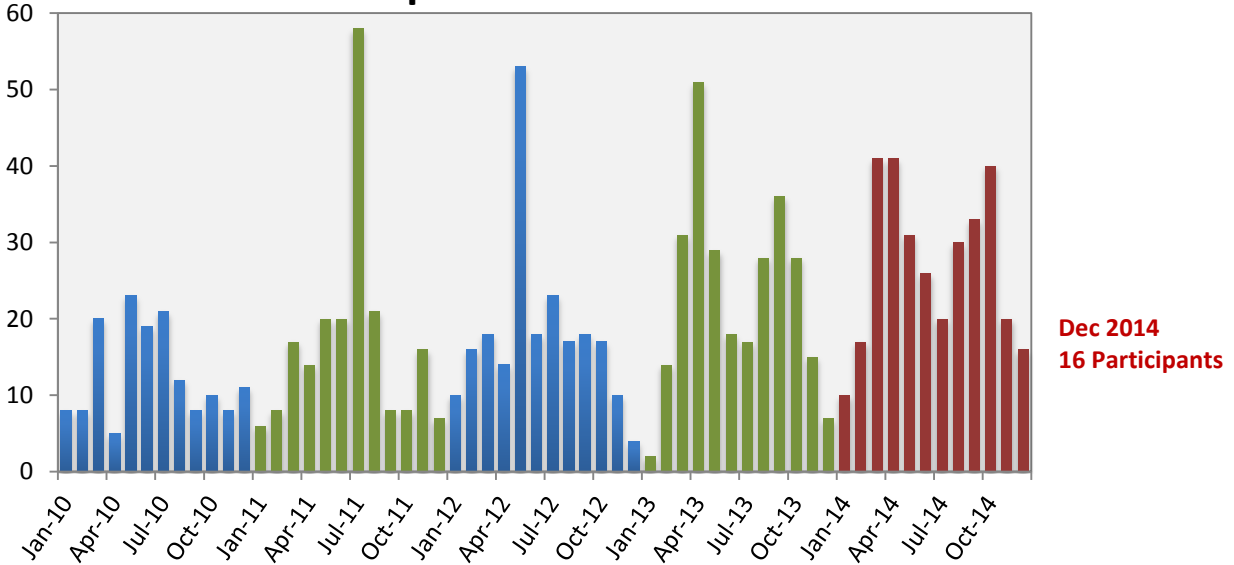


ACCRUED LEAVE ACTIVITY

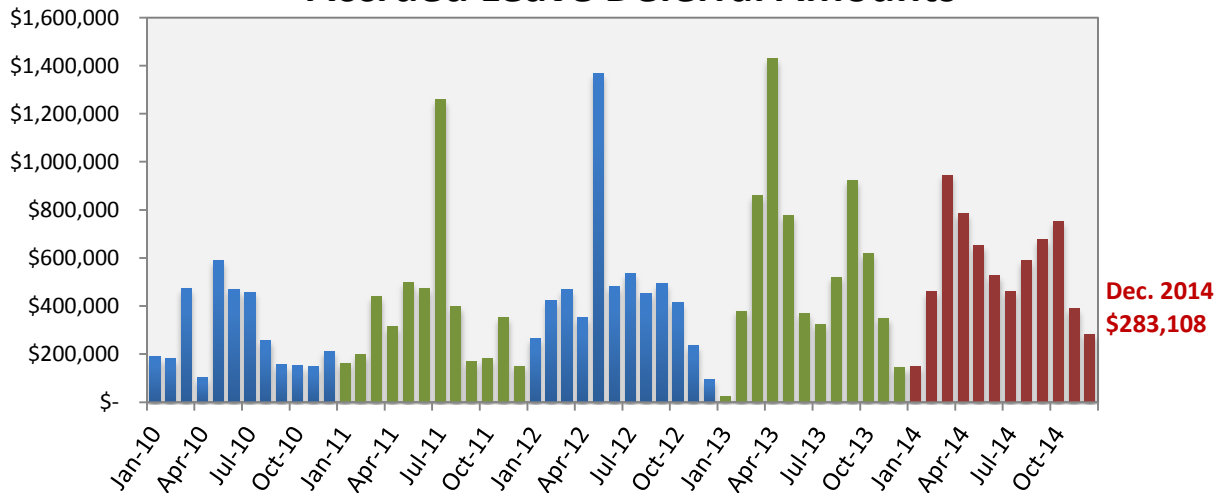
Staff has compiled the following results of Accrued Leave enrollment for the month of December 2014. During the month of December, 16 participants deferred **\$283,108** into the Plan from their Accrued Leave payouts.

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

Participants with Accrued Leave

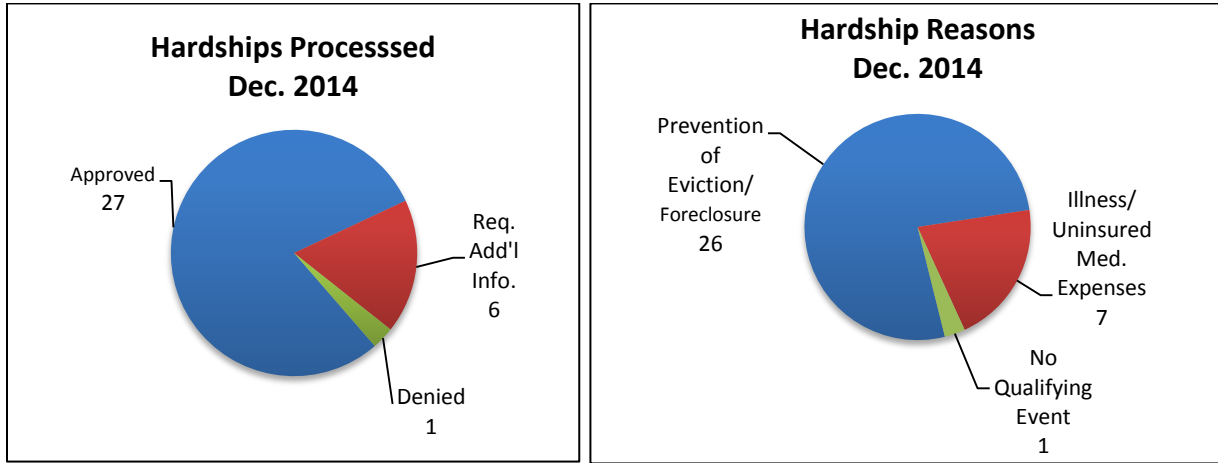


Accrued Leave Deferral Amounts

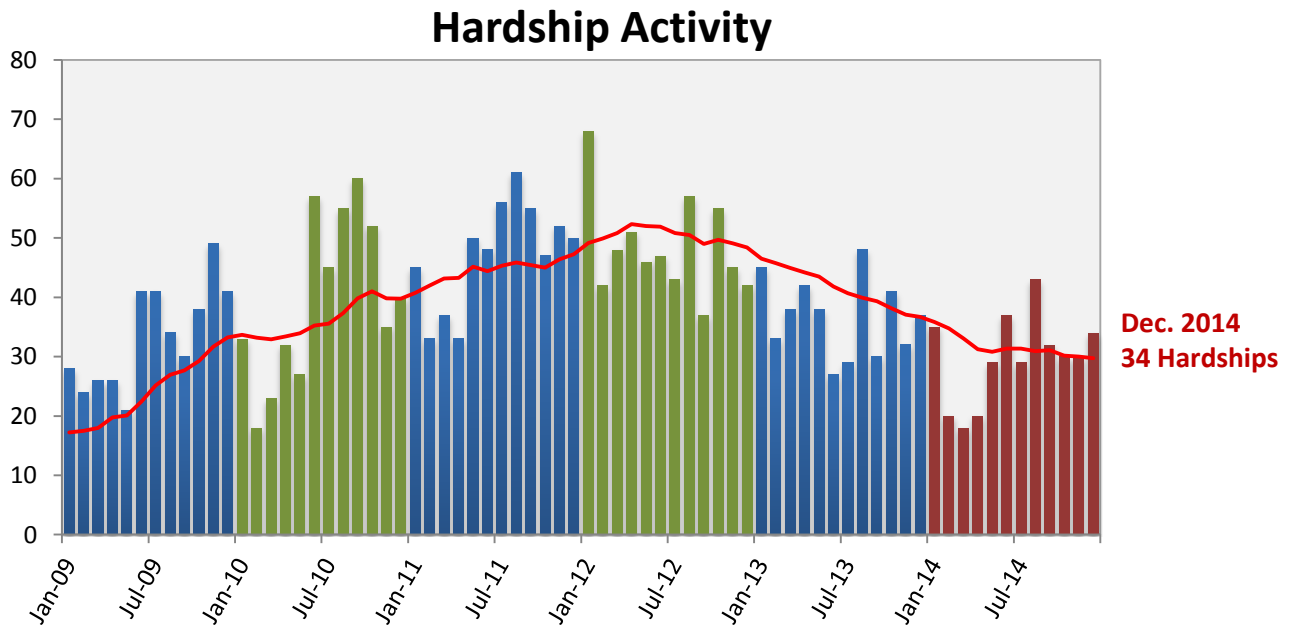


HARDSHIP ACTIVITY

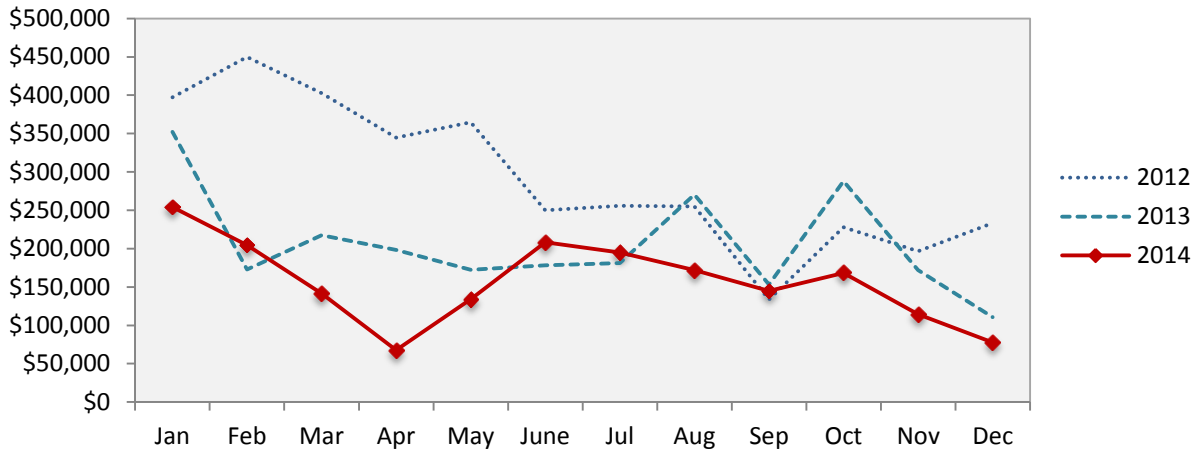
Staff has compiled the following results of hardship processing with Empower Retirement for the month of December 2014. During the month of December, 34 hardship cases were submitted to Empower Retirement. There were 27 cases approved, 6 cases pending additional information, and 1 case denied. The dollar amount for hardships withdrawn from the plan in December 2014 was approximately **\$77,858**.



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



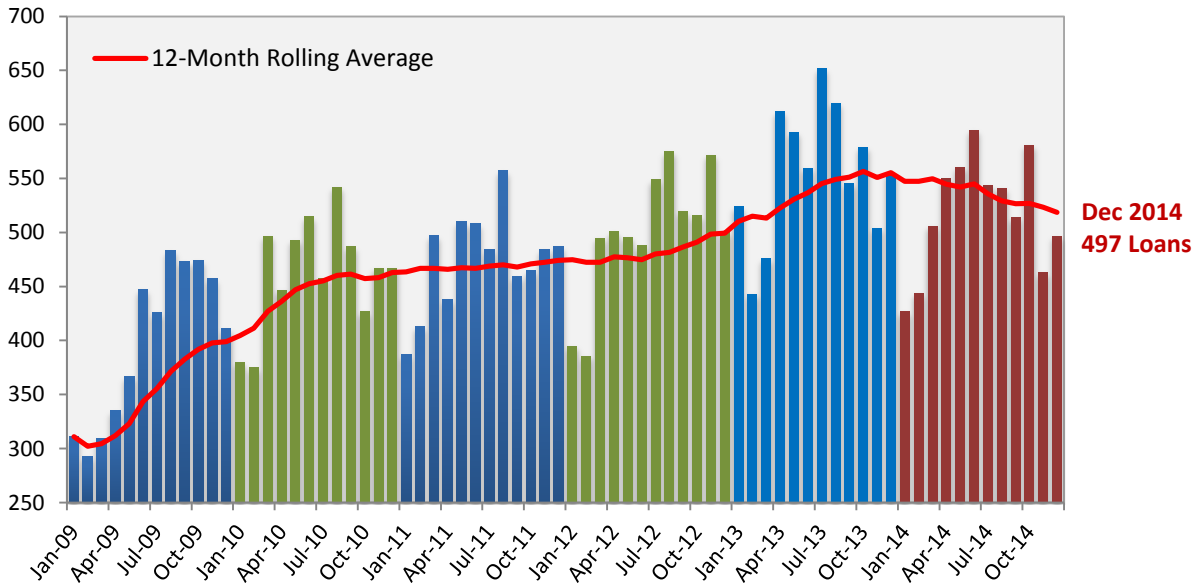
Hardship Dollars Disbursed



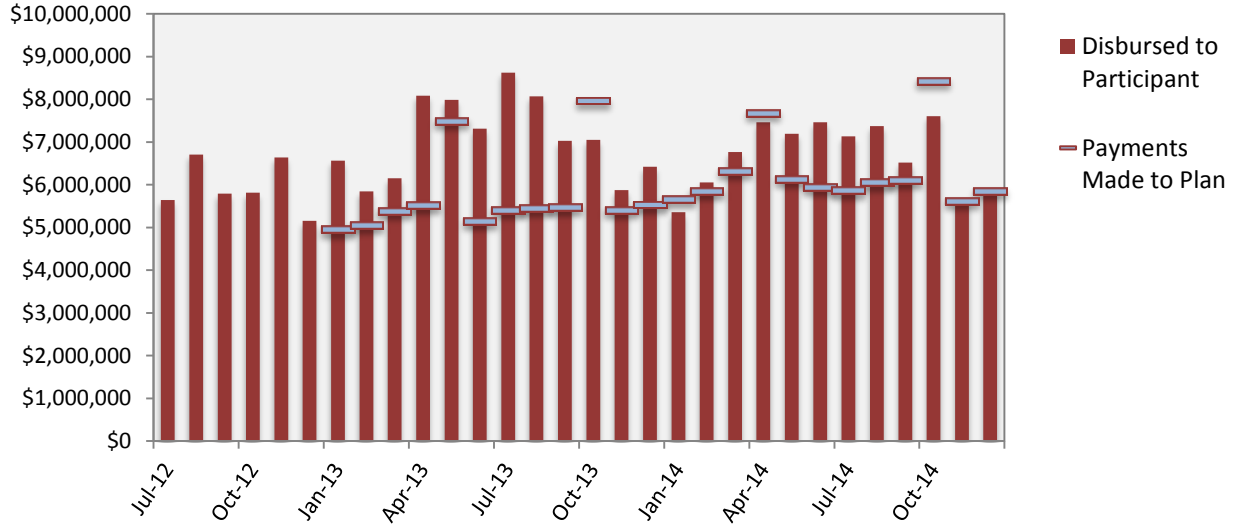
LOAN ACTIVITY

Staff has compiled the following results of new loans acquired by participants for the month of December 2014. During the month of December, 497 participants elected to obtain a new loan and **\$5,882,609** was withdrawn from the Plan for their loan payouts.

Loan Activity



Loan Dollars

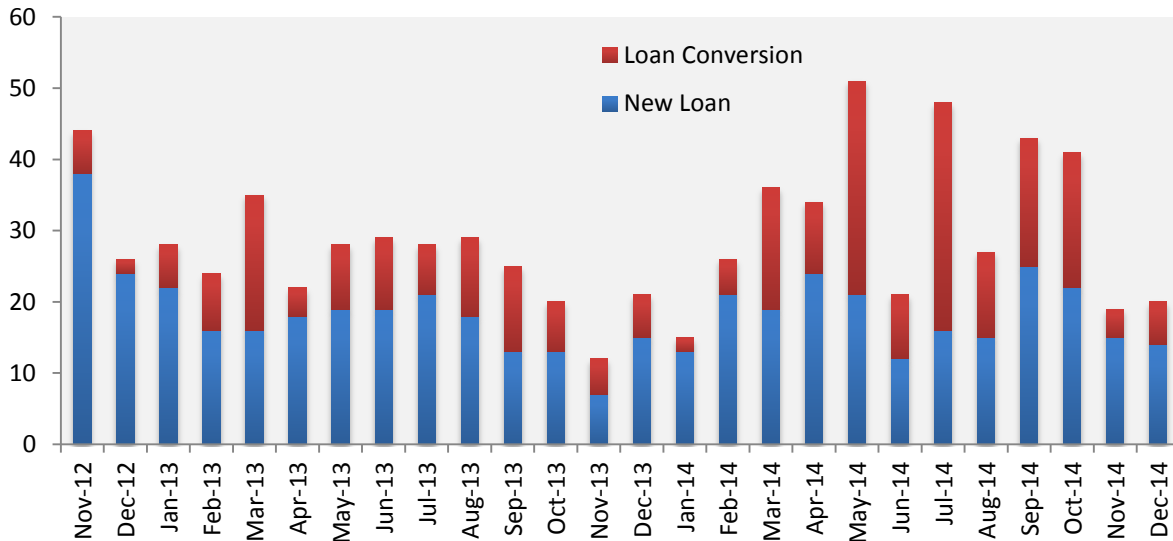


For Retirees or Terminated Employees

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 December 2014, staff processed 14 new loan requests and 6 requests for loan conversion. **To date, staff has processed a total of 476 requests for retiree loans and 276 requests for conversion.**

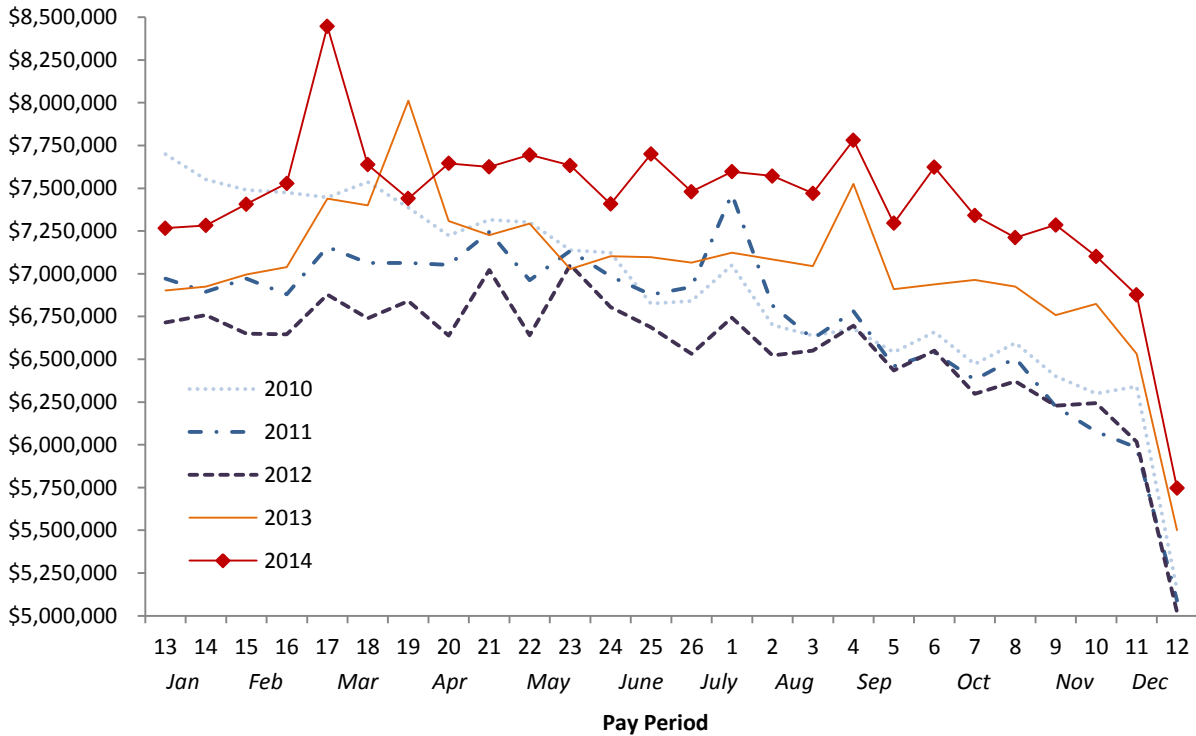
Retiree Loans



DEFERRAL TRACKING

Staff has compiled the following results of bi-weekly deferral cash flows for the month of December 2014 for the City of Los Angeles and Department of Water and Power (DWP). During the month of December, the City and DWP deferred **\$12,624,423** into the Deferred Compensation Plan. This compares to **\$12,031,498** in 2013 for the same pay periods, which constitutes a **4.9% increase**, year-over-year.

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



For calendar year 2014, a total of 30,063 participants deferred \$193,098,950 into the Plan. Of these participants that contributed in 2014, 10% contributed at maximum levels (\$17,500 or more).¹

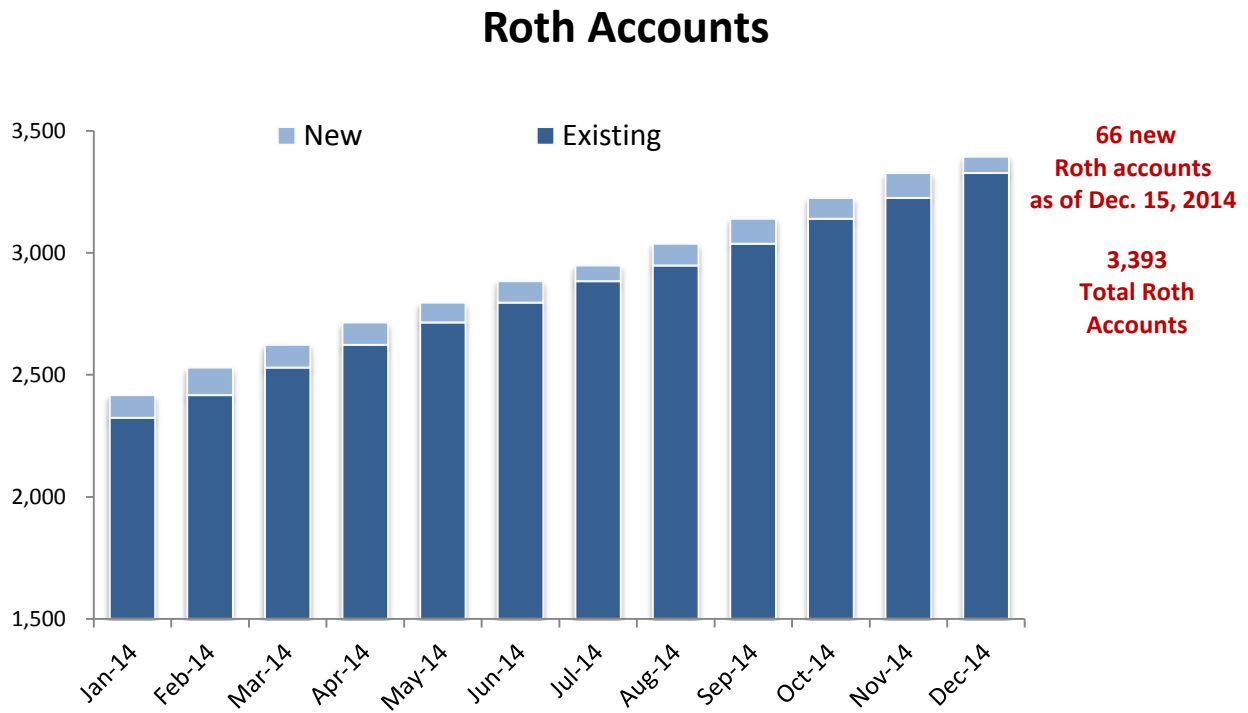
¹ 30,063 participants contributed in 2014. 3,065 participants contributed \$17,500 and above. A number of participants also neared maximum levels; as an example, 3,885 participants contributed \$16,500 and above. (PSC Data Extract 12/31/14)

ROTH CONTRIBUTIONS

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

By December 15, 2014, there were **3,393** participants with a Roth balance. This figure represents approximately **8.3%**² of all participants with a balance.

There were a total of 66 new Roth accounts added as of December 15, 2014:



² 40,871 accounts with a balance effective December 15, 2014 (Empower Retirement PSC Participant Data Extract report).

PROJECT UPDATE
(reflects project activity for period 12/01/14 through 12/31/14)

DEFERED COMPENSATION						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: DECEMBER 2015						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Investments Committee Report - International Finalist Review	12/31/14	Y	For 12/5/2014 meeting
2	Completed	G	Board Report - International Fund Selections	12/31/14	Y	
3	Completed	G	Board Report - Implementation Plan for Fund Changes	12/31/14	Y	
4	Completed	G	Board Report - Passive Manager Selection	12/31/14	Y	
5	Completed	G	Board Report - Revision to Board Governance Policies & Bylaws	12/31/14	Y	<i>Restricting TPA from simultaneously serving as investment provider</i>
6	Completed	G	Board Report - Consulting Services RFP	12/31/14	Y	
7	Completed	G	Board Report - Quarterly Budget Review 6/30/2014	12/31/14	Y	
8	Completed	G	Board Report - Communications/NSFRW Update	12/31/14	Y	
9	Completed	G	Minutes - November 18, 2014 Meeting	12/31/14	Y	
10	Completed	G	Staff Report - November 2014	12/31/14	Y	
11	Completed	A	DCP Stable Value - Release RFP	12/31/14	Y	
12	Completed	A	Consulting Services - Draft RFP	12/31/14	Y	
PENDING PROJECTS						
JANUARY 2015						
1	PENDING	G	Minutes - December 2014 Meeting	01/31/15		Pending
2	PENDING	G	Staff Report - December 2014	01/31/15		Pending
3	PENDING	G	Board Report - Quarterly Budget Review 9/30/2014	01/31/15		Pending
4	PENDING	G	Board Report - 2015 DCP Budget	01/31/15		Pending
5	PENDING	G	Board Report - 2015 Elections	01/31/15		Pending

6	PENDING	G	Board Report - Auto Enrollment Program	01/31/15		Pending
7	PENDING	G	Board Report - Fund Change Implementation	01/31/15		Pending
8	PENDING	G	Board Report - NSFRW Retiree Survey Review	01/31/15		Pending
9	PENDING	G	Board Report - 2014 Meeting Attendance Review	01/31/15		Pending
10	PENDING	G	Board Report - Proposed staff and TPA report revisions	01/31/15		Pending
11	PENDING	G	DCP Investments Committee - Passive Searches	01/31/15		Meeting 1/29/2015
12	PENDING	A	Consulting Services - Release RFP	01/31/15		Pending
13	PENDING	A	Stable Value RFP Pre-Proposal Process	01/31/15		Conference, Q&A, Preliminary requirement reviews
14	PENDING	A	Establish 2015 Election Calendar	01/31/15		Pending
15	PENDING	C	Newsletter - 4th Quarter 2014	01/31/15		Pending
16	PENDING	C	Web Page Content Update	01/31/15		Pending
17	PENDING	C	EMPOWER Retirement (formerly Great West) name launch	01/31/15		Pending Feb 2, 2015 Launch date
18	PENDING	C	Fund Change - Web Update	01/31/15		Pending
19	PENDING	C	Fund Sheet Updates: DCP Small-Cap and DCP Mid-Cap	01/31/15		Pending
20	PENDING	O	Loan Default Reversal - Hold Harmless	01/31/15		Pending discussions
21	PENDING	O	2014 Annual Contribution Review	01/31/15		Pending
22	PENDING	O	PaySR .NET Testing for DCP Related Items	01/31/15		Pending
FEBRUARY 2015						
23	PENDING	G	Minutes - January 2015 Meeting	02/28/15		Pending
24	PENDING	G	Investment Committee - 1/29/15 Meeting Minutes	02/28/15		Pending
25	PENDING	G	Board Report - Passive Manager Selection Recommendations	02/28/15		Pending
26	PENDING	G	Board Report - Legislative Items Review	02/28/15		Pending
27	PENDING	G	Board Report - FDIC Provider Recommendation	02/28/15		Pending
28	PENDING	G	Board Report - Mercer Contract Amendment	02/28/15		Pending
29	PENDING	G	Board Report - Quarterly Reimbursements for 12/31/2014	02/28/15		Pending
30	PENDING	C	Enrollment Guide Revision	02/28/15		Pending
31	PENDING	C	Distribution Options Guide - Tax and Loan revisions	02/28/15		Pending

32	PENDING	C	Calculator Revisions	02/28/15		Pending corrections/testing
33	PENDING	C	Fund Change Notice - SSgA Participant Communications	02/28/15		Pending
34	PENDING	A	FDIC Savings - Bank of the West Contract	02/28/15		Pending
35	PENDING	A	Mercer - Contract Amendment	02/28/15		Pending
36	PENDING	A	FDIC Savings - Union Bank Contract	02/28/15		Pending
37	PENDING	A	2015 Elections: Prepare Election Documents	02/28/15		Pending
38	PENDING	A	2015 Elections: Notification of Election	02/28/15		Mailing List
39	PENDING	O	In-Plan Roth Conversion - Implementation	02/28/15		Pending
UPCOMING						
40	PENDING	G	Board Report - Plan Document Revisions	03/31/15		Pending
41	PENDING	A	2015 Elections: Candidate Filing Period	04/30/15		Pending
42	PENDING	A	RFP - DCP/PSP Third Party Admin	TBD		Great-West contract expires 12/31/2016
43	PENDING	G	PG&A Committee - Meeting Minutes	TBD		Pending
44	PENDING	G	Investments Committee - 8/28/14 Meeting Minutes	TBD		Pending
45	PENDING	G	Investments Committee - 9/29/14 Meeting Minutes	TBD		Pending
46	PENDING	G	Investments Committee - 10/2/14 Meeting Minutes	TBD		Pending
47	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending
48	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
49	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	TBD		Pending
50	PENDING	G	Board Report - Beneficiary Rules	TBD		Pending
51	PENDING	G	Metrics Tracking Document	TBD		Pending
52	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending
53	PENDING	G	Loan Policy Document	TBD		Pending
54	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
55	PENDING	G	Board Report - SAS Form from Great-West	TBD		Pending

56	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
57	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
58	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
59	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
60	PENDING	G	Board Report - Proxy Share Voting	TBD		Pending
61	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
62	PENDING	G	Deemed IRA	TBD		Pending
63	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
64	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
65	PENDING	G	Retirement Plan Summit	TBD		Pending
66	PENDING	G	Revisit Plan Audit	TBD		Pending
67	PENDING	C	New Brand Style Guide	TBD		Pending
68	PENDING	C	Design Templates - PowerPoint and Word	TBD		Pending
69	PENDING	C	Participant Survey Proposal - Plan Satisfaction	TBD		Pending
70	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	TBD		Pending
71	PENDING	C	Accrued Leave - Flier and Form Revisions	TBD		Pending
72	PENDING		Catch Up - Form revisions			
73	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
74	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
75	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
76	PENDING	C	Board Report - Social Media Options	TBD		Pending
77	PENDING	C	Board Report - EZ Enrollment Form	TBD		Pending
78	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
79	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending

80	PENDING	C	Revise Distribution Form	TBD		Pending
81	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending
82	PENDING	C	DCP Glossary	TBD		Pending
83	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
84	PENDING	C	DROP Brochure Ad	TBD		Pending
85	PENDING	C	DROP Brochure	TBD		Pending
86	PENDING	C	Notification of Participants - Catch-Up Eligibility	TBD		Pending
87	PENDING	C	Revise Pension Savings Plan Highlights	TBD		Pending
88	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	TBD		Pending
89	PENDING	O	PSP Account Consolidation	TBD		Pending
90	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		
91	PENDING	O	Online Enrollment Functionality	TBD		Pending
92	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
93	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	TBD		Pending
94	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	06/12/15		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
<p>John R. Mumma, Chair Cliff Cannon Eugene K. Canzano *Vacant</p>

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

There is currently one vacancy on each of the Board’s standing committees, as indicated above. All Board members may express their interest or committee membership preferences to staff. Staff will coordinate this information to the Board Chair, who has authority to determine committee membership. Staff anticipates several meetings to be scheduled through 2015, including an upcoming Investments Committee meeting to discuss the passive manager searches on January 29, 2015.

Submitted by: _____
Esther Chang

Approved by: _____
Steven Montagna