

Deferred Compensation Plan BOARD REPORT 15-19

Date: March 5, 2015
To: Board of Deferred Compensation Administration
From: Staff
Subject: Staff Report – Projects & Activity Report

Board of Deferred
Compensation Administration
John R. Mumma, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Tom Moutes, Second Provisional Chair
Michael Amerian, Third Provisional Chair
Ray Ciranna
Linda P. Le
Wendy G. Macy
Robert Schoonover

Recommendation:

That the Board of Deferred Compensation Administration receive and file staff's update on Plan projects and activities during February 2015.

Discussion

This report provides updates and informational items relative to the following:

A. CURRENT/UPCOMING PROJECTS & BOARD MEETING CALENDAR

Projects – Personnel Department staff are responsible for four primary functions relative to executing the City's Deferred Compensation Plan: communications, operations, administration, and governance. Below are some key projects that staff have been working on:

Communications

- *Fund Change:* Staff finalized custom web page and created new fund fact sheets for the DCP Small-Cap Fund and the DCP Mid-Cap Fund. Additionally, a letter targeted to those with an elective deferral to or assets invested in the SSgA Russell fund was prepared and mailed.
- *Newsletter:* Staff has completed content drafting for the 1st Quarter 2015 newsletter and is working on finalizing layout.
- *Print Material:* Staff has been working with local Empower staff to streamline use of different print material and identify efficiencies.
- *Beneficiary Designation:* Staff reviewed data files supplied by Empower to determine relevant data with regards to participant beneficiary designations. A communication action plan is included on this meeting's agenda.

Operations

- *Auto-Enrollment:* Staff has created an operational timeline and is working with Empower to map out final operational requirements.
- *Strategic Meeting:* Staff met with Empower staff to discuss opportunities to provide better service to participants. Initial discussions are underway to review workflow processes that to better support participant services.

Administration

- *Procurements & Contracts:*
 - Staff addressed initial questions and conducted a pre-proposal meeting for the consulting services RFP.
 - Responses were received for the stable value fund manager RFP, with six firms who have met the requirements for City contracting purposes. The Plan's investment consultant is currently evaluating responses.
 - Staff is working to finalize the contract amendment language for Mercer Investments Consulting.
- *Metrics:* Staff has been compiling data to be used for Plan benchmarking purposes as well as for departmental metrics purposes.
- *CAP Rate:* Staff is working with the Controller's Office to better identify line items or percentages that may be reduced for the rate applied to the Plan. Staff anticipated having a recommendation for this Board meeting, but additional clarity was needed before bringing a recommendation to the Board.

Governance

- *Plan Document:* Staff is finalizing initial revisions to the Plan Document related to auto-enrollment, in-plan Roth conversion, and beneficiary claims.
- *Board Elections:* Staff prepared a notification to Plan participants who are active DWP employees or retired/separated from City service to inform this group of the upcoming nominating petition period. Petitions are available beginning March 27, 2015 and are due by April 10, 2015. Staff additionally prepared documents that make up the nominating petition package that will be provided to potential candidates.

A summary of all completed and upcoming projects for Division staff is provided as Attachment A.

Meeting Calendar – Staff maintains a calendar of upcoming Board meetings and proposed topics. This calendar includes the annual meeting plan and will be refined and updated as the Board meets and objectives/assignments are refined for the coming year. The current calendar is provided as Attachment B.

B. STAFFING AND COMMITTEE ASSIGNMENTS

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

Investments Committee
Vacant, Chair Tom Moutes Michael Amerian

C. Informational Items and Updates

- DCP BOND FUND – ACTIVE MANAGER LOOMIS SAYLES**
 After 20 years as Chairman of the Board and Chief Executive Officer (CEO) of Loomis, Sayles & Company, Robert J. Blanding has transitioned his CEO responsibilities to Kevin Charleston, President, to be effective May 1, 2015. Blanding will retain the Chairman position and actively participate in the strategic direction of the organization. Mercer Investment Consulting, the Plan’s investment consultant, has advised that Loomis relays this was a well laid out transition plan and does not see this as impacting the investment team.
- VANGUARD INSTITUTIONAL FORUM**
 Vanguard is the fund manager of several of the Plan’s underlying fund options. The firm has extended an invitation to the Plan and its Board members to attend its Institutional Forum (see Attachment C). The event will examine the challenges plan sponsors face and highlight opportunities that can help lead participants toward a more secure retirement. Board members who are interested in attending should notify Plan staff by March 20, 2015 so that registration arrangements can be made. Please note that breakfast and materials provided could be reportable in accordance with City and state ethics rules; staff can provide more information should Board members wish to attend. Additional information on the event can be found here: http://www.vanguardinformation.com/institutional/forums/cities/02_la.html

Submitted by: _____
 Esther Chang

Approved by: _____
 Steven Montagna

DEFERED COMPENSATION						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: FEBRUARY 2015						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Minutes - January 2015 Meeting	02/28/15	Y	
2	Completed	G	Board Report - Passive Manager Selection Recommendations	02/28/15	Y	
3	Completed	G	Board Report - Mercer Contract Amendment	02/28/15	Y	
4	Completed	G	Board Report - NSFRW Active Survey Review	02/28/15	Y	
5	Completed	G	Board Report - Wharton School approval	02/28/15	Y	
6	Completed	G	Board Report - Quarterly Reimbursements for 12/31/2014	02/28/15	Y	
7	Completed	G	Board Report - Legislative Items Review	02/28/15	Y	
8	Completed	G	Board Report - Staff Projects & Activities	02/28/15	Y	
9	Completed	A	Consulting Services - Release RFP	02/28/15	Y	
10	Completed	A	Consulting Services RFP - Pre-Proposal Conf, Q&As	02/28/15	Y	
11	Completed	A	Stable Value Fund RFP - Final Questions	02/28/15	Y	
12	Completed	A	Mercer - Draft Contract Amendment	02/28/15	Y	
13	Completed	A	2015 Elections: Notification of Election	02/28/15	Y	
14	Completed	A	Travel Approval Memo - Wharton	02/28/15	Y	
15	Completed	C	Fund Change - Web Update	02/28/15	Y	
16	Completed	C	Fund Sheet Updates: DCP Small-Cap and DCP Mid-Cap	02/28/15	Y	
17	Completed	C	Fund Change Notice - SSgA Participant Communications	02/28/15	Y	
18	Completed	C	1Q Newsletter - Draft Content	02/28/15	Y	
PENDING PROJECTS						
MARCH 2015						
1	PENDING	G	Minutes - February 2015 Meeting	03/31/15		Pending
2	PENDING	G	Board Report: Beneficiary Awareness Campaign	03/31/15		Pending

3	PENDING	G	Board Report - Staff Projects & Activities	03/31/15		Pending
4	PENDING	G	Board Report - Election of Officers	03/31/15		Pending
5	PENDING	A	PSP Contract Revisions	03/31/15		Pending
6	PENDING	A	2015 Elections: Prepare Election Documents	03/31/15		Pending
7	PENDING	A	Consulting Services RFP - Draft Contract	03/31/15		Pending
8	PENDING	A	Travel Approval Memo - Empower Site Visit	03/31/15		Pending
9	PENDING	A	Board - Ethics Filing Reminder Notices	03/31/15		Pending
10	PENDING	C	1Q Newsletter - Finalize for Print & Distribution	03/31/15		Pending
11	PENDING	C	EMPOWER Retirement (formerly Great West) name launch	03/31/15		Pending Launch date
12	PENDING	C	In-Plan Roth Conversion - Info Flyer	03/31/15		Pending
13	PENDING	O	In-Plan Roth Conversion - Implementation	03/31/15		Pending
14	PENDING	O	Loan Default Reversal - Hold Harmless	03/31/15		Pending
15	PENDING	O	2014 Annual Contribution Review	03/31/15		Pending
16	PENDING	O	PaySR .NET Testing for DCP Related Items	03/31/15		Pending
APRIL 2015						
17	PENDING	G	Minutes - March 2015 Meeting	04/30/15		Pending
18	PENDING	G	Board Report - 2014 DCP Annual Report	04/30/15		Pending
19	PENDING	G	Board Report - Stable Value Fund Provider Recommendation	04/30/15		Pending
20	PENDING	G	Board Report - Consultant RFP Recommendation	04/30/15		Pending
21	PENDING	G	Board Report - Plan Document Revisions	04/30/15		Pending
22	PENDING	G	Board Report - Fund Change Part I Update	04/30/15		Pending
23	PENDING	G	Board Report - Staffing percentages and CAP Rates	04/30/15		Pending
24	PENDING	G	Board Report - Travel Preferences	04/30/15		Pending
25	PENDING	C	Distribution Options Guide - Tax and Loan revisions	04/30/15		Pending
26	PENDING	C	Create DCP International Fund Fact Sheet	04/30/15		Pending
27	PENDING	C	DCP International Fund Change - Letter to Participants	04/30/15		Pending
28	PENDING	A	Mercer - Finalize Contract Amendment	04/30/15		Pending
29	PENDING	A	2015 Elections: Candidate Filing Period	04/30/15		Pending

30	PENDING	A	FDIC Savings - Bank of the West Contract	04/30/15		Pending
31	PENDING	O	TPA Site Visit	04/30/15		Pending
32	PENDING	O	Exit Presentations	04/30/15		Pending
MAY 2015						
33	PENDING	G	Minutes - April 2015 Meeting	05/31/15		Pending
34	PENDING	G	Board Report - Communications RFQ	05/31/15		Pending
35	PENDING	G	Board Report - FDIC Provider Recommendation	05/31/15		Pending
36	PENDING	G	Board Report - Pension Savings Plan Update	05/31/15		Pending
37	PENDING	G	Board Report - 2014 PSP Annual Report	05/31/15		Pending
38	PENDING	G	Board Report - Election Update	05/31/15		Pending
39	PENDING	G	Board Report - NAGDCA Approvals	05/31/15		Pending
40	PENDING	A	FDIC Savings - Union Bank Contract	05/31/15		Pending
UPCOMING						
41	PENDING	A	Loan Program revisions	TBD		
42	PENDING	A	RFP - DCP/PSP Third Party Admin	TBD		Great-West contract expires 12/31/2016
43	PENDING	G	Board Report - Loan Program Revisions	TBD		
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	G	Letter to City Council re 10% Early Distribution Penalty	TBD		Pending
47	PENDING	G	Metrics Tracking Document	TBD		Pending
48	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending
49	PENDING	G	Loan Policy Document	TBD		Pending
50	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
51	PENDING	G	Board Report - SAS Form from Great-West	TBD		Pending
52	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
53	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending

54	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
55	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
56	PENDING	G	Board Report - Proxy Share Voting	TBD		Pending
57	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
58	PENDING	G	Deemed IRA	TBD		Pending
59	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
60	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
61	PENDING	G	Retirement Plan Summit	TBD		Pending
62	PENDING	G	Revisit Plan Audit	TBD		Pending
63	PENDING	C	Enrollment Guide Revision	TBD		Pending
64	PENDING	C	Calculator Revisions	TBD		Pending corrections/testing
65	PENDING	C	Fund Change Notice - International Participant Communications	TBD		Pending
66	PENDING	C	New Brand Style Guide	TBD		Pending
67	PENDING	C	Design Templates - PowerPoint and Word	TBD		Pending
68	PENDING	C	Participant Survey Proposal - Plan Satisfaction	TBD		Pending
69	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	TBD		Pending
70	PENDING	C	Accrued Leave - Flier and Form Revisions	TBD		Pending
71	PENDING	C	Catch Up - Form revisions	TBD		
72		C	DROP Options Guide update-revisions	TBD		
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	Loan Program revisions	TBD		
89	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	TBD		Pending
90		O	Catch Up Contribution changes allowed online	TBD		
91	PENDING	O	PSP Account Consolidation	TBD		Pending
92	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		
93	PENDING	O	Online Enrollment Functionality	TBD		Pending
94	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
95	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	TBD		Pending
96	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	06/12/15		Pending

BDCA 2015 AGENDA TOPICS

	Administrative Issues	Presentations/Training
March	Beneficiary Designations - Review & Action Plan	Quarterly Investment & Economic Review
April	Stable Value Fund Provider - Selection	
	Plan Document Updates * In-Service Roth * Auto Enrollment * Beneficiaries	
	DCP 2014 Annual Report	
	Board Training Schedule	
	Election of Officers	
	2015 Fund Change: Part I Update	
	Staffing & CAP Rate	
May	Election Update - Candidates	
	Plan Consultant Services - Selection	
	Pension Savings Plan Update	
	PSP 2014 Annual Report	
	Quarterly Reimbursements ending 3/31/15	
	2015 NAGDCA Conference - Budget	
	FDIC Provider Recommendation	
	Draft Communications RFQ	
	Communications Update * Retirement Calculator Update	
June	Election Update - Results	Quarterly Investment & Economic Review
	AEP Implementation Update	
	Travel Approval	
July	Board Positions Review (<i>if required</i>)	Fund Mgr Presentation - rotating
	Proposed 2015 NSFRW Promotion	
	Plan External Tax Counsel - Funding	

	Communications Update * Retirement Calculator Update	
	FY 2016-17 Travel Budget	
August	2015 Fund Change: Part II Update	Quarterly Investment & Economic Review
	DCP TPA - Draft RFP	Training
	Quarterly Reimbursements ending 6/30/15	
September	AEP Implementation Update	Strategic Planning (to include fiduciary training for new members?)
		TPA/Plan Statistics Review
October	Communications Update * Retirement Calculator Update	Fund Mgr Presentation - Stable Value & Active Bond
	2015 NAGDCA Conference Review	
November	Quarterly Reimbursements ending 9/30/15	Quarterly Investment & Economic Review
December	2015 NSFRW Update	TPA/Plan Statistics Review



Los Angeles, CA

Wednesday,

March 25, 2015

7:30 to 9:30 a.m.

Four Seasons Hotel

Los Angeles at Beverly
Hills

[REGISTER NOW](#)

Vanguard Institutional Forums

[Agenda](#)

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This exclusive breakfast will examine the challenges plan sponsors face and highlight opportunities that can help lead participants toward a more secure retirement.

7:30 a.m. **Networking breakfast**

8 a.m. **Opening remarks**

8:15 a.m. **Target-date funds: Trends, debates, and considerations**
Concurrent session



Scott Donaldson

Senior Investment Analyst, Vanguard Investment Strategy Group

Examine the current target-date fund (TDF) landscape and trends at what's next in TDF innovation. This interactive discussion will focus on the implications of the extraordinary growth experienced and anticipated in the TDF marketplace, as well as trends toward passive-based TDFs and personalized/customization.

8:15 a.m.

Retirement income

Concurrent session



Gerry Mullane

Principal, Vanguard Institutional Investor Group

Most of our lives are spent accumulating savings, building it up for retirement. When that time comes, how can you best enable your participants to convert those savings into a sustainable retirement income? This session will offer solutions to help participants turn their assets into an income stream as they pivot from accumulation to drawdown.

9:00 a.m.

Measuring the success of your DC plan



Margaret Rux

Principal, Vanguard Strategic Retirement Consulting

How well does your plan design align with your business objectives and corporate philosophy? This interactive session will help you assess, determine the relevant metrics, and analyze the results so you can plan to match your company's strategic priorities.

All investing is subject to risk, including the possible loss of the money you invest.

Investments in Target Retirement Funds are subject to the risks of their underlying funds. The year in the fund name refers to the approximate year (the target date) when an investor in the fund would retire and leave the workforce. The fund will gradually shift its emphasis from more aggressive investments to more conservative ones based on its target date. An investment in a Target Retirement Fund is not guaranteed at any time, including on or after the target date.

This event is designed for plan sponsors and consultants only.

Please note: Agenda is subject to change.