

Deferred Compensation Plan BOARD REPORT 15-25

Date: April 13, 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 March 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

- *2015 Fund Changes*
 - Part 1 of the fund changes was completed on March 20, 2015, when the DCP Small-Cap Fund was created and the underlying allocations to the DCP Mid-Cap were updated.
 - The final step of the 2015 changes is scheduled to occur on June 26, 2015, and will include the creation of the DCP International Fund and an update to the underlying funds of the DCP Small-Cap Fund (the current contract with State Street is expiring June 2015 and the Investments Committee has selected Vanguard as the new manager of the underlying passive component of this fund). Staff updated the custom web page dedicated to the 2015 Fund Changes and created a new fund fact sheet for the DCP International Fund. Communication of the details regarding the change is included in the 1st Quarter 2015 newsletter, to be mailed to participants in late April. Additionally, a letter targeted to those with an elective deferral to or assets invested in either the Deutsche or Fidelity funds was prepared and mailed.
- *Newsletter:* Staff finalized the 1st Quarter 2015 newsletter for print and distribution.

Operations

- *FDIC-Insured Savings Account*
 - *Rate Correction:* Staff was recently made aware of an incorrect rate applied to the FDIC-Insured Savings Account, which affected 4th Quarter 2014 and 1st Quarter 2015 performance. More detailed information about this correction is included in a Board report on this same agenda.
 - *Bank of the West:* Bank of the West is one of the underlying providers of the FDIC-Insured Savings Account. Bank of the West recently notified the Plan that it became aware of fraudulent activity on another 457 plan account it services. Given this, staff is working with Bank of the West and the recordkeeper to ensure appropriate safeguards are in place for the Plan's account and that only approved transactions are authorized on the account.
- *Auto-Enrollment Program:* Staff is working with Plan counsel, with additional review from the Plan's tax counsel, and the recordkeeper to clarify operational details and language nuances as the applicable Plan Document language is formalized.
- *Site Visit:* Staff is scheduled to conduct a site visit to the Empower home office on April 16-17, 2015 to view operations and discuss opportunities for improvement to work processes.

Administration

- *Procurements & Contracts*
 - Staff received responses from three firms for the consulting services RFP: Mercer, RVK, and Segal. Mercer and Segal have submitted proposals for all three consulting areas: plan design and administration, investments, and communications. RVK submitted for plan design and administration and investments. Staff will be coordinating performance examinations and is working to evaluate responses. Selection recommendations from staff will be provided to the Board at the May meeting.
 - 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. Staff will be presenting the first draft of the revamped quarterly report to the Board in May.
- *CAP Rate:* Staff continues to meet with Controller's Office and the Administrative Services Division of the Personnel Department to address the Cost Allocation Plan (CAP) rates attributed to the Deferred Compensation Plan. Staff believes that adjustments to the current CAP rates are needed. No salary reimbursements will be processed until the CAP rates are fully reviewed and confirmed. Staff anticipates having a recommendation to address the CAP rates at an upcoming Board meeting.

Governance

- *Board Elections:* Petitions for the active DWP employees or retired/separated from City service Board seats were available beginning March 27, 2015 and were due by April 10, 2015. The City Clerk – Elections Division, which is administering this

election, has indicated that the following individuals have qualified as candidates for this election:

- o *Retired Participant Representative (2 candidates):*
Cliff Cannon, Eugene Kent Canzano
- o *Active Participant DWP Representative (1 candidate):*
Don Thomas

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

Staff does not have any additional updates at this time.

Submitted by: _____
Esther Chang

Approved by: _____
Steven Montagna

DEFERED COMPENSATION						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: MARCH 2015						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Minutes - February 2015 Meeting	03/31/15	Y	
2	Completed	G	Board Report: Beneficiary Awareness Campaign	03/31/15	Y	
3	Completed	G	Board Report - Staff Projects & Activities	03/31/15	Y	
4	Completed	G	Board Report - Election of Officers	03/31/15	Y	
5	Completed	A	2015 Elections: Prepare Election Documents	03/31/15	Y	Nominating Petition Documents
6	Completed	A	2015 Elections: Prepare Eligible List	03/31/15	Y	Nominating Petition Signature Verifications
7	Completed	A	Board - Ethics Filing Reminder Notices	03/31/15	Y	
8	Completed	A	Travel Approval Memo - Empower Site Visit	03/31/15	Y	
9	Completed	C	1Q Newsletter - Finalize for Print & Distribution	03/31/15	Y	
10	Completed	C	EMPOWER Retirement - Rebrand Flyer FAQ	03/31/15	Y	
11	Completed	C	Update Review - Enrollment Form	03/31/15	Y	
12	Completed	C	Update Review - Investment Options Flyer	03/31/15	Y	
13	Completed	C	DCP Board & Personnel Dept Webpage Cleanup	03/31/15	Y	
14	Completed	O	Fund Changes - March 20, 2015 Operational Coordination	03/31/15	Y	
PENDING PROJECTS						
APRIL 2015						
1	PENDING	G	Minutes - March 2015 Meeting	04/30/15		Pending
2	PENDING	G	Board Report - Stable Value Fund Provider Recommendation	04/30/15		Pending
3	PENDING	G	Board Report - Correction to FDIC Account Crediting Rate	04/30/15		Pending
4	PENDING	G	Board Report - 2014 DCP Annual Report	04/30/15		Pending
5	PENDING	G	Board Report - 2015 NAGDCA Conference Update	04/30/15		Pending
6	PENDING	G	Board Report - Proposed Targeted Enrollment Initiatives	04/30/15		Pending

7	PENDING	G	Board Report - Staff Projects & Activities	04/30/15		Pending
8	PENDING	C	Distribution Options Guide - Tax and Loan revisions	04/30/15		Pending
9	PENDING	C	Create DCP International Fund Fact Sheet	04/30/15		Pending
10	PENDING	C	DCP International Fund Change - Letter to Participants	04/30/15		Pending
11	PENDING	A	Consulting Services RFP: Performance Examinations	04/30/15		Pending
12	PENDING	A	Consulting Services RFP: Evaluations	04/30/15		Pending
13	PENDING	A	2015 Elections: Candidate Filing Period	04/30/15		Pending
14	PENDING	A	2015 Elections: Eligible Voter List Preparation	04/30/15		Pending
15	PENDING	A	Stable Value RFP - Draft Contract	04/30/15		Pending
16	PENDING	A	PSP Contract Revisions	04/30/15		Pending
17	PENDING	A	Bank of the West - Additional Account Services Agreement Review	04/30/15		Pending
18	PENDING	O	Employee Contribution Corrections (Empower System Error 4/1/15)	04/30/15		Pending
19	PENDING	O	TPA Site Visit (April 16-17, 2015)	04/30/15		Pending
20	PENDING	O	DCP Presentation - Leaving City Service	04/30/15		Pending
MAY 2015						
21	PENDING	G	Minutes - April 2015 Meeting	05/31/15		Pending
22	PENDING	G	Board Report - Plan Document Revisions	05/31/15		Pending
23	PENDING	G	Board Report - Consultant RFP Recommendation	05/31/15		Pending
24	PENDING	G	Board Report - Staffing percentages and CAP Rates	05/31/15		Pending
25	PENDING	G	Board Report - Travel Preferences	05/31/15		Pending
26	PENDING	G	Board Report - Pension Savings Plan Update	05/31/15		Pending
27	PENDING	G	Board Report - Election Update	05/31/15		Pending
28	PENDING	G	Board Report - NAGDCA Approvals	05/31/15		Pending
29	PENDING	G	Board Report - Staff Projects & Activities	05/31/15		Pending
30	PENDING	C	In-Plan Roth Conversion - Info Flyer	05/31/15		Pending
31	PENDING	A	Consulting Services RFP - Draft Contracts	05/31/15		Pending
32	PENDING	A	FDIC Savings - Bank of the West Contract	05/31/15		Pending

33	PENDING	A	2015 Elections: Notice of Election	05/31/15		Pending
34	PENDING	A	Mercer - Finalize Contract Amendment	05/31/15		Pending
35	PENDING	A	FDIC Savings - Union Bank Contract	05/31/15		Pending
36	PENDING	O	In-Plan Roth Conversion - Implementation	05/31/15		Pending
37	PENDING	O	Loan Default Reversal - Hold Harmless	05/31/15		Pending
JUNE 2015						
38	PENDING	G	Minutes - April 2015 Meeting	06/30/15		Pending
39	PENDING	G	Board Report - FDIC Provider Recommendation	06/30/15		Pending
40	PENDING	G	Board Report - 2014 PSP Annual Report	06/30/15		Pending
41	PENDING	G	Board Report - Communications RFQ	06/30/15		Pending
42	PENDING	G	Board Report - Staff Projects & Activities	06/30/15		Pending
43	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	06/30/15		Pending
UPCOMING						
44	PENDING	A	Loan Program revisions	TBD		Pending
45	PENDING	A	RFP - DCP/PSP Third Party Admin	TBD		Great-West contract expires 12/31/2016
46	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending
47	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
48	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	TBD		Pending
49	PENDING	G	Metrics Tracking Document	TBD		Pending
50	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending
51	PENDING	G	Loan Policy Document	TBD		Pending
52	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
53	PENDING	G	Board Report - SAS Form from Great-West	TBD		Pending
54	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
55	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
56	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending

57	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
58	PENDING	G	Board Report - Proxy Share Voting	TBD		Pending
59	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
60	PENDING	G	Deemed IRA	TBD		Pending
61	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
62	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
63	PENDING	G	Retirement Plan Summit	TBD		Pending
64	PENDING	G	Revisit Plan Audit	TBD		Pending
65	PENDING	G	Board Report - Social Media Options	TBD		Pending
66		C	2-Page IOAG format	TBD		Pending
67	PENDING	C	Enrollment Guide Revision	TBD		Pending
68	PENDING	C	Calculator Revisions	TBD		Pending corrections/testing
69	PENDING	C	New Brand Style Guide	TBD		Pending
70	PENDING	C	Design Templates - PowerPoint and Word	TBD		Pending
71	PENDING	C	Participant Survey Proposal - Plan Satisfaction	TBD		Pending
72	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	TBD		Pending
73	PENDING	C	Accrued Leave - Flier and Form Revisions	TBD		Pending
74	PENDING	C	Catch Up - Form revisions	TBD		Pending
75		C	DROP Options Guide update-revisions	TBD		Pending
76	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
77	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
78	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
79	PENDING	C	EZ Enrollment Form	TBD		Pending
80	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
81	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending
82	PENDING	C	Revise Distribution Form	TBD		Pending
83	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending

84	PENDING	C	DCP Glossary	TBD		Pending
85	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
86	PENDING	C	DROP Brochure Ad	TBD		Pending
87	PENDING	C	DROP Brochure	TBD		Pending
88	PENDING	C	Notification of Participants - Catch-Up Eligibility	TBD		Pending
89	PENDING	C	Revise Pension Savings Plan Highlights	TBD		Pending
90	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	TBD		Pending
91		O	Catch Up Contribution changes allowed online	TBD		Pending
92	PENDING	O	PSP Account Consolidation	TBD		Pending
93	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		Pending
94	PENDING	O	Online Enrollment Functionality	TBD		Pending
95	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
96	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	TBD		Pending
97	PENDING	O	DCP Work Processes Review & Documentation	TBD		Pending

BDCA 2015 AGENDA TOPICS

	Administrative Issues	Presentations/Training
April	Stable Value Fund Provider - Selection	
	DCP 2014 Annual Report	
	FDIC-Insured Savings Account Correction	
	Proposed Targeted Enrollment Initiative	
	2015 NAGDCA Conference Update	
May	Plan Document Updates * In-Service Roth * Auto Enrollment * Beneficiaries	TPA/Plan Statistics Review
	Plan Consultant Services - Selection	
	Staffing & CAP Rate	
	Election Update	
	Board Training Schedule	
	PSP 2014 Annual Report	
	2015 NAGDCA Conference - Budget	
June	Election Update - Results	Quarterly Investment & Economic Review
	FDIC Provider Recommendation	
	Pension Savings Plan Update	
	AEP Implementation Update	
	Travel Approval	
	Draft Communications RFQ	
	Quarterly Reimbursements ending 3/31/15	
	Communications Update * Retirement Calculator Update	
July	Board/Committee 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