

Deferred Compensation Plan BOARD REPORT 15-30

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

Board of Deferred
Compensation Administration
John R. Mumma, Chairperson
Michael Amerian, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Tom Moutes, Second Provisional Chair
Ray Ciranna, Third Provisional Chair
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 April 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 Change:* 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.

Written communication was sent to participants invested in the DCP International Fund to provide information on the new fund and the two current international funds that will be no longer provided as standalone options.

- *Employee Exit Meeting:* Staff was asked to present information related to the Plan and separation of service for outgoing Council employees on April 29th and May 7th. This was a joint effort with the City Clerk, Employee Benefits Division, and LACERS.

Operations

- *TPA Site Visit:* Staff conducted a site visit to the Empower home office in Denver, CO on April 16th and 17th to view operations and discuss opportunities for improvement to work processes. A list of over 50 task items were compiled, which City and Empower staff identified to improve work processes and clarify technical and administrative rules. Staff will be reviewing this operational task list with Empower Retirement on an ongoing, bi-weekly basis.
- *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. Staff is

currently clarifying participant notice requirements and language that needs to be incorporated.

Administration

- *Consulting Services Search:* Staff conducted performance examinations for the consulting services RFP on April 23rd and April 27th and concluded its evaluation of the RFP respondents (Segal, RVK, and Mercer). Recommendations for selection are presented in a separate Board report on this agenda. Staff will work to draft proposed contract language for the selected provider(s).
- *Stable Value Manager Selection:* Staff and the Plan’s investment consultant prepared and presented the selection recommendation to the Board at its April meeting. Staff is drafting the proposed contract language.
- *Metrics:* Staff has been compiling data to be used for Plan benchmarking purposes as well as for departmental metrics purposes.
- *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:* The Nominating Petition period ended on April 10th; two candidates were certified for the Retired Participant Representative seat and one candidate was certified for the Active Participant DWP Representative seat (see below).

Staff subsequently created a list of eligible voters for the election. The City Clerk – Elections Division mailed out ballots to eligible participants on May 6, 2015. Voted ballots must be submitted and received by the Elections Division by 5:00 p.m. PST on Friday, May 22, 2015.

Retired Participant Representative	Active Participant DWP Representative
<i>No. of Ballots Mailed: 8,704</i>	<i>No. of Ballots Mailed: 6,532</i>
<i>Certified Candidate(s):</i> Cliff Cannon Eugene Kent Canzano	<i>Certified Candidate(s):</i> 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	Senior Personnel Analyst II	Plan Manager	60%	Alexandra Castillo
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 member Steven Montagna will be presenting at an event sponsored by the **Center for State & Local Government Excellence** on June 9, 2015. The Center for State and Local Government Excellence is an organization whose mission is to promote excellence in local and state governments so they can attract and retain talented public servants. The topic of the presentation will relate to examining promising practices that encourage more retirement savings, and specifically results from the City's introduction of its Retirement Income Projection Calculator.

Submitted by: _____
 Esther Chang

Reviewed by: _____
 Alexandra Castillo

Approved by: _____
 Steven Montagna

DEFERED COMPENSATION						
Legend:						
G = Governance						
C = Communications						
O = Operations						
A = Administration						
COMPLETED PROJECTS: APRIL 2015						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Minutes - March 2015 Meeting	04/30/15	Y	
2	Completed	G	Board Report - Stable Value Fund Provider Recommendation	04/30/15	Y	
3	Completed	G	Board Report - Correction to FDIC Account Crediting Rate	04/30/15	Y	
4	Completed	G	Board Report - 2014 DCP Annual Report	04/30/15	Y	
5	Completed	G	Board Report - 2015 NAGDCA Conference Update	04/30/15	Y	
6	Completed	G	Board Report - Proposed Targeted Enrollment Initiatives	04/30/15	Y	
7	Completed	G	Board Report - Staff Projects & Activities	04/30/15	Y	
8	Completed	C	Create DCP International Fund Fact Sheet	04/30/15	Y	
9	Completed	C	DCP International Fund Change - Letter to Participants	04/30/15	Y	
10	Completed	C	Enrollment Form Updates for Fund Changes and Empower	04/30/15	Y	
11	Completed	C	Website Updates for Fund Change	04/30/15	Y	
12	Completed	C	FDIC Crediting Rate Correction Communications	04/30/15	Y	
13	Completed	A	Consulting Services RFP: Performance Examinations	04/30/15	Y	
14	Completed	A	Consulting Services RFP: Evaluations	04/30/15	Y	
15	Completed	A	2015 Elections: Candidate Filing Period	04/30/15	Y	
16	Completed	A	2015 Elections: Eligible Voter List Preparation	04/30/15	Y	
17	Completed	A	2015 Elections: Notice of Election	04/30/15	Y	
18	Completed	A	PSP Contract Amendment Revisions	04/30/15	Y	
19	Completed	O	Employee Contribution Corrections (Empower System Error 4/1/15)	04/30/15	Y	

20	Completed	O	TPA Site Visit (April 16-17, 2015)	04/30/15	Y	
21	Completed	O	DCP Presentation - Leaving City Service	04/30/15	Y	
PENDING PROJECTS						
MAY 2015						
1	PENDING	G	Minutes - April 2015 Meeting	05/31/15		Pending
2	PENDING	G	Board Report - Consultant RFP Recommendation	05/31/15		Pending
3	PENDING	G	Board Report - Travel Preferences	05/31/15		Pending
4	PENDING	G	Board Report - Targeted Enrollment Update	05/31/15		Pending
5	PENDING	G	Board Report - Quarterly Metrics Statistics	05/31/15		Pending
6	PENDING	G	Board Report - Contacts with Vendors TPA RFP	05/31/15		Pending
7	PENDING	G	Board Report - Staff Projects & Activities	05/31/15		Pending
8	PENDING	A	Stable Value RFP - Draft Contract	05/31/15		Pending
9	PENDING	A	Consulting Services RFP - Draft Contracts	05/31/15		Pending
10	PENDING	A	Mercer - Finalize Contract Amendment	05/31/15		Pending
JUNE 2015						
11	PENDING	G	Minutes - April 2015 Meeting	06/30/15		Pending
12	PENDING	G	Board Report - Staff Projects & Activities	06/30/15		Pending
13	PENDING	G	Board Report - Election Results Update	06/30/15		Pending
14	PENDING	G	Board Report - Plan Document Revisions	06/30/15		Pending
15	PENDING	G	Board Report - Pension Savings Plan Update	06/30/15		Pending
16	PENDING	G	Board Report - Staffing percentages and CAP Rates	06/30/15		Pending
17	PENDING	G	Board Report - FDIC Provider Recommendation	06/30/15		Pending
18	PENDING	A	Bank of the West - Additional Account Services Agreement Review	06/30/15		Pending
19	PENDING	A	FDIC Savings - Bank of the West Contract	06/30/15		Pending
20	PENDING	A	FDIC Savings - Union Bank	06/30/15		Pending
21	PENDING	C	Draft & Review Content for 2Q Newsletter	06/30/15		Pending
22	PENDING	C	In-Plan Roth Conversion - Info Flyer	06/30/15		Pending
23	PENDING	C	Distribution Options Guide - Tax and Loan revisions	06/30/15		Pending

24	PENDING	C	Accrued Leave - Flier and Form Revisions	06/30/15		Pending
25	PENDING	C	Catch Up - Form revisions	06/30/15		Pending
26	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	06/30/15		Pending
27	PENDING	O	In-Plan Roth Conversion - Implementation	06/30/15		Pending
28	PENDING	O	Loan Default Reversal - Hold Harmless	06/30/15		Pending
JULY 2015						
29	PENDING	G	Minutes - May 2015 Meeting	07/31/15		Pending
30	PENDING	G	Board Report - NSFRW Campaign Proposal	07/31/15		Pending
31	PENDING	G	Board Report - Draft PSP RFP	07/31/15		Pending
32	PENDING	G	Quarterly Communications Update Report	07/31/15		Pending
33	PENDING	G	Board Report - 2014 PSP Annual Report	06/30/15		Pending
34	PENDING	G	Board Report - Communications RFQ	06/30/15		Pending
35	PENDING	C	Calculator Revisions	05/31/15		Pending corrections/testing
36	PENDING	C	Revise Pension Savings Plan Highlights	07/31/15		Pending
37	PENDING	C	Letter Notification to Participants RE: Catch-Up Eligibility ("Attained Age Letters")	07/31/15		Pending
38	PENDING	C	EZ Enrollment Form	07/31/15		Pending
39	PENDING	A	Budget procedural revisions	07/31/15		Pending
UPCOMING						
40	PENDING	A	RFP - DCP/PSP Third Party Admin	TBD		Great-West contract expires 12/31/2016
41	PENDING	A	Loan Program revisions	TBD		Pending
42	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending
43	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
44	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	TBD		Pending
45	PENDING	G	Metrics Tracking Document	TBD		Pending
46	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending

47	PENDING	G	Loan Policy Document	TBD		Pending
48	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
49	PENDING	G	Board Report - SAS Form from Great-West	TBD		Pending
50	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
51	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
52	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
53	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
54	PENDING	G	Board Report - Proxy Share Voting	TBD		Pending
55	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
56	PENDING	G	Deemed IRA	TBD		Pending
57	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
58	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
59	PENDING	G	Retirement Plan Summit	TBD		Pending
60	PENDING	G	Revisit Plan Audit	TBD		Pending
61	PENDING	G	Board Report - Social Media Options	TBD		Pending
62	PENDING	C	2-Page IOAG format	TBD		Pending
63	PENDING	C	Enrollment Guide Revision	TBD		Pending
64	PENDING		Active-Retiree Loan Transfer Guide/Packet			
65	PENDING	C	New Brand Style Guide	TBD		Pending
66	PENDING	C	Design Templates - PowerPoint and Word	TBD		Pending
67	PENDING	C	Participant Survey Proposal - Plan Satisfaction	TBD		Pending
68	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	TBD		Pending
69		C	DROP Options Guide update-revisions	TBD		Pending
70	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
71	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
72	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending

73	PENDING	C	EZ Enrollment Form	TBD		Pending
74	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
75	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending
76	PENDING	C	Revise Distribution Form	TBD		Pending
77	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending
78	PENDING	C	DCP Glossary	TBD		Pending
79	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
80	PENDING	C	DROP Brochure Ad	TBD		Pending
81	PENDING	C	DROP Brochure	TBD		Pending
82	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	TBD		Pending
83		O	Catch Up Contribution changes allowed online	TBD		Pending
84	PENDING	O	PSP Account Consolidation	TBD		Pending
85	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		Pending
86	PENDING	O	Online Enrollment Functionality	TBD		Pending
87	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
88	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	TBD		Pending
89	PENDING	O	DCP Work Processes Review & Documentation	TBD		Pending

BDCA 2015 AGENDA TOPICS

	Administrative Issues	Presentations/Training
May	Proposed Metrics & Statistics Quarterly Review	TPA/Plan Statistics Review
	Plan Consultant Services - Selection	
	FY 2015-16 Training/Travel Preferences	
	Targeted Enrollment Initiative Update	
June	Election Update - Results	Quarterly Investment & Economic Review
	Plan Document Updates * In-Service Roth * Auto Enrollment * Beneficiaries	
	Staffing & CAP Rate	
	Pension Savings Plan Update	
	2015 NAGDCA Conference - Budget	
	AEP Implementation Update	
	Prospective Vendor Contact During Procurement	
July	Committee Positions Review	Fund Mgr Presentation - rotating
	Board Training Recommendation	
	Plan External Tax Counsel - Funding	
	Quarterly Reimbursements ending 3/31/15	
	Proposed 2015 NSFRW Promotion	
	Targeted Enrollment Initiative - Update #2	
	FDIC Provider Recommendation	
	PSP 2014 Annual Report	
	Quarterly Communications Update	
August	FY 2016-17 Travel Budget	Quarterly Investment & Economic Review
	DCP TPA - RFP Development	
September	AEP Implementation Update	Strategic Planning (to include fiduciary training for new members?)
	2015 NSFRW Update	TPA/Plan Statistics Review
	Quarterly Reimbursements ending 6/30/15	
October	Communications Update	Fund Mgr Presentation - rotating
	2015 NAGDCA Conference Review	
November	Quarterly Reimbursements ending 9/30/15	Quarterly Investment & Economic Review
December	2015 NSFRW - Summary & Review	TPA/Plan Statistics Review