

Deferred Compensation Plan BOARD REPORT 15-33

Date: June 4, 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 May 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

- *Newsletter - 2nd Quarter 2015:* Staff reviewed and drafted content for the upcoming newsletter. The key topic will address the importance of updating beneficiary information, and will include mention of the Plan's action plan to include beneficiary names on participant statements starting in 3rd Quarter (to mail in late October).
- *Targeted Enrollment Initiative:* Staff developed initial drafts of the postcard that will be sent to targeted Department of Transportation (DOT) employees. This is part of the effort to increase DCP participation within this department. Staff is additionally reaching out to different area contacts to set up meeting dates and locations.

Operations

- *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. As part of the implementation timeline, the Fidelity Diversified International Fund was closed to new contributions and assets as of May 22, 2015. Staff is currently ensuring that all operational details have been addressed with Empower Retirement and the investment managers involved in the transition. Participants have received direct communications if invested in one of the International Funds, bulletins have been posted to the website, and information was sent out previously in the 1st Quarter newsletter (which was mailed in April).

- *Auto-Enrollment Program:* Staff has finalized the recommended revisions to the Plan Document, pending the Board's review and approval. Staff will now focus on developing a finalized operational workflow and will be scheduling discussions with the Controller's Office and DWP Payroll Office for programming implementation.

Administration

- *Procurements:* Staff is preparing for the procurement of a third-party administrator (TPA) for the Deferred Compensation Plan and the Pension Savings Plan. Staff will provide the Board with an overview of what the procurement preparation process will entail and other related information at the July Board meeting.
- *Contracts:* Staff has prepared drafts of the Stable Value investment management services (Galliard) and the Plan's consulting services (Mercer and Segal) contracts and is working with the respective vendors to finalize the agreements.
- *Metrics:* Staff has been compiling data to be used for Plan benchmarking purposes as well as for departmental metrics purposes. Staff and Empower Retirement have been able to refine Plan enrollment data and have been working to report on the correlation between local representative outreach efforts and actual enrollments. Staff worked with Empower Retirement to develop a regular monthly report that will allow the Plan to identify new enrollments by department and month.
- *CAP Rate:* Staff continues to meet with and further discussions with the Controller's Office and the Administrative Services Division of the Personnel Department to address the high Cost Allocation Plan (CAP) rates attributed to the Deferred Compensation Plan. 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:* Election Day was on May 22, 2015; further discussion is included in a separate Board report.

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	<i>Vacant</i>	Participant Services	90%	<i>Vacant</i>
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

Support staff member Claudia Guevara promoted to another City department at the end of May. The Plan is reviewing options to back-fill this key support position.

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: MAY 2015						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Minutes - April 2015 Meeting	05/31/15	Y	
2	Completed	G	Board Report - Quarterly Metrics Statistics	05/31/15	Y	
3	Completed	G	Board Report - Consultant RFP Recommendation	05/31/15	Y	
4	Completed	G	Board Report - Travel Preferences	05/31/15	Y	
5	Completed	G	Board Report - Targeted Enrollment Update	05/31/15	Y	
6	Completed	G	Board Report - Staff Projects & Activities	05/31/15	Y	
7	Completed	A	Consulting Services RFP - Draft Contracts	05/31/15	Y	
8	Completed	A	Stable Value - Draft Contract	05/31/15	Y	
9	Completed	C	Draft & Review Content & Layout for 2Q Newsletter	05/31/15	Y	
PENDING PROJECTS						
JUNE 2015						
10	PENDING	G	Minutes - May 2015 Meeting	06/30/15		Pending
11	PENDING	G	Board Report - Plan Document Revisions	06/30/15		Pending
12	PENDING	G	Board Report - Election Results Update	06/30/15		Pending
13	PENDING	G	Board Report - Staff Projects & Activities	06/30/15		Pending
14	PENDING	A	Mercer - Finalize Contract Amendment	06/30/15		Pending
15	PENDING	A	Stable Value - Finalize Galliard Contract	06/30/15		Pending
16	PENDING	A	Consulting Services - Finalize Segal Contract	06/30/15		Pending
17	PENDING	A	Consulting Services - Finalize Mercer Contract	06/30/15		Pending
18	PENDING	C	Finalize 2Q Newsletter	06/30/15		Pending
19	PENDING	C	Accrued Leave - Flier and Form Revisions	07/31/15		Pending
20	PENDING	C	Catch Up - Form revisions	07/31/15		Pending

21	PENDING	O	Update PSP Defaulted Addresses - Review & Clean-Up	06/30/15		Pending
22	PENDING	O	In-Plan Roth Conversion - Implementation	06/30/15		Pending
JULY 2015						
23	PENDING	G	Minutes - June 2015 Meeting	07/31/15		Pending
24	PENDING	G	Board Report - Staff Projects & Activities	07/31/15		Pending
25	PENDING	G	Board Report - Contacts with Vendors during TPA RFP, Brown Act Information	07/31/15		Pending
26	PENDING	G	Board Report - Committee Assignment Preferences	07/31/15		Pending
27			Board Report - Board Training Schedule	07/31/15		Pending
28	PENDING	G	Board Report - NSFRW 2015 Campaign Proposal	07/31/15		Pending
29	PENDING	G	Quarterly Communications Update Report	07/31/15		Pending
30	PENDING	G	Board Report - Pension Savings Plan Update	07/31/15		Pending
31	PENDING	G	Board Report - Draft PSP RFP	07/31/15		Pending
32	PENDING	G	Board Report - Staffing percentages and CAP Rates	07/31/15		Pending
33	PENDING	C	Distribution Options Guide - Tax and Loan revisions	07/31/15		Pending
34	PENDING	C	In-Plan Roth Conversion - Info Flyer	07/31/15		Pending
35	PENDING	A	Bank of the West - Additional Account Services Agreement Review	07/31/15		Pending
36	PENDING	A	Budget procedural revisions	07/31/15		Pending
AUGUST 2015						
37	PENDING	G	Minutes - July 2015 Meeting	08/31/15		Pending
38	PENDING	G	Board Report - Staff Projects & Activities	08/31/15		Pending
39	PENDING	G	Board Report - DCP RFP Update	08/31/15		Pending
40	PENDING	G	Board Report - FDIC Provider Recommendation	08/31/15		Pending
41	PENDING	G	Board Report - 2014 PSP Annual Report	08/31/15		Pending
42	PENDING	G	FY 2016-17 Travel Budget	08/31/15		Pending
43	PENDING	A	FDIC Savings - Bank of the West Contract	08/31/15		Pending
44	PENDING	A	FDIC Savings - Union Bank	08/31/15		Pending
45	PENDING	C	Calculator Revisions	08/31/15		Pending

46	PENDING	O	Loan Default Reversal - Hold Harmless	08/31/15		Pending
UPCOMING						
47	PENDING	A	RFP - DCP/PSP Third Party Admin	TBD		Great-West contract expires 12/31/2016
48	PENDING	A	Loan Program revisions	TBD		Pending
49	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending
50	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
51	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	TBD		Pending
52	PENDING	G	Metrics Tracking Document	TBD		Pending
53	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending
54	PENDING	G	Loan Policy Document	TBD		Pending
55	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
56	PENDING	G	Board Report - SAS Form from Great-West	TBD		Pending
57	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
58	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
59	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
60	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
61	PENDING	G	Board Report - Proxy Share Voting	TBD		Pending
62	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
63	PENDING	G	Deemed IRA	TBD		Pending
64	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
65	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
66	PENDING	G	Retirement Plan Summit	TBD		Pending
67	PENDING	G	Revisit Plan Audit	TBD		Pending
68	PENDING	G	Board Report - Social Media Options	TBD		Pending
69	PENDING	C	Revise Pension Savings Plan Highlights	07/31/15		Pending

70	PENDING	C	Letter Notification to Participants RE: Catch-Up Eligibility ("Attained Age Letters")	07/31/15		Pending
71	PENDING	C	EZ Enrollment Form	07/31/15		Pending
72	PENDING	C	2-Page IOAG format	TBD		Pending
73	PENDING	C	Enrollment Guide Revision	TBD		Pending
74	PENDING		Active-Retiree Loan Transfer Guide/Packet			
75	PENDING	C	New Brand Style Guide	TBD		Pending
76	PENDING	C	Design Templates - PowerPoint and Word	TBD		Pending
77	PENDING	C	Participant Survey Proposal - Plan Satisfaction	TBD		Pending
78	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	TBD		Pending
79		C	DROP Options Guide update-revisions	TBD		Pending
80	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
81	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
82	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
83	PENDING	C	EZ Enrollment Form	TBD		Pending
84	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
85	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending
86	PENDING	C	Revise Distribution Form	TBD		Pending
87	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending
88	PENDING	C	DCP Glossary	TBD		Pending
89	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
90	PENDING	C	DROP Brochure Ad	TBD		Pending
91	PENDING	C	DROP Brochure	TBD		Pending
92	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	TBD		Pending
93		O	Catch Up Contribution changes allowed online	TBD		Pending
94	PENDING	O	PSP Account Consolidation	TBD		Pending

95	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		Pending
96	PENDING	O	Online Enrollment Functionality	TBD		Pending
97	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
98	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	TBD		Pending
99	PENDING	O	DCP Work processes Review & Documentation	Ongoing		Pending

BDCA 2015 AGENDA TOPICS

	Administrative Issues	Presentations/Training
June	Plan Document Updates * In-Service Roth * Auto Enrollment Election Update - Results	Quarterly Investment & Economic Review
July	Committee Positions Informational Report Board Training Recommendation Proposed 2015 NSFRW Promotion Quarterly Communications Update Plan External Tax Counsel - Funding Staffing & CAP Rate Pension Savings Plan Update Contacts with Vendors During TPA RFP and Brown Act Information	
August	FY 2016-17 Travel Budget DCP TPA - RFP Development PSP 2014 Annual Report FDIC Provider Recommendation Quarterly Reimbursements ending 3/31/15	Quarterly Investment & Economic Review
September	AEP Implementation Update 2015 NSFRW Update Quarterly Reimbursements ending 6/30/15	Strategic Planning (to include fiduciary training for new members?) TPA/Plan Statistics Review
October	Communications Update 2015 NAGDCA Conference Review	Fund Mgr Presentation - Stable Value & Active Bond
November	Quarterly Reimbursements ending 9/30/15	Quarterly Investment & Economic Review
December	2015 NSFRW - Summary & Review	TPA/Plan Statistics Review