



CITY OF *Los Angeles*

DEFERRED COMPENSATION PLAN

Board Report 20-18

Date: April 27, 2020

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Projects and Activities
Report: February and March 2020

Board of Deferred Compensation Administration

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John R. Mumma

Recommendation:

That the Board of Deferred Compensation Administration (Board) receive and file the projects and activities report for February and March 2020.

Discussion:

Following are Deferred Compensation Plan (DCP) project and activity updates for February and March 2020:

A. Board Member Updates

Board member Neil Guglielmo has returned from a leave of absence and resumed his position as General Manager of the Los Angeles City Employees' Retirement System (LACERS). As General Manager, Mr. Guglielmo has resumed his duties as a member of the Board.

B. Operational Updates

On March 11, 2020, the World Health Organization declared the 2019 novel coronavirus (COVID-19) outbreak a pandemic due to the rapid spread of the disease globally and its impact on public health. On March 12, 2020, in response to the outbreak, Los Angeles Mayor Garcetti issued Citywide COVID-19 guidelines to protect the City workforce while ensuring continuity of operations. These guidelines included directing General Managers of City departments to develop emergency COVID-19 telecommuting plans for their workforce and for employees to implement social distancing of six feet per person.

To support COVID-19 safety precautions, the Personnel Department/Employee Benefits Division (EBD) implemented the following measures effective March 2020:

- All EBD staff supporting the DCP and Voya's onsite local retirement counselors are telecommuting almost 100%, with regular half-day visits to the office twice a week by EBD staff to process paper mail.

- All in-person public counter service has been suspended until further notice.
- All DCP onsite outreach meetings have been cancelled until further notice. Future meetings will be scheduled once the City workforce can resume in-person operations.

On March 20, 2020, EBD released a Citywide email encouraging City employees needing support and assistance to conduct transactions either telephonically or electronically. While Voya’s onsite local retirement counselors are currently telecommuting, they continue to be available telephonically continuously throughout the day and have also been conducting telephone and video appointments with DCP participants.

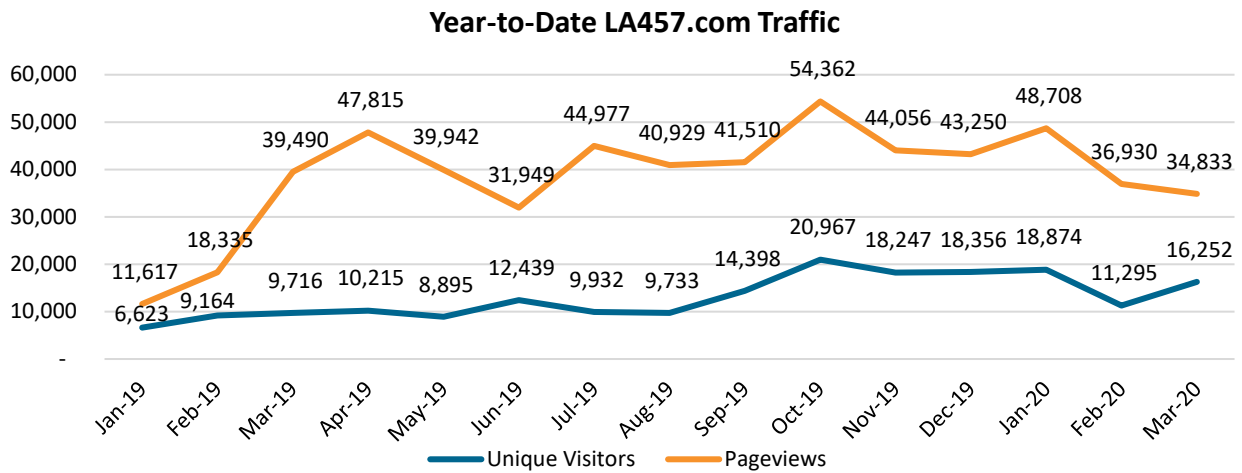
C. Communications Updates

- Voya Call Center and Website Statistics – The Voya Call Center experienced an increase of 27% in call volume in March 2020 compared to February 2020. Additionally, the total number of visitors to the Voya website increased by 24% from 86,132 visits in February 2020 to 106,457 visits in March 2020. The increase in call volume and website activity is most likely attributed to the impact of market volatility related to reaction to the COVID-19 pandemic.
- LA457.com Engagement Statistics
 - February 2020 – LA457.com saw 11,295 unique visitors and 36,930 pageviews. The table below provides a review of the top ten website topics accessed by participants during the month of February.
 - March 2020 – LA457.com saw 16,252 unique visitors and 34,833 pageviews. The third most popular topic accessed by participants in March 2020 was the Retirement Counselor Calendar, which is most likely due to the closure of in-person support services provided by Voya’s onsite local retirement counselors in City Hall. The Retirement Counselor Calendar provides information for contacting the local retirement counselors via email or phone and also allows participants to schedule an appointment by phone. The table below provides a review of the top ten website topics accessed by participants during the month of March.

| Top 10 LA457.com Pages in February 2020 | | Views |
|---|--|--------|
| 1. | Homepage | 30,451 |
| 2. | Blog Post: Combining Your Retirement Savings into the Plan | 965 |
| 3. | Contact Us | 770 |
| 4. | Board Meeting Materials | 285 |
| 5. | Investment Options | 269 |
| 6. | Contributions | 255 |
| 7. | Join the Plan | 250 |
| 8. | Plan Highlights | 250 |
| 9. | Percent-of-Pay | 231 |
| 10. | Contribution Limits | 226 |

| Top 10 LA457.com Pages in March 2020 | | Views |
|--------------------------------------|-------------------------------|--------|
| 1. | Homepage | 25,693 |
| 2. | Contact Us | 1,027 |
| 3. | Retirement Counselor Calendar | 975 |
| 4. | Board Meeting Materials | 565 |
| 5. | Investment Options | 397 |
| 6. | Contributions | 257 |
| 7. | Plan Highlights | 255 |
| 8. | Join the Plan | 255 |
| 9. | Blog Post: Market Volatility | 229 |
| 10. | Your Distribution Options | 213 |

The chart below tracks LA457.com unique visitors and pages viewed since the site was fully launched in January 2019.



- New Employee Enrollment Campaign** – In February, staff and Voya developed a custom postcard communication to eligible employees hired in the last year to register with the DCP. To test whether giving a small gift incentive would affect enrollment outcomes, two versions of the mailer were created: one with a “Saver Bear” incentive, and one without an incentive. The postcards were mailed to the two groups on February 27, 2020 encouraging employees to register by March 30, 2020. The campaign resulted in an enrollment rate of 3% for both groups. It is highly likely that the campaign did not yield the results that staff anticipated as a result of the disruption caused by the market volatility due to the COVID-19 pandemic. Accordingly, staff plans to conduct another campaign after normal operations resume in the City.
- Blog and Social Media Posts** – In response to COVID-19’s impact on the economy, staff posted an article on the topic of market volatility to the DCP Resource Center in March. The blog post provides guidance to participants on navigating the current market environment during times of uncertainty. The market volatility post was also promoted in the DCP’s social media channels. Additionally, contact information of the DCP local retirement counselors was promoted on the DCP’s Facebook and Instagram pages to remind participants of the different ways they could utilize to contact the local counselors while the EBD office is temporarily closed.

D. 2019 DCP Strategic Initiatives Update

Attachment A provides a status review of 2019 DCP Strategic Initiatives as adopted by the Board at its January 15, 2019 meeting. Staff anticipates that strategic initiatives for 2020 will be presented to the Board at its meeting on May 19, 2020.

E. Staffing

The following table provides a summary of staff positions supporting the DCP.

| Position Authority | Incumbent Class | Function | Est. Percent Reimbursed by DCP | Staff Member |
|-----------------------------|------------------------------|----------------------------|--------------------------------|-----------------|
| Personnel | | | | |
| Chief Personnel Analyst | Chief Personnel Analyst | Executive Director | 20% | Steven Montagna |
| Senior Personnel Analyst II | Senior Management Analyst II | Plan Governance | 40% | Jenny Yau |
| Senior Personnel Analyst I | Senior Personnel Analyst I | Plan Administration | 100% | Vacant |
| Management Analyst | Personnel Analyst | Communications | 90% | Anna Ancheta |
| Management Analyst | Personnel Analyst | Operations | 90% | Mindy Lam |
| Benefits Specialist | Benefits Specialist | Participant Services | 90% | Claudia Guevara |
| Administrative Intern I | Vacant | Participant Research | 100% | Vacant |
| City Attorney | | | | |
| Assistant City Attorney | Assistant City Attorney | Board Counsel | 25% | Curtis Kidder |
| Legal Assistant | Legal Assistant | Participant Legal Services | 40% | Vicky Williams |

F. Committee Assignments

Following a solicitation of interest, Board Chairperson Thomas Moutes assigned Board members to DCP Committees as follows:

| Plan Governance & Administrative Issues Committee | Investments Committee | Participant Engagement Committee | Ad Hoc Committee on DCP Autonomy |
|---|------------------------|----------------------------------|----------------------------------|
| Joshua Geller, Chair | Raymond Ciranna, Chair | Wendy Macy, Chair | Thomas Moutes, Chair |
| Wendy Macy | Joshua Geller | Joshua Geller | Raymond Ciranna |
| Thomas Moutes | Hovhannes Gendjian | Hovhannes Gendjian | Joshua Geller |
| | Neil Guglielmo | Neil Guglielmo | Neil Guglielmo |

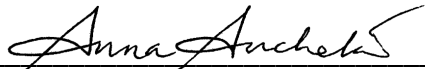
G. Upcoming Board Meetings

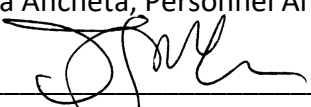
Following is a review of upcoming Board meeting agenda items:

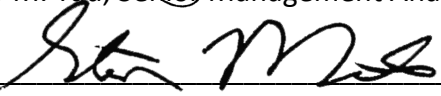
| Meeting Date | Proposed Agenda Items |
|----------------------|---|
| <i>May 19, 2020</i> | <ul style="list-style-type: none"> • Board Report: Investment Manager RFPs Update • Board Report: 2020 DCP Strategic Initiatives • Board Report: TPA Contract Extension Options • Board Report: Quarterly Reimbursements Q1 2020 • Board Report: DCP Plan Projects & Activities Report: April 2020 |
| <i>June 16, 2020</i> | <ul style="list-style-type: none"> • Board Report: Training-Travel FY 20/21 • Board Report: 2020 National Retirement Security Week • Board Report: DCP Plan Projects and Activities Report: May 2020 |
| <i>July 21, 2020</i> | <ul style="list-style-type: none"> • Board Report: Financial Education/Investment Advisory Services RFI Results • Board Report: DCP Plan Projects and Activities Report: June 2020 |

H. Upcoming Committee Meetings

| Committee | Meeting Date | Agenda |
|---|---------------------|---|
| Ad Hoc Committee on DCP Autonomy | April 23, 2020 | <ul style="list-style-type: none"> • Discussion of staffing and trustee designation, roles, and responsibilities |

Submitted by: 
 Anna Ancheta, Personnel Analyst

Reviewed by: 
 Jenny M. Yau, Senior Management Analyst II

Approved by: 
 Steven Montagna, Chief Personnel Analyst

2019 DCP Strategic Initiatives

1. Implement Strategies to Achieve Goals for Core Participant Outcomes

This project has been completed. See final fiscal year update in Board Report 19-28.

2. Conduct Annual DCP Long-Term Revenue and Expenses Review

This project was completed on February 19, 2019, and addressed in Board Report 19-07.

3. Expand Automatic Enrollment Program (AEP) Participation

At its June 18, 2019, meeting, the Board approved staff's recommendation to convene a meeting with City labor organizations to gather feedback and gauge interest in the AEP. Staff has been working on scheduling the meeting and will provide an update to the Board after the meeting takes place.

4. Complete Investment Manager Searches

At its February 18, 2020 meeting, the Board approved Requests for Proposals (RFPs) for (i) DCP Investment Management Services and (ii) Stable Value Fund Investment Management Services. Subsequently, at its March 31, 2020 special meeting, the Board approved postponing the release of the RFPs for a minimum of 60 days, with direction to staff to report back within 30 days (or the next available Board meeting after 30 days) with updated findings and recommendations as to when and how to proceed with conducting the procurements. Staff will provide an update on the status of the RFPs at the Board's next meeting on May 19, 2020.

5. Conduct Financial Audit

The draft Professional Services Agreement with Crowe, LLP is near completion. Commencement of audit services is expected to begin immediately afterward.

6. Conduct Plan Document Review

The Plan Document has been reviewed both by Segal Consulting, the DCP's consultant for administrative concerns, and Ice Miller, outside tax counsel for the DCP. DCP and City Attorney staff have conducted a thorough review process to ensure that all language in the Plan Document is consistent with the Los Angeles Administrative Code, applicable state law (including the State of California Probate Code), and best practices related to DCP administration. Seven review sessions occurred between August 2019 and February 2020. This review will incorporate provisions of the (1) SECURE Act and (2) CARES Act which was recently signed into law on March 27 to provide economic support due to the

impact of COVID-19. The revised Plan Document is expected to be presented to the Plan Governance & Administrative Issues Committee for review in the second quarter of 2020.

7. Conduct Deemed IRA Review

At its June 18, 2019 meeting, the Board reviewed Board Report 19-21 providing a review of the Deemed IRA option. Staff will work with the City Attorney and outside tax counsel to develop a detailed set of Deemed IRA design features for consideration by the Board.

8. Conduct Investment Advisory and Financial Education Services Review

The Board approved a draft Request for Information (RFI) for financial education and/or investment advisory services at its February 18, 2020 meeting. Subsequently, the RFI was issued on the City's Los Angeles Business Assistance Virtual Network on March 4, 2020 with responses due on April 7, 2020. A total of four responses to the RFI were submitted. Staff anticipates presenting its findings and recommendations to the Board at its July meeting.

9. Develop 2019 Strategic Communications Plan

The Participant Engagement Committee met on October 31, 2019 to participate in a communications workshop facilitated by Segal. The workshop detailed best practices as they relate to retirement communications and how to implement key principles of behavioral finance. It is anticipated a 2020 strategic communications plan incorporating these strategies will be presented to the Committee in the second quarter of the year.