



Board Report 20-32

Date: August 4, 2020
To: Board of Deferred Compensation Administration
From: Staff
Subject: Deferred Compensation Plan Projects and Activities
Report: June 2020

Board of Deferred Compensation Administration

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Discussion:

Following are the Deferred Compensation Plan (DCP) project and activity updates for June 2020:

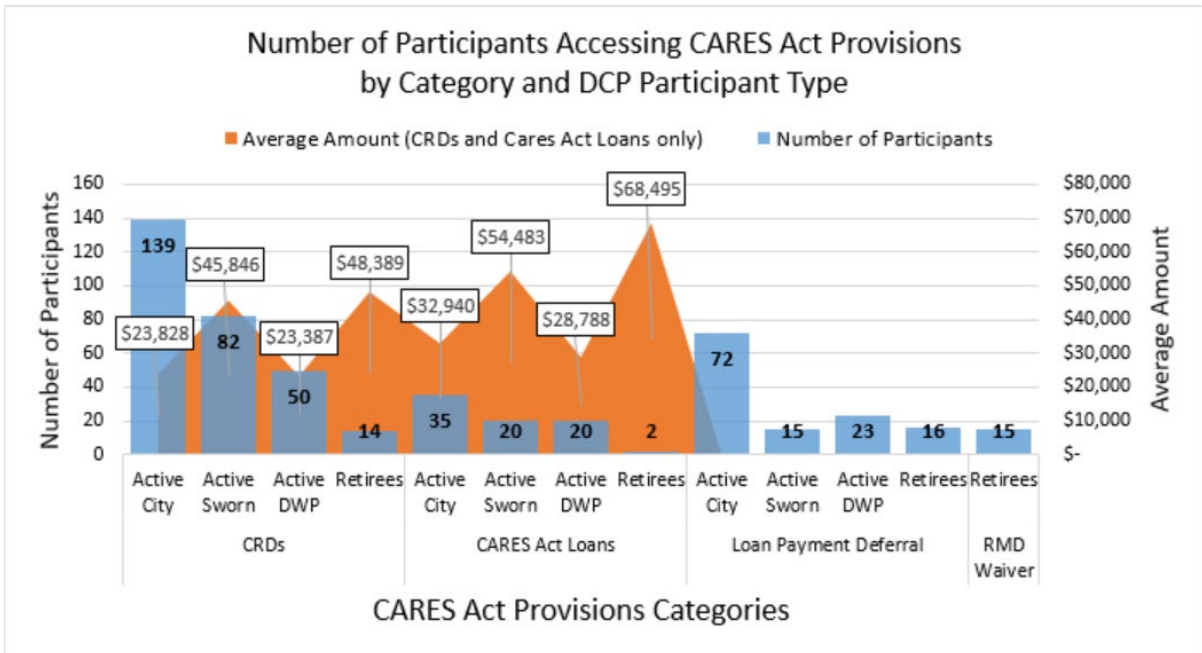
A. Board Member Updates

Board member Baldemar J. Sandoval joined the Board effective July 1, 2020, replacing John Mumma as the Active Los Angeles Fire and Police Pensions Participant Representative. Staff and Board Chairperson Tom Moutes have both communicated with Mr. Sandoval as part of welcoming him to the Board.

B. Operations and Project Updates

- **Coronavirus Aid, Relief, and Economic Security (CARES) Act Update** – As of June 30, 2020, Voya has received 759 calls related to the CARES Act and processed 502 applications from DCP participants accessing the new CARES Act distribution, loan, and Required Minimum Distribution (RMD) provisions as follows:
 - 1) Coronavirus-Related Distributions (CRDs) – 285 participants; \$8.9 million total; \$31,292 average/participant
 - 2) CARES Act Loans – 77 participants; \$2.96 million total; \$38,381 average/participant
 - 3) Loan Payment Deferral – 126 participants
 - 4) RMD Waiver – 14 participants suspended installment payments, and 1 participant returned funds previously taken out as an RMD

The number of DCP participants accessing the CARES Act distribution, loan, and RMD provisions and the average amount of CRDs and CARES Act Loans are illustrated in the following chart, broken out by CARES Act category and DCP participant type.



- Participant Educational Videos** – Staff worked with Voya to develop three new participant educational videos regarding: 1) the different types of investment options available to plan participants; 2) plan loans; and 3) required minimum distributions. The three new videos were posted to the LA457.com website at the beginning of June and were advertised via multiple communication channels including the DCP’s Facebook and Instagram accounts and the Personnel Department’s June 2020 newsletter which was released via Citywide email on June 8, 2020.
- City Separation Incentive Program (SIP) Communications** – On June 30, 2020, the City Council approved a SIP for City employees who are presently retirement eligible. Similar to the custom SIP communication that staff prepared in May for Los Angeles World Airports, staff also prepared a custom communication to provide potential SIP participants citywide with information regarding options for contributing to the DCP out of accrued leave or incentive payments. The custom communication was also posted on the Office of the City Administrative Officer’s SIP website and on the LA457.com website as a blog post.
- National Association of Government Defined Contribution Administrators (NAGDCA) 2020 Annual Conference** – NAGDCA has cancelled its in-person annual conference which was scheduled to be held in Seattle in October 2020 and instead will be hosting a virtual conference, NAGDCA Connect, a virtual engagement and learning series scheduled from October 5 to 29, 2020 to coincide with National Retirement Security Month. The virtual series will include a variety of topical sessions and small group discussions providing attendees the opportunity to learn and network with peers. The event schedule is as follows:

OCTOBER 5-29, 2020

MONDAYS	TUESDAYS	WEDNESDAYS	THURSDAYS
General Sessions	DC Community Exchange	Learning Labs	Peer-to-Peer Exchange
topical presentations and discussions featuring industry leaders	small, moderated group discussions comprised of industry representatives and plan sponsors to discuss issues/challenges	3 topical concurrent, sessions to choose from; each session will be repeated	small, moderated group discussions comprised of plan sponsors to share best practices, and learn from their peers; <i>reserved for government registrants only</i>

Registrants will have access to all sessions with the exception of the Peer-to-Peer Exchange sessions which are reserved for plan sponsors only. General sessions and learning lab sessions will begin at 2:00 p.m. ET, and registrants may select to participate from multiple time slots for the exchange sessions. Staff member Steven Montagna is also working with NAGDCA to lead one of the NAGDCA Connect sessions.

The cost to attend is \$100 per registrant. This is a fraction of the approximately \$2,500 cost the DCP would have incurred for an in-person event. Any registrant will be able to access the content as a recording at any time after the conference. Given the low cost, ease of content accessibility, and that external training opportunities may be limited for some time, enrolling for this event is strongly encouraged for all Board members. Staff will reach out to Board members to solicit their interest in attending the virtual conference.

C. Communications Updates

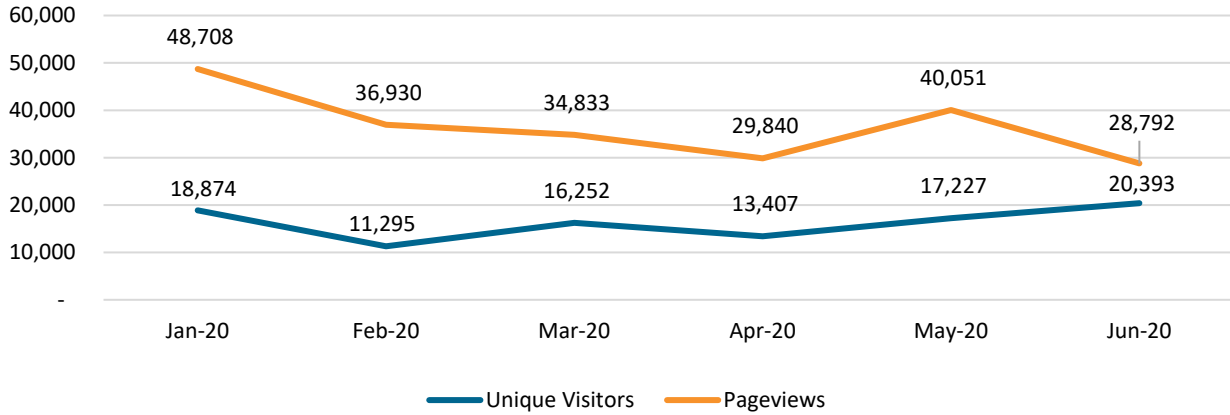
LA457.com Engagement Statistics: June 2020

LA457.com saw 20,393 unique visitors and 28,792 pageviews. The table on the right provides a review of the top ten website topics accessed by participants during the month of June.

Top 10 LA457.com Pages in June 2020		Views
1.	Homepage	22,756
2.	Contact Us	812
3.	Board Meeting Materials	745
4.	CARES Act	676
5.	Investments Committee	385
6.	Your Distribution Options	288
7.	Loans	264
8.	Join the Plan	216
9.	Elections 2020	214
10.	Plan Governance	174

The following chart on page 4 tracks LA457.com unique visitors and pages viewed since January 1, 2020.

Year-to-Date LA457.com Traffic



D. 2020 DCP Strategic Initiatives Update

Attachment A provides a status review of 2020 DCP Strategic Initiatives as adopted by the Board at its May 19, 2020 meeting.

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	Management Assistant	Communications	90%	Eric Lan
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 is the current Committee roster as designated by the Board Chairperson:


Plan Governance & Administrative Issues Committee	Investments Committee	Participant Engagement Committee	Ad Hoc Committee on DCP Autonomy
Joshua Geller, Chair	Raymond Ciranna, Chair	Neil Guglielmo, Chair	Thomas Moutes, Chair
Hovhannes Gendjian	Joshua Geller	Joshua Geller	Raymond Ciranna
Thomas Moutes	Hovhannes Gendjian	Hovhannes Gendjian	Joshua Geller
	Neil Guglielmo	Baldemar J. Sandoval	Neil Guglielmo

G. Upcoming Board Meetings

Following is a review of upcoming Board meeting agenda items:

Meeting Date	Proposed Agenda Items
<i>September 15, 2020</i>	<ul style="list-style-type: none"> • Third-Party Administrator Quarterly Review – Second Quarter 2020 • Board Report: Fiscal Year 2020-21 Participant Goals and Outcomes • Board Report: Financial Education/Investment Advisory Services Request for Information Evaluation • Board Report: FY 2021-22 Training/Travel Budget • Board Report: DCP Plan Projects and Activities Report: July-August 2020
<i>October 20, 2020</i>	<ul style="list-style-type: none"> • Board Report: Third-Party Administrator Service Provider Contract Extension • Board Report: DCP Plan Projects and Activities Report: September 2020
<i>December 8, 2020 (Special Meeting)</i>	<ul style="list-style-type: none"> • Board Report: DCP Revenue and Expense Review • Board Report: Quarterly Reimbursements – Third Quarter 2020 • Board Report: DCP Plan Projects & Activities Report: October-November 2020

Submitted by:




 Mindy Lam, Personnel Analyst

Reviewed by:



 Jenny M. Yau, Senior Management Analyst II

Approved by:



 Steven Montagna, Chief Personnel Analyst

2020 DCP Strategic Initiatives

1. Review and Update the Board's Election Policies and Procedures

Staff is currently conducting a thorough review of the Board's Election Policies and Procedures for possible refinements and improvements, particularly as those may relate to unusual contingencies. Staff anticipates completing its review and convening the Plan Governance and Administrative Issues Committee in the third quarter of 2020.

2. Adopt Updated Fiscal Year (FY) 2020-21 Participant Goals and Outcomes

Staff is currently working with the DCP's Third-Party Administrator, Voya to review the results of the FY 2019-20 participant goals and outcomes. Staff is also thoroughly re-examining all DCP goals in light of some of the potentially fundamental ways the current financial and economic backdrop may impact participation, contribution, and distribution patterns. It is anticipated that proposed FY 2020-21 participant goals and outcomes will be presented to the Board at its September 15, 2020 meeting.

3. Design Participant Survey

Staff has been developing an option for surveying DCP participants using an approach involving shorter and ongoing outreach for participant feedback. Defining not only the approach but what types of information would be solicited from participants would be closely tied to the refinement of participant goals and outcomes. As a result, staff intends to include the proposed survey approach as a topic in the goals and outcomes report to be discussed at the Board's September 15, 2020 meeting.

4. Create Defined Contribution Plan Manager Classification

Following the 10-day notice of intention to create the new Defined Contribution Plan Manager classification, the Board of Civil Service Commissioners (CSC) took the following actions at its June 25, 2020 meeting:

- 1) Created the new classification of Defined Contribution Plan Manager, Class Code 9152; and
- 2) Adopted the new class specification for the Defined Contribution Plan Manager, Class Code 9152

Following the approval of the CSC, the Classification Division notified the Office of the City Administrative Officer (CAO), Employee Relations Division (ERD) of the creation of the new classification. The CAO, ERD will review various documents including the organization chart, justification for, and the class specification of, the new classification and work directly with

staff, in consultation with the Ad Hoc Committee on DCP Autonomy to determine the salary range for the new classification.

Additionally, in response to a letter sent by the Board to the Mayor requesting (1) exemption of DCP funded positions from the Mayor's recently instituted hiring freeze and (2) support in working with the City Council to add one regular position authority of Defined Contribution Plan Manager in the Personnel Department's Fiscal Year 2020-21 Budget, the City Council adopted a recommendation by the Chief Legislative Analyst to add one resolution position authority for the newly created Defined Contribution Plan Manager classification. Staff is convening the Ad Hoc Committee on DCP Autonomy to address next steps for reviewing proposed salary ranges and recruitment considerations for the new classification.

5. Complete Investment Manager Searches

At its May 19, 2020 meeting, the Board directed staff to insert language into the Investment Management Services and Stable Value Fund Investment Management Services Requests for Proposals (RFPs) to advise proposers that the City reserves the option to request and consider (a) updated performance information incorporating the time periods most proximate to the evaluation of each investment mandate; and (b) the most recent portfolio characteristics in its evaluation of each investment mandate. Staff has completed these updates to the RFPs as directed by the Board. The Stable Value Fund Investment Management Services RFP was released to the vendor community on July 20, 2020. The Investment Management Services RFP is anticipated to be released to the vendor community in early August.

6. Complete Plan Document Review

DCP and City Attorney staff are conducting 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. Eight review sessions occurred between August 2019 and May 2020. The City Attorney review is complete and the Plan Document with all edits were provided to Ice Miller. Staff met with ICE Miller in July and made additional edits to the Plan Document based on the feedback received during the meeting. The revised document is next being provided to Voya to ensure that the revised provisions are consistent with Voya's processes. Following Voya's review, staff will convene the Plan Governance and Administrative Issues Committee.

7. Initiate DCP Financial Audit

The final issues regarding the draft Professional Services Agreement with Crowe LLP have been resolved. The draft Agreement has been transmitted to the Mayor's Office in accordance with Executive Directive No. 3. Once the contract is executed, staff will meet with Crowe LLP to initiate the financial audit.

8. Complete an Investment Advisory and Financial Education Services Review

Staff has completed its initial review of the four responses received in response to the Request for Information (RFI) for financial education and/or investment advisory services that was released to the vendor community on March 4, 2020. Staff has also completed engagement exercises with the RFI respondents, as provided for in the RFI, to better understand their service offerings. Staff anticipates presenting findings to the Board at its September 15, 2020 meeting.

9. Expand Automatic Enrollment Program (AEP) Participation

Staff has developed a discussion document for the City's labor organizations with respect to designing a supplementary optional model for labor organizations to elect providing for a higher default contribution rate, higher and faster auto escalation of the contribution rate, and/or applying automatic enrollment to current non-participating employees (not just new hires). Staff will work with the Board's Labor Representative on the timing of engaging labor organizations on this topic.

10. Develop a Strategic Communications Plan

In connection with designing the participant survey, staff is also working on developing a strategic communications plan to serve as a long-term plan for delivering effective and coordinated DCP messaging with the ultimate goal of increasing employee participation, engagement, awareness, and satisfaction. Staff will schedule review of the draft plan by the Participant Engagement Committee prior to bringing it to the full Board.

11. 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 has been working with consultants Segal and Mercer to address some of the significant technical and practical complexity involved in offering a Deemed IRA. A report providing an update to the Board is being developed and is tentatively targeted for the Board's October 20, 2020 meeting.