



## Board Report 21-53

Date: October 19, 2021  
To: Board of Deferred Compensation Administration  
From: Staff  
Subject: Deferred Compensation Plan Projects and Activities Report: September 2021

Board of  
Deferred Compensation  
Administration

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### Discussion:

Following are Deferred Compensation Plan (DCP) project and activity updates for September 2021:

#### A. Operations and Project Updates

- **National Association of Government Defined Contribution Administrators (NAGDCA) 2021 Annual Conference** – NAGDCA concluded its three-day annual conference on September 16, 2021. The annual conference was held virtually and included a variety of topical sessions and small group discussions providing attendees the opportunity to learn and network with peers. A total of 10 Board members and staff attended the virtual conference. NAGDCA reports that it is planning to have its 2022 annual conference from September 18-21, 2022 in Baltimore, MD. Currently, NAGDCA is planning for an in-person conference while also developing a virtual option. Staff will keep the Board updated on the status of the 2022 conference as additional information becomes available.
- **Human Resources Payroll (HRP) Update** – At the Board’s September 21, 2021 meeting, staff provided an update regarding the HRP conversion, indicating that staff had received notice that the payroll and benefits elements of the conversion would be postponed from the original December 2021 go-live date to December 2022. A question arose as to the status of the City Council’s approval of the delay in conversion. Final action by City Council is pending as of the time of writing this report, but at its meeting on October 6, 2021, the Personnel and Animal Welfare Committee (PAAW) approved the proposal for the phased deployment approach. Staff is continuing to monitor the status of this item.

## B. Communications Updates

- **NAGDCA Art Caple President’s Award Winner** – For the second year in a row, NAGDCA awarded the prestigious Art Caple President’s Award to the City of Los Angeles in recognition of the DCP’s successful 2020 NRSM – LA’s the Place! Campaign. The Art Caple Award was created in 2019 to commemorate the work of past NAGDCA president, Art Caple and is awarded annually to a public sector plan that has championed a participant-first mentality and service to its constituents. The Art Caple award winner was announced at the 2021 virtual conference with staff member Steven Montagna acknowledging the award on behalf of the DCP. NAGDCA recognized the City of Los Angeles on its website, social media, and by issuing a press release, as well as presenting the DCP with an award to display. Winning the award two years in a row is a significant accomplishment for the DCP.
- **2021 National Retirement Security Month (NRSM) Campaign** – The City’s 2021 NRSM launched one week early on September 27, 2021 and will run through October 31, 2021. The goal of the campaign is to raise engagement with the DCP and increase awareness of DCP features and services. An overview of NRSM campaign elements was presented at the Board’s August 17<sup>th</sup> meeting. Staff anticipates presenting the results of the NRSM campaign at the Board’s December 2021 meeting.
- **DCP Micro-Surveys** – At its June 15, 2021 meeting, the Board approved staff’s proposal to issue four short surveys (micro-surveys) targeted at various population groups to obtain information on behaviors, attitudes, needs, and opinions related to participation, contributions, asset retention, and distributions. A summary of each micro-survey is provided below:
  - 1) Participation Survey – targeted at non-enrolled but eligible to participate active employees.
  - 2) Contributions (My Savings Options) Survey – targeted at current DCP participants contributing as a dollar amount and percent-of-pay.
  - 3) Distributions Survey – targeted at retiree and separated from City service participants who take full distributions.
  - 4) Asset Retention (Rollovers) Survey – targeted at retiree and separated from City service participants who take full or partial rollovers.

In mid-September, staff mailed distributions and asset retention surveys to approximately 230 DCP participants who took full distributions and/or full or partial rollovers as of June 30, 2021. Staff’s plan is to issue these micro-surveys to those participants who meet this criteria at the end of every quarter. Staff will report back to the Board on the survey results when a representative number of responses have been received.

- **Money Matters Zoom Virtual Meetings** – In October 2020, staff launched “Money Matters” virtual meetings for employees to interact with DCP local retirement counselors

via Zoom. During these sessions, DCP local retirement counselors provide education on various topics and answer participant questions.

General DCP information virtual meetings are held on the third Wednesday of every month from 12 noon to 1:00 pm. Staff also added a DCP enrollment virtual meeting targeted at eligible but not participating employees. Attendance for the September virtual meetings is provided in the chart below:

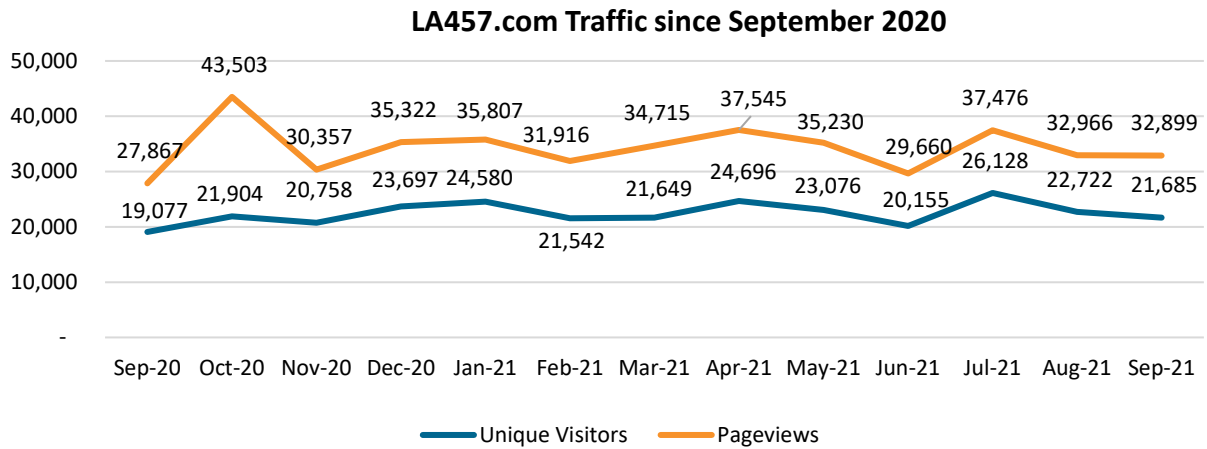
Topic	Date	Attendance
DCP Enrollment	September 7, 2021	10
Percent of Pay	September 15, 2021	10

- **LA457.com Engagement Statistics: September 2021**

LA457.com saw 21,685 unique visitors and 32,899 pageviews. The table to the right provides a review of the top ten website topics accessed by participants during the month.

Top 10 LA457.com Pages in September 2021	Views
1. Homepage	21,449
2. NRSM 2021	3,583
3. Contact Us	649
4. FAQs	636
5. Revamped DCP Participant Navigation is Live!	603
6. Contributions	556
7. Board Meeting Materials	538
8. Join the DCP	519
9. Investments Committee Materials	405
10. Retirement Counselor Calendar	356

The chart below tracks LA457.com unique visitors and pages viewed since September 2020.



### C. 2021 DCP Strategic Initiatives Update

**Attachment A** provides a status review of 2021 DCP Strategic Initiatives as adopted by the Board at its January 19, 2021 meeting.

### D. Staffing Update

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

Position Authority	Incumbent Class	Function	Est. Percent Reimbursed by DCP	Staff Member
<b>Personnel</b>				
Defined Contribution Plan Manager	N/A	Executive Director	100%	Vacant
<i>*Chief Personnel Analyst</i>	<i>Chief Personnel Analyst</i>	<i>Executive Director</i>	<i>20%</i>	<i>Steven Montagna</i>
<i>*Senior Benefits Analyst II</i>	<i>N/A</i>	<i>Plan Governance</i>	<i>40%</i>	<i>Vacant</i>
Senior Benefits Analyst I	N/A	Plan Administration	100%	Vacant
Benefits Analyst	Benefits Analyst	Communications	100%	Eric Lan
Benefits Analyst	Benefits Analyst	Operations	100%	Mindy Lam
Benefits Specialist	Benefits Specialist	Participant Services	100%	Claudia Guevara
DCP Intern	DCP Intern	Participant Research	100%	Rose Moore
<b>City Attorney</b>				
Deputy City Attorney	Deputy City Attorney	Board Counsel	25%	Charles Hong
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

*\*Note: The Chief Personnel Analyst and the Senior Benefits Analyst II positions will no longer provide staff support to the DCP once the Defined Contribution Plan Manager position is filled.*

### E. Committee Assignments

At the Board Chairperson’s request, staff will be reaching out shortly to all Board members to reverify and solicit interest for Committee assignments for 2022. Following is the current Committee roster as designated by the Board Chairperson:

Plan Governance and Administrative Issues Committee	Investments Committee	Participant Engagement Committee	Ad Hoc DC Plan Manager Selection Committee
Joshua Geller, Chair	Raymond Ciranna, Chair	Neil Guglielmo, Chair	Thomas Moutes, Chair
Thomas Moutes	Joshua Geller	Joshua Geller	Joshua Geller
Baldemar J. Sandoval	Neil Guglielmo	Baldemar J. Sandoval	Neil Guglielmo

### F. Upcoming Board Meetings

Quorums have been established for the Board’s November 16 and December 21 meetings. Following is a review of upcoming Board meeting agenda items:

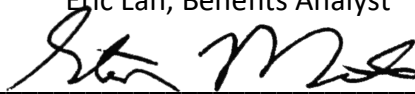
Meeting Date	Proposed Agenda Items
November 16, 2021	<ul style="list-style-type: none"> <li>• Investment Policy Statement Training</li> <li>• Quarterly Investment &amp; Economic Review – Quarter 3 2021</li> <li>• Board Report: Investments Committee Recommendations – International and Mid-Cap Mandates</li> <li>• Board Report: DC Plan Manager and Succession Planning Update</li> <li>• Board Report: Quarterly Reimbursements</li> <li>• Board Report: DCP Plan Projects &amp; Activities Report – October 2021</li> </ul>
December 21, 2021	<ul style="list-style-type: none"> <li>• Charles Schwab Self-Directed Brokerage Review</li> <li>• Third-Party Administrator (TPA) Quarterly Review – Quarter 3 2021</li> <li>• Board Report: Investments Committee Recommendations – Small-Cap and Bond</li> <li>• Board Report: DC Plan Manager and Succession Planning Update</li> <li>• Board Report: 2022 Committee Assignments</li> <li>• Board Report: 2021 National Retirement Security Month Campaign Results</li> <li>• Board Report: DCP Plan Projects &amp; Activities Report – November 2021</li> </ul>

Submitted by:



Eric Lan, Benefits Analyst

Approved by:



Steven Montagna, Chief Personnel Analyst

**2021 DCP Strategic Initiatives**

**1. Conduct Defined Contribution (DC) Plan Manager Position Selection Process (New)**

**Background:** At its October 20, 2020 meeting, the Board approved several recommendations with respect to the salary and recruitment considerations for the new DC Plan Manager position, including setting the salary of the classification at the level of Chief Personnel Analyst and requesting exemption of the new position from civil service and an unfreeze to fill the position.

**Status: In process.** At the Board's July 20, 2021 meeting, the Board requested that the Personnel Department initiate the examination development process for DC Plan Manager. The Personnel Department's Selection Division indicates that the examination bulletin is scheduled to be issued November 18, 2021, with the eligibility list finalized by February 2022. Staff will adjust as necessary the recruitment materials for the position previously presented to the Board. A separate and full report regarding the DC Plan Manager position and succession planning will be provided at the Board's November 16, 2021 meeting.

**2. Develop Board Findings Regarding Filing of Statements of Economic Interests and Related Requirements (New)**

**Background:** In connection with DCP autonomy provisions in the recently adopted Memorandum of Understanding between the Board and Personnel Department, the Board adopted a strategic initiative to establish its findings with respect to identifying positions required to file Statements of Economic Interests and coordinating related requirements.

**Status: Completed.** Staff's analysis and recommendation were addressed in Board Report 21-09. Staff has been working with the Personnel Department's Personnel Services staff and the City's Ethics Commission to help facilitate and advance updates to the Personnel Department Conflict of Interest Code. Staff will report back to the Board with updates as developments occur.

**3. Complete Plan Document Review (Continued)**

**Background:** Staff has been working with Board counsel and the Plan Governance and Administrative Issues Committee to revise the DCP Plan Document.

**Status: Completed.** The Board approved the revised Plan Document at its June 15<sup>th</sup>, 2021 meeting (Board Report 21-31). Staff subsequently posted the revised Plan Document to the LA457.com website.

**4. Complete Investment Manager Searches (Continued)**

**Background:** The Board is in the process of executing provider searches for all of its investment mandates.

**Status: In process.** On February 16, 2021, the Board selected Galliard Capital Management (Galliard) as the DCP Stable Value Fund provider. Staff is currently working with Galliard staff

to negotiate and draft a new five-year contract in consultation with Board counsel. On May 18, 2021, the Board approved a five-year contract term with Vanguard to provide management services for DCP passive bond and passive large-cap equity strategies. Staff is currently working with Vanguard staff to negotiate and draft a new five-year contract in consultation with Board counsel.

Staff is working with the Investments Committee to schedule additional meetings to complete the consultant, Mercer’s and the Committee’s evaluation of search responses for DCP actively managed funds by the end of the calendar year. The following table provides a timeline for Investments Committee review of the remaining mandates and tentative subsequent consideration by the full Board:

Topic	Investments Committee Meeting Date	Board Meeting Date for Considering Investment Committee Recommendations
Stage 2 – Small-Cap Stage 3 – International	Week of October 18	November 16, 2021 (International)
Stage 2 – Bond Stage 3 – Mid-Cap	Week of October 25	November 16, 2021 (Mid-Cap)
Stage 3 – Small-Cap Stage 3 – Bond	Week of November 29	December 21, 2021 (Small-Cap and Bond)

## 5. Complete Investment Advisory and Financial Education Services Review (Continued)

**Background:** Staff and the Board have been reviewing the potential for offering investment advisory and financial education services. A Request for Information (RFI) for investment advisory and/or financial education services was issued on the City's Los Angeles Business Assistance Virtual Network on March 4, 2020 with responses due on April 7, 2020, resulting in four responses. Staff’s evaluation of the responses to the RFI was addressed in Board Reports 20-34 and 20-38.

**Status: In process.** Staff’s updated analysis and recommendations were addressed in Board Report 21-21. A follow-up report and meeting of the Plan Governance and Administrative Issues Committee on this and other topics is anticipated to be scheduled for November 2021.

## 6. Complete Request for Proposal for DCP Investment Consulting Services (New)

**Background:** The term of the contract with the DCP’s investment consultant, Mercer will end on December 31, 2021 (total 6.5 year term). Mercer currently provides three primary categories of services under its contract: (1) ongoing investment performance monitoring and reporting; (2) investment manager searches; and (3) ad hoc miscellaneous research and other assignments.

**Status: In process.** A total of three proposals were received in response to the RFP, including responses from Mercer, Callan LLC, and R.V. Kuhns & Associates, Inc. (RVK, Inc.). Staff’s analysis and recommendations are provided in Board Report 21-51.

## 7. Initiate DCP Financial Audit (Continued)

**Background:** The contract with Crowe LLP to provide financial audit services for the DCP was executed on December 18, 2020.

**Status: Pending.** On January, 6, 2021, staff met with Crowe LLP staff to discuss a proposed plan for the commencement of a financial audit. Staff reviewed the information provided by Crowe and staff's analysis and recommendations were addressed in Board Report 21-15. This project is temporarily suspended pending filling staff vacancies.

## 8. Design Automatic Enrollment Program (AEP) Supplemental Model (Continued)

**Background:** In May 2018, the Los Angeles Police Protective League (LAPPL) signed a letter of agreement adopting the DCP's AEP. DCP staff subsequently engaged in meetings with labor organization leaders to gather feedback about AEP interest. At its June 18, 2019 meeting, the Board approved staff's recommendation to coordinate a meeting of interested employee labor organizations to gather feedback and gauge interest in the AEP.

**Status: In process.** Staff has developed a discussion document for the City's labor organizations with respect to designing a supplementary optional AEP model. Under this option, labor organizations could elect a model 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). Discussions with labor organizations will proceed as soon as practical.

## 9. Develop Options for Deemed IRA Investment Menu (Continued)

**Background:** At its December 15, 2020 meeting, the Board reviewed staff's analysis of the Deemed IRA option in Board Report 20-45 and adopted staff's recommendation to direct the Investments Committee to work with staff and the DCP investment consultant to develop options and considerations for a potential alternative investment menu design for the DCP Deemed IRA.

**Status: In process.** Potential investment options for a Deemed IRA can be addressed upon conclusion of the DCP Core Investment Menu bond/equity procurement process. Actual implementation of a Deemed IRA would be determined based on future actions to be taken by the Board.

## 10. Adopt Fiscal Year 2021-22 Participant Goals (New)

**Background.** On a fiscal year basis, the Board adopts DCP participant goals related to participation, contributions, distributions, and asset retention.

**Status: Completed.** The Board approved staff's proposal for amending the time period for DCP participant goals to be measured on an annual basis in Board Report 21-37. Accordingly, staff will be working with Voya to review and analyze the results of participant goals ending on December 31, 2021. Staff will also take into consideration the recent financial and economic backdrop in informing the setting of goals for the upcoming calendar year.



## 11. Implement Participant Survey Plan (Continued)

**Background:** The DCP periodically conducts surveys to assess participant feedback on various topics which are useful for the Board’s consideration of service and plan design feature improvements or additions.

**Status: Completed.** Staff completed a review of an approach involving shorter and repeated “micro-surveys” to encourage responsiveness and develop trend data over time. The draft surveys and staff’s proposal for issuing the surveys were approved by the Board at its June 15, 2021 meeting (Board Report 21-33).

## 12. Develop DCP Communications Strategic Plan (Continued)

**Background:** The Board adopted as a strategic initiative the development of a DCP communications strategic plan that would provide a roadmap for creating effective and coordinated DCP messaging for the purpose of increasing employee participation, engagement, awareness, and satisfaction.

**Status: Completed.** Staff completed its draft plan for incorporating creative strategies for obtaining data and feedback from participants and integrating this information into a communications and engagement plan that is flexible and iterative. The proposed draft plan along with the proposed participant surveys (strategic initiative number 11) were approved by the Board at its June 15, 2021 meeting (Board Report 21-33).