



Board Report 22-15

Date: March 15, 2022

To: Board of Deferred Compensation Administration (Board)

From: Staff

Subject: Voya Mailing Distribution Error

| Board of Deferred Compensation Administration |
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Discussion:

This report provides information to the Board regarding a Voya Financial (Voya) mailing distribution error.

On March 2, 2022, staff was advised that a special written communication generated by Third-Party Administrator (TPA) Voya and directed to certain participants in the Deferred Compensation Plan (DCP) Self-Directed Brokerage Account (SDBA) with Charles Schwab had been mistakenly mailed to the entire eligible and enrolled DCP population, including individuals formerly eligible for the DCP. The communication, which was an advisory directed to participants in the SDBA who are not maintaining the required minimum balance in the DCP Core Options, was intended for 569 participants but was issued to over 64,000 participants. As this was a generic communication, there was no confidential information included in the document.

Staff and Voya took the following immediate steps to mitigate this event:

March 2, 2022 Mitigation Measures:

- (1) A Citywide email was drafted and issued indicating that the communication had been issued in error.
- (2) Talking points regarding the incident were provided to Voya's call center representatives and local counselors.
- (3) A pop-up message regarding the incident was placed on the City's LA457.com landing page.
- (4) Talking points regarding the incident were provided to Charles Schwab for their call center representatives.

March 3, 2022 Mitigation Measures:

1. Messaging regarding the incident was added to Voya's automated Interactive Voice Response IVR system.

March 4, 2022 Mitigation Measures:

1. Voya issued an email regarding the incident to all DCP participants who had previously filed an email address with Voya for their account.
2. Voya printed and began mailing a letter of explanation and apology to all impacted individuals.

The incident has thus far generated less than one hundred inquiries from participants. Most of these inquiries have been for the purpose of confirming the information contained in the clarifying communications issued by the DCP and Voya or as prompts for participants to discuss other issues related to their accounts.

Voya has generated an incident report (**Attachment A**) which details how the event occurred, the mitigation measures taken, and measures to reduce/eliminate risks of similar future events. The report further notes that Voya is working with staff to develop specific proposals for (a) modifying and expanding upon performance guarantees as reflected in the services agreement between the DCP and Voya; and (b) making investments in evaluating and improving administrative service support for the City's DCP. Staff will report back at the next Board meeting once these proposals have been fully vetted.



Submitted by:

Steven Montagna, Chief Personnel Analyst

February 2022 SDBA Minimum Balance Policy Mailing Incident

Date: March 7, 2022

Incident Description:

On 02/08/2022 Voya executed our “custom correspondence” process with the intention of mailing 585 letters to specific participants in the Deferred Compensation Plan (DCP). These letters contained identical language with respect to a minimum balance requirement for participants utilizing the City’s Self-Directed Brokerage Account (SDBA); no unique personal identifiable information was included with the letter, other than the recipient’s name and address. The standard process and controls were followed in creating the mail file with names and addresses for the 585 participants. The mail file was created using the required criteria to capture the correct population. Consistent with our standard process, that mail file then went through two instances of Quality Control review (QC) by two independent parties at Voya. This process confirms the correct number of people in the file, as well as a check of the address assigned to each person in the file against the record keeping system. The file “passed” both QC reviews and was cleared for processing. The Voya Plan Management team then submitted the mailing request per our standard process to our Voya Document Management Team, but in doing so, attached the incorrect mail file to the mailing request (the file that was reviewed was not the file that was attached to the request). We inadvertently attached a mail file containing all Plan participants, eligible employees and former participant populations. This resulted in the communication intended for the targeted pool being distributed to everyone included in the incorrect file.

Affected Population:

Total Mailings 64,184

Mitigation:

Voya reached out to City staff immediately upon becoming aware of the mailing error. Following a consultation with the City, it was agreed that we would leverage electronic communications to inform the impacted groups regarding the mailing error. The City immediately issued an email regarding the incident to employees to reduce participant confusion on March 2, 2022. Voya also sent an electronic communication to all individuals with email address on file to capture impacted participant as well as former participants on March 4, 2022. Detailed information was provided to Voya’s Call Center, Local Voya Representatives and Schwab’s Call Center to assist with possible participant questions and concerns on March 2, 2022. Also, banner messaging was added to the City’s LA457.com website on March 2, 2022. A recorded message was added to the Voya City of Los Angeles’ DCP IVR on March 3, 2022. Lastly, Voya mailed a detailed letter explaining what transpired (along with an apology) to all impacted individuals. The letter was issued on March 7, 2022.

Preventative Measures:

Voya has implemented an additional step to our standard mailing process in response to this incident. It was already an existing step in the process to include the number of letters to be mailed in the text of the mailing request. Upon review, we discovered that there was not a step in the process that required the Plan Management team to review the request AFTER it has been submitted for mailing and do an additional QC of the mail file to ensure that the number of people in the SUBMITTED file matches the number of people stated in the text of the request, therefore eliminating the possibility that the incorrect mail file was attached to the submission request. We have added this step to the process. In the addition, we have requested the Mail Team confirm the total print count when obtaining the final approval for mailing. These procedures were implemented on March 6, 2022.

Accountability and Process Improvement:

We recognize that assurances by themselves do not adequately demonstrate the organizational commitment Voya has to being an excellent and reliable partner for the City. As a result, we are in active discussions with City staff to add additional performance guarantees to provide a higher degree of accountability in our processing and performance, which will be brought forward to the Board as proposals prior to being finalized.

In addition, in concert with DCP staff, we're developing specific proposals for making investments in evaluating and improving our administrative service support for the City's DCP. These will also be brought forward to the Board as proposals prior to being finalized.

Conclusion:

In conclusion, we would like to express our sincerest apologies for this unfortunate event. We recognize its significance and its impact on your participants and our credibility as a reliable provider. We are committed to rebuilding the trust of DCP participants and the City.