



Board Report 22-38

Date: June 29, 2022

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Projects and Activities Report: May 2022

Board of Deferred Compensation Administration
Thomas Moutes <i>Chairperson</i>
Raymond Ciranna <i>Vice-Chairperson</i>
Robert Schoonover <i>First Provisional Chair</i>
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Discussion:

Presentation regarding Deferred Compensation Plan (DCP) project and activity updates for May 2022:

A. Operations and Project Updates

- **DC Plan Manager Exemption and Recruitment Update** – The request for the exemption of the DCP’s Defined Contribution Plan Manager position was approved by the Personnel, Audits, and Animal Welfare Committee at its June 17, 2022 meeting. The City Council subsequently approved this item at its June 24, 2022 meeting.

The Personnel Department recently established a bench of three executive recruitment firms that can assist the City in filling executive-level and difficult-to-fill positions. The three firms are offered the ability to bid on recruitment opportunities. The firms are Partners In Diversity, The Hawkins Company, and The Energists. On June 13, 2022, the Personnel Department provided the firms with a scope of work for the DC Plan Manager position. The scope of work was developed in tandem with DCP staff and asked firms to indicate their experience recruiting senior leadership positions in the retirement industry. The firms were given until June 27, 2022 to bid on this project. DCP staff has also reached out to several large City departments to inquire whether there are other existing executive recruitment contracts that may render services well suited for the DCP. Most inquiries are still outstanding; however, the Los Angeles City Employees’ Retirement System (LACERS) indicated that they typically use the recruitment firms

procured by the Personnel Department. DCP staff will assess the qualifications of the firms that respond to the Personnel Department's bid and will provide a report back to the Board while continuing to seek other recruitment resources within the City.

- **Assessing the Feasibility of an Employer Match for the DCP** – DCP staff recently received inquiries about the possibility of the City offering an employer match for the DCP. Staff has reached out to the DCP's recordkeeper, plan design consultant, and legal counsel to gather preliminary information to understand the feasibility of offering an employer match, how a match could be implemented from a governance perspective, and what the administrative burden would be. This preliminary work suggests that adoption of a match would be a significant undertaking and there would be plan design decisions for the Board to weigh. However, the inclusion of a match can also provide notable benefits to plan participants and may be an avenue to achieve some of the Board's long-term plan objectives, including auto-enrollment. Staff will provide the Board with a report detailing early findings at its July 19, 2022 meeting.
- **Schwab Self-Directed Brokerage Account Single Sign-On** – In May, Voya and Schwab rolled out a new single sign-on (SSO) feature for DCP participants who use the Self-Directed Brokerage Account (SDBA) investment option. SSO allows participants to access their Schwab SDBA directly from their post-login Voya account. Participants no longer have to re-authenticate their credentials, providing easier access and greater convenience to manage their investments. Additionally, the feature allows non-SDBA participants to open an SDBA online directly through their Voya account. Instructions for the SSO and for opening a new account are posted on LA457.com/sdba and LA457.com/sdba-ss0. Staff released a letter, email, and blog post to announce the new feature.
- **Workday Phase 1 Implementation** – On May 22, 2022, the first phase of the City's new human resources and payroll (HRP) program, Workday, went live. The first phase of this project only included human resources components of the system and did not include payroll or benefits. However, a change to the PaySR application that coincided with the Workday implementation temporarily impeded DCP staff's ability to make changes to DCP contributions. Staff quickly escalated this issue and ITA developed a fix that was tested by DCP staff and subsequently released as an emergency update. The emergency fix was released in ample time for DCP staff to make necessary contribution changes before payroll close. Staff continues to work with the HRP team to ensure that DCP transactions and processes will be maintained during transitions.
- **2022 National Association of Governmental Defined Contribution Administrators (NAGDCA) Annual Conference Update** – As previously noted to the Board, the NAGDCA Annual Conference will be held virtually and in-person in Baltimore, Maryland. Staff has reached out to the Board for their interest in attending the event. The deadline for early-bird registration is July 26, 2022. Interested Board members should contact DCP staff to register for the conference. The event schedule is provided in **Attachment A**.

B. Communications Updates

- **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 12:00 to 1:00 p.m. Attendance for the May virtual meeting is provided in the following table:

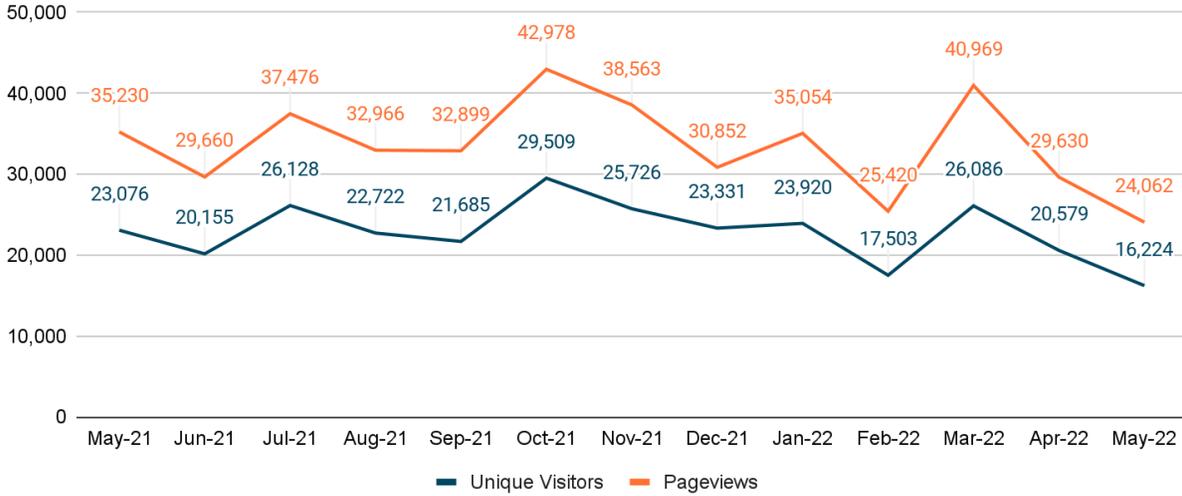
Topic	Date	Attendance
Loans	May 18, 2022	26

- **LA457.com Engagement Statistics: May 2022** – In May LA457.com saw 16,224 unique visitors and 24,062 pageviews. The following table provides a review of the top ten website topics accessed by participants during the month.

Top 10 LA457.com Pages in May 2022	Views
1. Home	18,163
2. Contact Us	791
3. FAQs	703
4. Join the DCP	573
5. Loans	403
6. Your Distribution Options	385
7. Contributions	350
8. Investment Options	257
9. Board Meeting Materials	201
10. Money Matters	165

The following chart tracks LA457.com unique visitors and page views over the past calendar year.

LA457.com Traffic in the Last Year



C. 2022 DCP Strategic Initiatives Update

- A status review of DCP strategic initiatives is addressed in **Attachment B**.

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
Personnel				
Defined Contribution Plan Manager	Defined Contribution Plan Manager	Executive Director	100%	Vacant
Chief Management Analyst	Chief Management Analyst	Employee Benefits Chief	10%	Paul Makowski
Senior Benefits Analyst II	Senior Personnel Analyst II	Plan Governance	60%	Daniel Powell
Senior Benefits Analyst II	Vacant	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
City Attorney				
Deputy City Attorney IV	Deputy City Attorney IV	Board Counsel	25%	Charles Hong
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

E. Committee Assignments

- Following is the current Committee rosters 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	Neil Guglielmo	Dana Brown	Joshua Geller
Baldemar J. Sandoval	Baldemar J. Sandoval	Joshua Geller	Neil Guglielmo
	Jeremy Wolfson	Baldemar J. Sandoval	

F. Next Board Meeting

The next regular Board meeting will take place on July 19, 2022. Following is a tentative list of agenda items for that meeting:

July 19, 2022 Regular Meeting Agenda Items
Board Report: AB 361 Review
Board Report: DCP 2021 Annual Report
DC Trends, Plan Design, and Regulatory Review

Submitted by:

Eric Lan, Benefits Analyst

Approved by:

Daniel Powell, Senior Personnel Analyst II

Agenda

Agenda subject to change.
Session details will be released in June.

Sunday, September 18

Day 1 | Sunday, September 18

3:00 p.m. – 6:00 p.m. ET	Registration Open
4:30 p.m. – 5:30 p.m. ET	<p>COMMITTEE MEMBERS' MEET-AND-GREET AND HEADSHOTS</p> <p><i>Open to 2022 and 2023 committee members.</i> Join your fellow NAGDCA committee members for drinks and hors d'oeuvres, and have a headshot taken by the professional conference photographer. (Headshots will be shared with committee members for personal use.)</p>
5:30 p.m. – 7:00 p.m. ET	<p>WELCOME RECEPTION</p> <p>A can't miss event! Reconnect with the NAGDCA community over drinks and dinner during this conference kick-off reception.</p>

Monday, September 19

Day 2 | Monday, September 19

8:00 a.m. – 4:00 p.m. ET	Registration Open
8:00 a.m. – 8:45 a.m. ET	Breakfast
9:00 a.m. – 9:30 a.m. ET	Conference Opening
9:30 a.m. – 10:30 a.m. ET	<p>KEYNOTE SPEAKER Ken Thomas</p> <p><u>Get it On! What it Means to Lead the Way</u> The Ranger motto is "Rangers Lead the Way". Leadership is at the core of every skill developed as a Ranger. But they will never tell you leading others is dependent upon your rank the stripes on your sleeve, the</p>

	<p>position you have, or the title you hold. Leadership is the example we set for the people we serve. And we all serve somebody.</p> <p>Keni Thomas’ stories of Task Force Ranger are extraordinary examples of leadership. And, the stories are not about Generals, Colonels or Captains. For example, Private David Floyd was in charge of one person that day – himself. But his leadership and example saved lives.</p> <p>In the pace of life, it is easy to lose perspective on our value to others. Make no mistake: Your presence is crucial! The individuals to the left and right are directly affected by the result of your actions. Each team is a puzzle with invaluable pieces.</p> <p>There is no greater responsibility than to lead others! When you raise your hand or assume a task, you have put on the “uniform”. This is a choice you have made. Duty follows that responsibility. It’s up to you to deliver because your actions directly affect those around you. Keni Thomas helps attendees see themselves in the light of extraordinary. Because people who believe they have something to offer, who believe they have what it takes, will be the ones to rise to the occasion and step up in difficult times. It is the ultimate definition of LEADING THE WAY...</p>
10:30 a.m. – 11:00 a.m. ET	<i>Break</i>
11:00 a.m. – 12:00 p.m. ET	BREAKOUT SESSIONS GROUP 1 – (3 options)
12:15 p.m. – 1:30 p.m. ET	Opening Luncheon
1:45 p.m. – 2:45 p.m. ET	BREAKOUT SESSIONS GROUP 1 REPEATED – (3 options)
2:45 p.m. – 3:00 p.m. ET	<i>Break</i>
3:00 p.m. – 4:00 p.m. ET	GENERAL SESSION
4:15 p.m. – 5:00 p.m. ET	Leadership Award Photos

Tuesday, September 20

Day 3 | Tuesday, September 20

6:00 a.m. ET	<p>THERESA CRUZ MYERS 5K RUN/WALK – Participants Meet</p> <p><i>Additional fee: \$30 – includes t-shirt. Sign up when you register.</i></p> <p>Registered participants meet at 6:00 a.m. in the Hilton lobby for transportation to the starting line.</p> <p>Transportation will depart at approximately 6:05 a.m.</p>
6:30 a.m. ET	<p>THERESA CRUZ MYERS 5K RUN/WALK – Run Begins</p>
8:00 a.m. – 4:00 p.m. ET	<p>Registration Open</p>
8:00 a.m. – 8:45 a.m. ET	<p>Breakfast</p>
9:00 a.m. – 10:00 a.m. ET	<p>GENERAL SESSION</p>
10:00 a.m. – 10:15 a.m. ET	<p>Break</p>
10:15 a.m. – 11:15 a.m. ET	<p>BREAKOUT SESSIONS GROUP 2 – (3 options)</p>
11:30 a.m. – 12:15 p.m. ET	<p>Industry Members’ Business Meeting</p> <p><i>Industry members only.</i></p>
11:30 a.m. – 12:30 p.m. ET	<p>GOVERNMENT BREAKOUT SESSIONS BY ASSET SIZE</p> <p>Government attendees only. Join your peers from plans of a similar size to discuss common issues.</p> <ul style="list-style-type: none"> ● Session #1: \$100 million or less ● Session #2: \$101 million – \$250 million ● Session #3: \$251 million – \$499 million ● Session #4: \$500 million – \$999 million ● Session #5: \$1 billion – \$3 billion ● Session #6: > \$3 billion ● Session #7: First Responders (Police/Fire) New for 2022 – Special session for police and fire plans of all sizes.

12:30 p.m. – 1:45 p.m. ET	Government Members' Lunch and Business Meeting <i>Government members only.</i>
2:00 p.m. – 3:00 p.m. ET	ROUNDTABLE DISCUSSION DECK Crafted exclusively for the conference, this interactive session encourages thoughtful conversation in a roundtable discussion format. Each group discussion is unique and allows members to learn from each other by discussing a range of engaging and interesting questions. You don't want to miss this enriching networking session.
3:00 p.m. – 3:15 p.m. ET	Break
3:15 p.m. – 4:15 p.m. ET	GENERAL SESSION
6:00 p.m. – 9:00 p.m. ET	OFF-SITE EVENT

Wednesday, September 21**Day 4 | Wednesday, September 21**

8:00 a.m. – 10:30 a.m. ET	Registration Open
8:00 a.m. – 8:45 a.m. ET	Breakfast
8:00 a.m. – 1:00 p.m. ET	Luggage Storage
9:00 a.m. – 9:45 a.m. ET	NAGDCA AWARDS PRESENTATION CEREMONY
9:45 a.m. – 10:00 a.m. ET	Break
10:00 a.m. – 11:00 a.m. ET	BREAKOUT SESSIONS GROUP 2 REPEATED – (3 options)
11:00 a.m. – 11:15 a.m. ET	Break
11:15 a.m. – 12:15 p.m. ET	GENERAL SESSION <u>Washington Update</u>

2022 DCP Strategic Initiatives

RESOURCE INITIATIVES

1. Fill DCP Leadership Positions: DC Plan Manager and Senior Benefits Analyst I/II

Initiative: The Board identified filling the DCP leadership positions of DC Plan Manager and Senior Benefits Analyst I (reallocated to Senior Benefits Analyst II as of 7/1/22) as a strategic initiative for 2022.

Status: In progress. An update regarding the effort to fill the DC Plan Manager position is provided in the body of this report. The civil service exemption for this position has been approved by the City Council and staff is working to procure the services of an executive recruitment firm.

DCP staff is working to fill the newly reallocated Senior Benefits Analyst II position via several avenues: as a pay grade advancement opportunity, transfer opportunity, and in-lieu opportunity for a candidate in the Senior Benefits Analyst, Senior Personnel Analyst, or Senior Management Analyst classifications. The bulletin for this position is expected to be advertised shortly by the Personnel Department, and DCP staff will bring further updates as they are available.

2. Integrate New TPA Strategic Initiatives Director Position into Goals Development Framework

Initiative: The Board identified integrating Voya’s new Strategic Initiatives Director position into the existing framework for using goals and data to improve participant outcomes as a strategic initiative for 2022.

Status: In progress. This position has been filled and the new staff person is working with City staff to develop a robust goals development initiative that will be presented to the Board for approval. An update regarding this strategic initiative is provided in Board Report 22-32. Staff and Voya are developing a new goals proposal for the Board’s consideration at its September 20, 2022 meeting.

3. Establish DCP Budget Policy

Initiative: The Board identified establishing a DCP Budget Policy as a strategic initiative for 2022.

Status: Complete. A recommended DCP Budget Policy was provided in Board Report 22-21 and was subsequently adopted by the Board.

4. Establish a Facility Plan for DCP Staff

Initiative: As part of its annual resource review conducted in 2021, the Board discussed the potential costs involved with finding new facilities to house DCP staff. The Board approved establishing a facility plan for DCP staff as a strategic initiative for 2022.

Status: In progress. Staff has discussed leasing opportunities with both LAFPP and LACERS. The LAFPP options are detailed in Board Report 22-27. LACERS is preparing to move into its own building on Broadway later this year. LACERS staff indicated that there is a possibility that there will be space available for lease to the DCP, but it's not yet clear whether that will be the case. LACERS staff suggested that the DCP consider other leasing options, but consult with LACERS before making a final decision. DCP staff has reached out to the Department of General Services' Real Estate Services division for further assistance in identifying new leasing opportunities.

PLAN DESIGN AND ADMINISTRATIVE INITIATIVES

5. Establish Plan for Ongoing Investment Menu Design and Review

Initiative: In connection with its most recent Investment Policy Statement (IPS) training, the Board discussed the benefits of establishing a structure for the ongoing review and design of potential future changes to the DCP investment menu. The Board approved establishing a plan for ongoing investment menu design and review as a strategic initiative for 2022.

Status: Complete. An update regarding this strategic initiative was provided in Board Report 22-22. The Board adopted staff's recommended various improvements to the investment and administrative review process.

6. Implement Deemed IRA

Initiative: The Board approved implementing the Deemed IRA as a strategic initiative for 2022.

Status: In progress. At its June 18, 2019 meeting, the Board reviewed Board Report 19-21 and directed staff to develop a detailed set of recommended Deemed IRA design features for consideration by the Board. At its December 15, 2020 meeting, the Board reviewed staff's analysis of the Deemed IRA option in Board Report 20-45. The Board 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. At the Board's January 18, 2022 meeting, staff indicated that the Investments Committee met on January 5, 2022, and was provided information regarding developing a proposal for constructing an investment menu based on some variation of mutual fund versions of Collective Investment Trusts (CITs) selected for

the DCP Core Menu; that Committee members asked for additional information related to the implementation of a Deemed IRA, including with respect to administrative requirements, soliciting more detailed participant feedback on investment design and participating in a Deemed IRA, and other implementation topics; and that as these issues relate to matters both administrative and investment related, the report back from staff on these topics should be brought to the full Board rather than the Committee. The next step will involve developing, issuing and analyzing the results of a participant survey providing feedback on investment design and interest in participating in a Deemed IRA.

7. Initiate DCP Financial Audit

Initiative: The Board approved establishing further progress on the DCP financial audit as a strategic initiative for 2022.

Status: Suspended. This item is suspended pending filling DCP vacancies. A contract with Crowe LLP to provide financial audit services for the DCP was executed on December 18, 2020. At its meeting on March 16, 2021, the Board deferred commencement of the audit until the DCP Senior Personnel Analyst I or the DC Plan Manager position was filled. Staff also indicated at that meeting that audit project tasks might need to be customized given the current status of transitioning the City and Department of Water and Power (DWP) payroll systems. Since that Board action, implementation of the payroll element of the City's Human Resources and Payroll (HRP) conversion project has been delayed until January 2023. Once the staff resources are in place to support the audit, a full or modified (i.e. modified relative to the status of HRP and DWP payroll conversions) audit plan can be implemented.

PARTICIPANT OUTCOME INITIATIVES

8. Adopt Plan Year 2022 Participant Goals

Initiative: The Board approved adopting participant goals for Plan Year 2022 as a strategic initiative for 2022.

Status: Suspended. The Board will consider a slate of new Plan Year 2023 goals at its September 20, 2022 meeting.

9. Expand Automatic Enrollment Program (AEP) Participation

Initiative: The Board approved expanding AEP participation as a strategic initiative for 2022.

Status: Suspended. This item is suspended pending filling DCP vacancies. 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 interest in enrolling in the AEP. 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. Finalization and presentation of a supplementary optional AEP model to employee labor organizations has been suspended pending filling staff vacancies.

10. Develop Expanded Engagement Plan

Initiative: The Board approved developing an expanded engagement plan as a strategic initiative for 2022.

Status: **In progress.** This strategic initiative is related to the objective to adopt new DCP goals. The item will be considered at the Board's September 20, 2022 meeting.

11. Complete Investment Advisory and/or Financial Education Services Review

Initiative: The Board approved completing the investment advisory and/or financial education services review as a strategic initiative for 2022.

Status: **Suspended.** This item is suspended pending filling DCP vacancies. A Request for Information (RFI) for investment advisory and/or financial education services was issued on March 4, 2020. Staff's evaluation of responses to the RFI was addressed in Board Reports 20- 34 and 20-38. Further review and discussion of the desirability and feasibility of adding new services can be addressed once the DCP is more fully resourced.