



Board Report 22-41

Date: July 19, 2022

To: Board of Deferred Compensation Administration

From: Staff

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

Board of Deferred Compensation Administration
Thomas Moutes <i>Chairperson</i>
Raymond Ciranna <i>Vice-Chairperson</i>
Robert Schoonover <i>First Provisional Chair</i>
Neil Guglielmo <i>Second Provisional Chair</i>
Joshua Geller <i>Third Provisional Chair</i>
Dana H. Brown
Linda P. Le
Baldemar J. Sandoval
Jeremy Wolfson

Discussion:

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

A. Operations and Project Updates

- **Required Minimum Distribution (RMD) Notifications** – On June 3, 2022, Voya mailed a letter notifying participants of their upcoming RMDs. A total of 3,262 letters were sent to participants, 416 of which were first-time recipients. A subsequent notification will be sent in mid-October.
- **Los Angeles Fire and Police Pensions (LAFPP) Service Purchase Wire Transfer Update** – Voya and staff are working with LAFPP staff to develop the ability to process service purchases via ACH. The automated process will provide greater efficiency and security for participants interested in purchasing back service time using their DCP funds. LAFPP is currently transitioning banks from Wells Fargo to Chase, and will plan to implement the process in the near future. Staff will notify the Board when this enhancement is live.

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

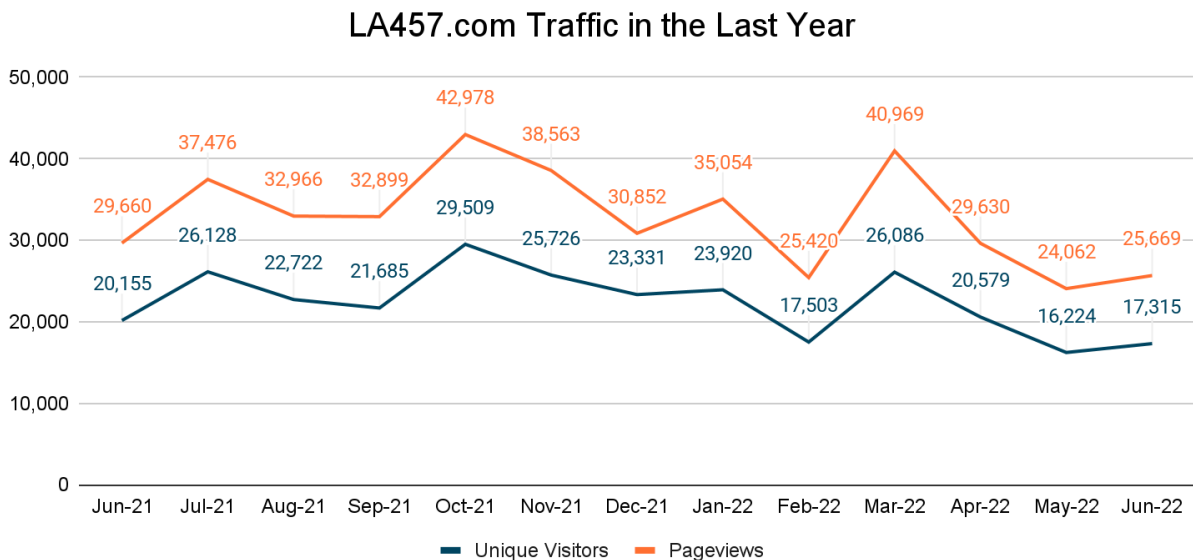
education on various topics and answer participant questions. General DCP information virtual meetings are held on the third Wednesday of every month from 12:00 to 1:00 p.m. Attendance for this month’s virtual meeting is provided in the following table:

Topic	Date	Attendance
Retirement Readiness	June 15, 2022	5

- LA457.com Engagement Statistics: June 2022** – This month, LA457.com saw 17,315 unique visitors and 25,669 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 June 2022	Views
1. Home	17,557
2. SDBA-SSO Instructions	1,949
3. Contact Us	770
4. FAQs	723
5. Loans	638
6. Join the DCP	607
7. Your Distribution Options	538
8. Contributions	351
9. Board Meeting Materials	257
10. Investment Options	241

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



C. 2022 DCP Strategic Initiatives Update

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

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%	<i>Vacant</i>
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%	<i>Vacant</i>
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:

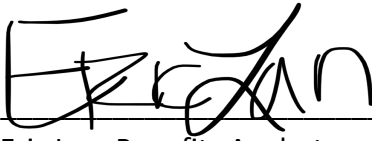
Plan Governance and Administrative Issues Committee	Investments Committee	Participant Engagement Committee	Ad Hoc DC Plan Manager Selection Committee
Joshua Geller, Chair	Jeremy Wolfson, Chair	Neil Guglielmo, Chair	Thomas Moutes, Chair
Thomas Moutes	Joshua Geller	Dana H. Brown	Joshua Geller
Baldemar J. Sandoval	Neil Guglielmo	Joshua Geller	Neil Guglielmo
	Baldemar J. Sandoval	Baldemar J. Sandoval	

F. Next Board Meeting

The next regular Board meeting will take place on August 16, 2022. Following is a tentative list of agenda items for that meeting:

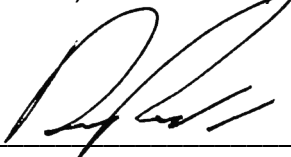
August 16, 2022 Regular Meeting Agenda Items
Board Report: AB 361 Review
Board Report: Quarterly DCP Reimbursements - Second Quarter 2022
Board Report: DCP 2021 Annual Report
Quarterly Investment and Economic Review

Submitted by:



Eric Lan, Benefits Analyst

Approved by:



Daniel Powell, Senior Personnel Analyst II

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 (no update). An update regarding the effort to fill the DC Plan Manager position was provided in Board Report 22-38. 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 (no update). 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 (no update). 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 (no update). 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 (no update). 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.