



Board Report 22-46

Date: August 16, 2022

To: Board of Deferred Compensation Administration

From: Staff

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

Board of Deferred Compensation Administration
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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 July 2022:

A. Operations and Project Updates

- **Employer Match Update** – DCP staff and City Attorney met with outside tax counsel Ice Miller to consider questions from the Board regarding the appropriateness of funding employer match features with DCP funds. Ice Miller is preparing a memorandum for the Board which will be brought to the Board at its regular September 20, 2022 meeting alongside a report from the City Attorney’s Office. As the City contemplates an employer match offering, the cadence of reports, updates, and discussions is expected to rapidly increase. The Board may wish to refer preliminary considerations of this topic to the Plan Governance & Administrative Issues Committee, or to an Ad Hoc Committee specifically created for this purpose.
- **Required Minimum Distributions (RMD) Notifications Update** – Last month, staff reported that RMD notifications were mailed to a total of 3,262 participants, 416 of which were first-time recipients. In 2021, a total of 2,841 letters were sent to participants, of which 267 were first-time recipients. Participants eligible for RMDs are generated annually based on IRS regulations. RMD notifications are first sent to participants mid-year, with a reminder sent mid-October. For participants receiving their first RMD, the IRS regulations allow for participants to receive their RMD in April of the

subsequent year. For all other participants, RMDs are distributed no later than the final business day of the calendar year.

- **Second Quarter 2022 Statement and Newsletter** – DCP participant statements for the second quarter of 2022 (three-month period beginning April 1, 2022 and ending June 30, 2022) and newsletter were mailed to DCP participants on July 28, 2022. Participants who elected electronic delivery were sent an email notification on July 25, 2022, informing them that their individual statement and the second quarter 2022 newsletter were available to view and download via the Voya participant website.
- **Quarterly DC Plan Design Trends and Regulatory Updates** – Mercer provided quarterly updates to DC Plan design trends and regulatory updates. **Attachment A** has an update for the second quarter of 2022. An annual report was presented to the Board at its meeting on July 19, 2022.

B. Award Recognition

- **2022 National Association of Government Defined Contribution Administrators (NAGDCA) Leadership Award Winner** – Staff was notified on July 28, 2022 that NAGDCA has awarded the City of Los Angeles DCP and Voya with a 2022 Leadership Recognition Award for the DCP’s successful 2021 National Retirement Security Month (NRSM) campaign. The DCP has received this award for five consecutive years, beginning in 2018. A plaque will be presented to the DCP at the NAGDCA Conference in September.

C. 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:

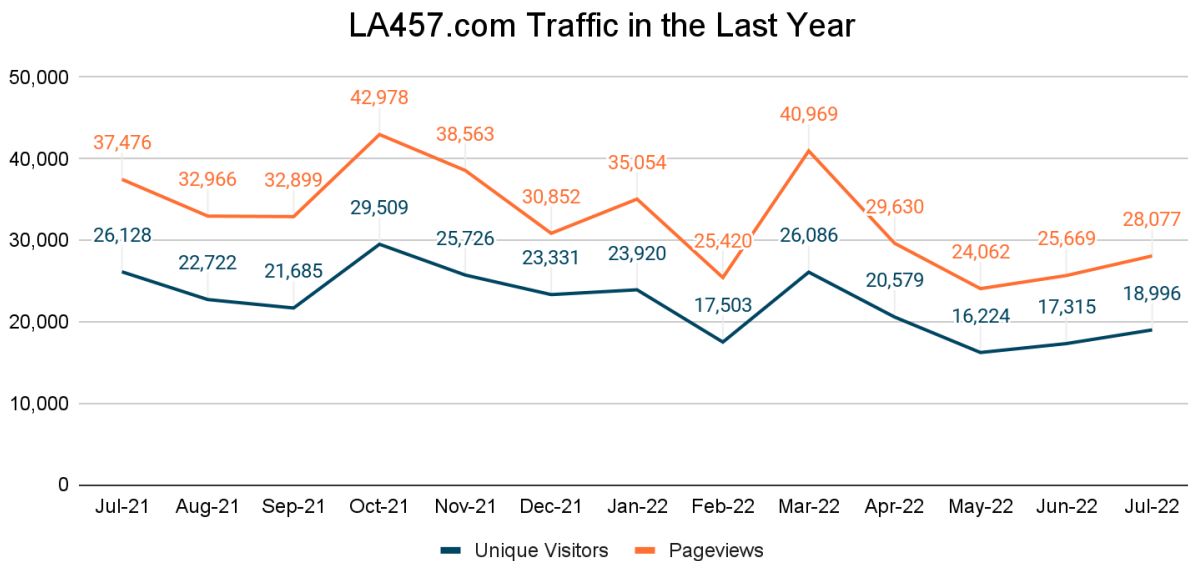
Topic	Date	Attendance
Percent of Pay	July 20, 2022	30

- **LA457.com Engagement Statistics: July 2022** – This month, LA457.com saw 18,996 unique visitors and 28,077 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 July 2022	Views
1. Home	20,283
2. SDBA-SSO Instructions	1,222

Top 10 LA457.com Pages in July 2022	Views
3. Contact Us	795
4. FAQs	764
5. Join the DCP	639
6. Loans	632
7. Your Distribution Options	551
8. Contributions	386
9. Investment Options	238
10. Board Meeting Materials	220

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



D. 2022 DCP Strategic Initiatives Update

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

E. 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>

Position Authority	Incumbent Class	Function	Est. Percent Reimbursed by DCP	Staff Member
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

F. Committee Assignments

- Following is the current Committee rosters as designated by the Board Chairperson:

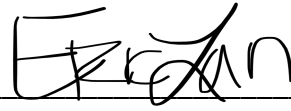
Plan Governance and Administrative Issues Committee	Investments Committee	Participant Engagement Committee	Ad Hoc DC Plan Manager Selection Committee
Joshua Geller, Chair	Jeremy Wolfson, Chair	Neil Guglielmo, Chair	Thomas Moutes, Chair
Thomas Moutes	Joshua Geller	Dana H. Brown	Joshua Geller
Baldemar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

G. Next Board Meeting

The next regular Board meeting will take place on September 20, 2022. Following is a tentative list of agenda items for that meeting:

September 20, 2022 Regular Meeting Agenda Items
Board Report: AB 361 Review
Board Report: Election of New Officers
Board Report: DCP 2021 Annual Report
Board Report: Participant Engagement Goals and Strategy
TPA Quarterly Review (Q2 2022)

Submitted by:



Eric Lan, Benefits Analyst

Approved by:



Daniel Powell, Senior Personnel Analyst II

Defined Contribution Plan Sponsor

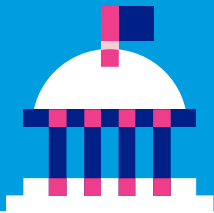
Quarterly Update

2Q 2022



1. DC landscape at a glance
2. Judicial updates
3. Legislative & regulatory updates
4. Trending topics

DC landscape at a glance



‘SECURE 2.0’ momentum is building
Senate HELP & Finance Committees approve separate proposals

 Cryptocurrency
debate continues



Up, up and away?
Understanding &
managing inflation

ESG & climate change regulatory
landscape continues to evolve



Evolving DC litigation after
SCOTUS ruling



Weathering the rough seas
of market volatility

Rising interest rates
and impacts on capital preservation

Company stock survey

Judicial updates



Judicial update

Litigation and enforcement

Cases by the numbers for Q2 2022¹

Cases closed



5 settlements
\$10 Million



4 dismissals
Includes partial and full dismissals

Cases by key theme



1 target date funds



1 managed accounts



5 fees and investments



**4 403(b) plan/
not-for-profit**

¹ Information sourced through Law360, Pensions & Investments, NAPA and PlanSponsor as of July 21, 2022. Cases listed represent some recent litigation and are not intended to be a complete representation.

Judicial update

Litigation and enforcement

Recent areas of focus

- ⓘ Reasonableness of recordkeeping fees and allocation of revenue sharing
- ⓘ Reasonableness of investment management fees (mutual fund share classes vs. collective trusts vs. separate accounts)
- ⓘ Offering active vs. passive funds
- ⓘ Appropriateness and performance of funds offered, including target risk and target date funds
- ⓘ Offering proprietary products
- ⓘ Reasonableness of managed account fees

List represents some recent trends and is not meant to be a complete representation.

Excessive fee litigation – recent court rulings

Post-Northwestern decision by Supreme Court

- ▶ Sixth and Ninth US Circuit Courts of Appeals have revived several ERISA lawsuits challenging plan fiduciaries' decisions to offer retail share class mutual funds instead of cheaper institutional share classes¹
- Sixth US Circuit Court of Appeals and federal district courts in Missouri and Utah affirmed dismissal of excessive fee claims challenging the cost of actively managed funds and plan recordkeeping fees generally²

Ability to claim ERISA violations

- ▶ Courts are divided in supporting ERISA violation claims by plaintiffs not invested in the funds at issue
- Third US Circuit Court of Appeals allowed class representatives to bring claims where they did not personally invest in all of the challenged funds³
- Federal district court in Virginia permitted dismissal on the basis that the plaintiff had never invested in any of the three funds in question⁴

Do these rulings signal new trends in excessive fee litigation?

¹<https://www.mercer.com/our-thinking/law-and-policy-group/more-excessive-fee-cases-revived-after-high-courts-northwestern-decision.html>

²[Defendants Secure Motion to Dismiss Victories in Three Post-Hughes Decisions | Employee Benefits & Executive Compensation Blog \(erisapracticecenter.com\)](#)

³<https://news.bloomberglaw.com/employee-benefits/universal-health-loses-bid-to-undo-60-000-person-401k-class>

⁴[Lack of Standing Trips Up \(Another\) Excessive Fee Suit | National Association of Plan Advisors \(napa-net.org\)](#)

Legislative and regulatory updates



Bipartisan push for SECURE 2.0 package gains momentum

- **House-Senate talks aim to mesh three bills into final legislation this year**
 - Securing a Strong Retirement Act (HR 2954) passed House
 - Retirement Improvement and Savings Enhancement to Supplement Healthy Investments for the Nest Egg (“RISE & SHINE Act”) (S 4353) passed Senate HELP Committee
 - Enhancing American Retirement Now (“EARN”) Act passed Senate Finance Committee
- **Bills include many identical/similar provisions but also have some major differences**
 - Extensive array of provisions generally intended to expand plan coverage, boost savings, streamline administration, encourage lifetime income
- **Lawmakers hope to add final SECURE 2.0 bill to big year-end legislative package**

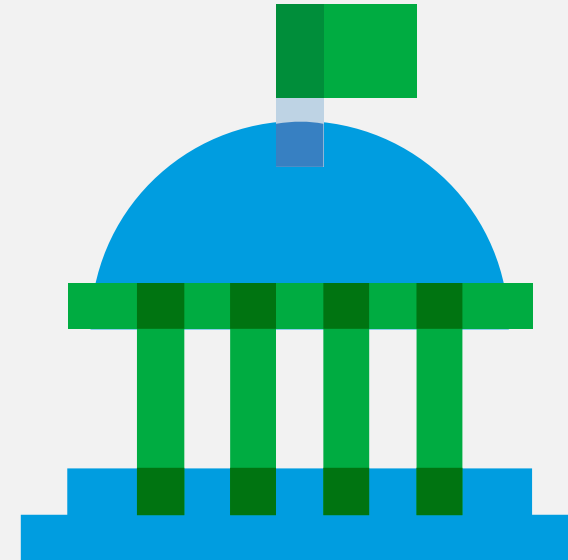
Mercer GRIST: [Senate panel approves SECURE 2.0 bill, spurs talks on final passage \(June 27, 2022\)](#)

Mercer GRIST: [Senate HELP Committee releases SECURE 2.0 retirement bill \(June 8, 2022\)](#)

Mercer GRIST: [Broad ‘SECURE 2.0’ retirement bill gets overwhelming House approval \(April 18, 2022\)](#)

Overlapping provisions identical/similar across bills

- Student loan repayment may earn matching contributions
- Voluntary self-corrections of inadvertent errors
- Simplified reporting, disclosure requirements
- Support for lifetime income options
- 403(b) plan enhancements
- Cash-out minimum increased to \$7,000
- Increase age for RMDs to 75
- Higher catch-up contributions for older workers
- Expanded coverage for long-term part-time workers
- Optional recoupment of overpayments
- Mandated Roth treatment for catch-up contributions
- Matching contributions permitted on Roth basis



Additional provisions, differences in SECURE 2.0 bills

- **Overlapping provisions with major differences**
 - Expansion of Saver's Credit
 - Emergency savings
 - Retirement savings “lost and found” database
- **Provisions exclusive to House bill**
 - Mandated automatic enrollment/escalation for new plans
 - Paper benefit statements
- **Provisions exclusive to EARN Act**
 - New automatic enrollment safe harbor (with tax credit for small employers)
 - DC plan distributions for terminal illnesses, domestic abuse, long-term care purchases
- **Provisions exclusive to RISE & SHINE Act**
 - DOL report on Pooled Employer Plans (PEPs), clarified audit rules for Groups of Plans
 - Review of DC plan fee disclosures

Evolving world of ESG investing

Recent trends in regulatory guidance

DOL Regulatory Initiatives



- Climate change RFI comment period closed on May 16
- Many commenters identified the current lack of standardization in investment disclosures
- Waiting for ESG investment regulations to be finalized

SEC Enforcement Initiatives



- Increased focus on ESG strategies and disclosure of climate risk
- Investigating asset managers for misleading statements and omissions about their ESG strategies

SEC Regulatory Initiatives



- Proposal to enhance and standardize disclosures for ESG investment products and advisers
- Proposed changes to fund naming rules
- Focus on prevention of greenwashing

Increasing Shareholder Action

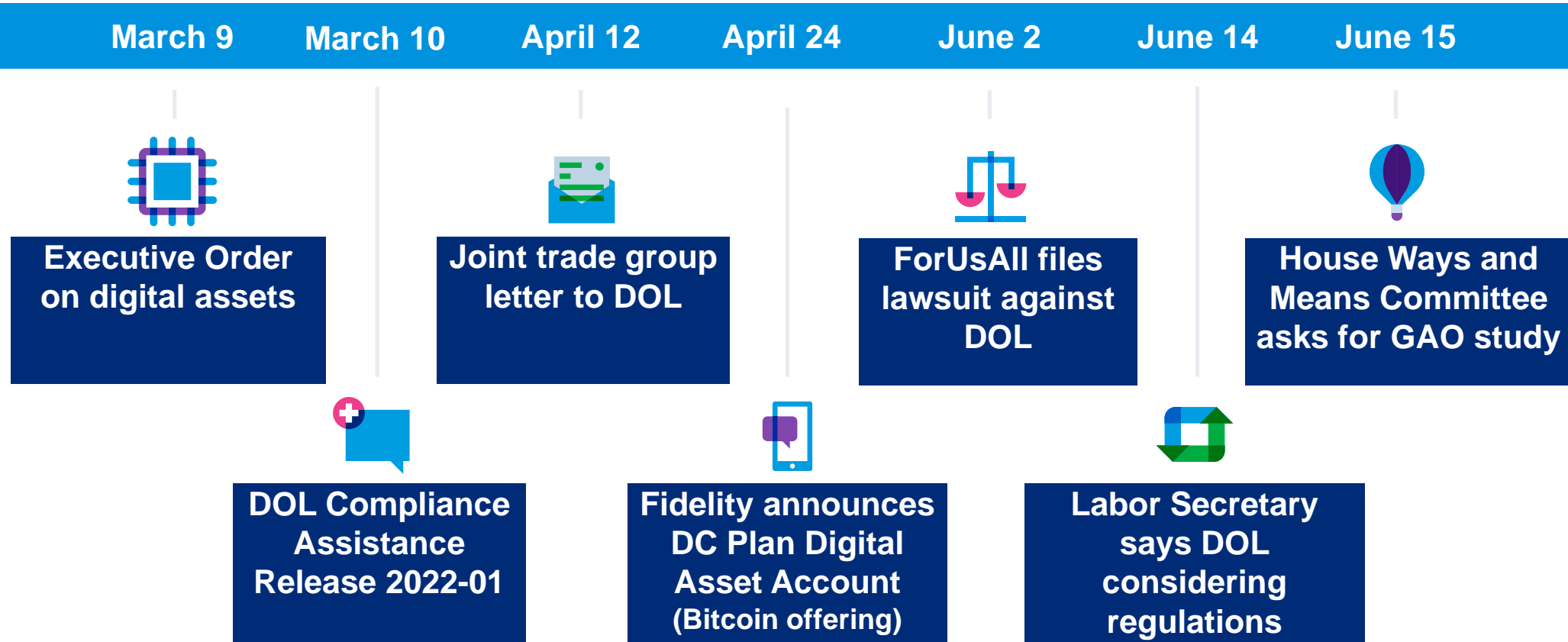


- Recent proposals for plan sponsors to evaluate their DC plan investments using corporate ESG metrics
- SEC said companies couldn't exclude these proposals, but shareholders rejected them

Mercer GRIST: [DOL digs deeper into climate change impact on retirement plans \(02/17/22\)](#)

Cryptocurrency in DC plans

Industry response to DOL guidance



Tracking developments in 2022

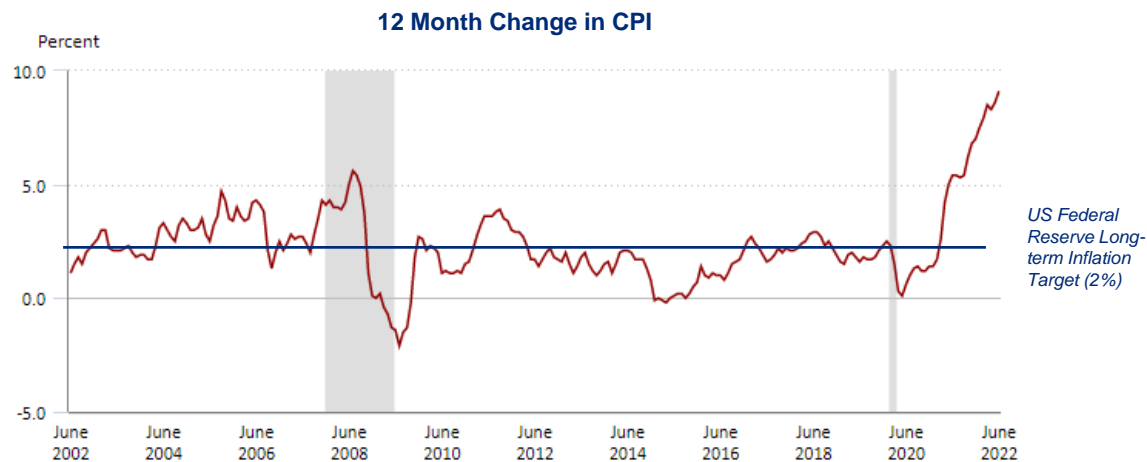
Mercer GRIST: [DOL sends strong warning to 401\(k\) plan fiduciaries about cryptocurrency \(03/16/22\)](#)

Trending topics



Inflation

Inflation has hit a multi-decade high. Where do we go from here?



- **What's unique about this inflationary cycle?**

- **Bonds in a worse position.** Bond yields were low relative to past inflationary periods; lower yields present another challenge to performance beyond just price depreciation caused by rising rates.
- **Heightened geopolitical uncertainty.** Unexpected geopolitical events (Russia's invasion of Ukraine & China COVID lockdowns) notably increased existing supply chain pressure
- **Juxtaposition within equities.** Negative market sentiment is in conflict with currently strong corporate balance sheets and consumption (on average)

* Federal Funds Effective Rate (FEDFUNDS) | FRED | St. Louis Fed (stlouisfed.org)

- The Fed has increased interest rates at a **rapid pace** to a range of 2.25% to 2.5% as of July 2022 with the goal of reducing consumption.*
- Mercer assessed the speed of rate hikes during the last 8 tightening cycles in a recent [paper](#).
 - Tightening cycles have not always been followed by a recession (e.g. 2015 and 1994). However, when a recession has occurred there is a wide dispersion around how long it took to start.

First Fed rate hike	Recession start	Months to recession	Type of tightening cycle	Change in interest rates	Length of rate hiking (months)
January 1973	November 1973	10	Swift	5.00%	8
August 1977	January 1980	29	Swift	14.12%	31
September 1980	July 1981	10	Swift	10.00%	10
September 1987	July 1990	34	Gradual	3.00%	22
February 1994	N/A	N/A	Swift	3.00%	14
June 1999	March 2001	21	Gradual	1.75%	20
June 2004	December 2007	42	Gradual	4.25%	40
December 2015	N/A	N/A	Gradual	2.25%	44

Source: Mercer. *The tortoise and the hare: a history of central bank hiking cycles.* May 2022.

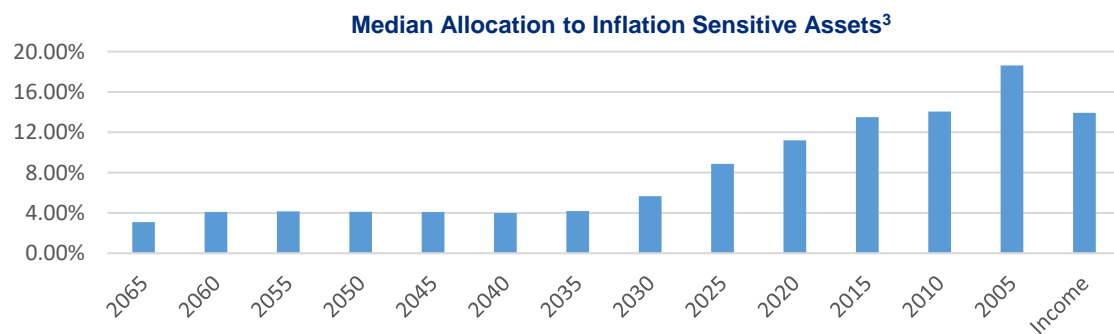
Inflation

Helping participants to manage the impact

In a recent survey, Empower found that **89% of participants do not plan to contribute less** to their retirement accounts despite inflationary and economic pressures. From January 2021 to March 2022 when we saw inflation increase over 7%, Empower found participants actually increased savings rates on average.¹

Understand how your target date funds (TDF) are responding to inflation

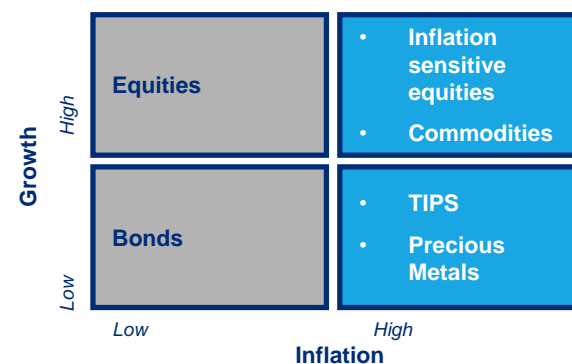
- 94% of strategies include inflation sensitive assets² at some point along their glidepaths, with most employing multiple asset classes³
- Fixed income inflation protected (89%) and real estate (65%) are the most popular types of inflation sensitive assets implemented in strategies, commodities are implemented in 20% of strategies³



Consider the benefits of a diversified inflation protection fund (DIF) for non-TDF investors

- There's no perfect inflation hedge
- DIFs allocate to a range of inflation sensitive asset classes and to provide better protection in a variety of inflationary environments

Relative Performance by Economic Environment



For illustration purposes only.

¹ Source: Empower. Are inflationary pressures affecting employees' retirement plan savings? June 2022.

² Inflation sensitive assets can include: real estate (Global and/or US), commodities, infrastructure, natural resources, floating rate debt, or fixed income inflation protected (almost exclusively TIPS, in rare cases can include multi-asset bond fund with inflation goals).

³ Source: Mercer Target Date Fund Survey 2022 Q1

Inflation

Impact of turbulent environment on plan design and utilization

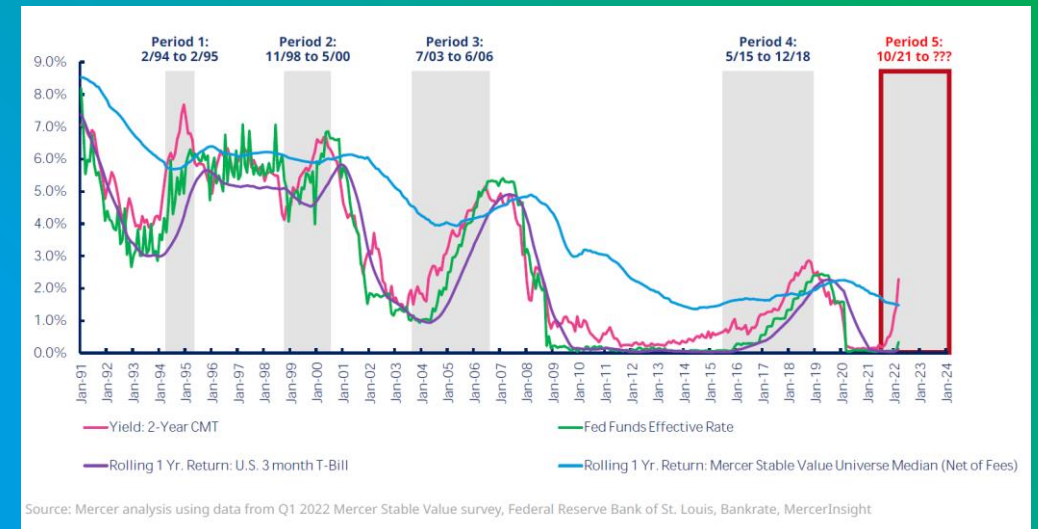
Issue	Impact	Action Items
Inflation increases IRS limits	<ul style="list-style-type: none">• Employer contributions to qualified plans increase beyond budget expectations• NQ eligibility changes	<ul style="list-style-type: none">• Review budget projections• Review nondiscrimination testing implications• Modify open enrollment communications as appropriate
Short term interest rates increase	<ul style="list-style-type: none">• Increase in float paid on contributions, outstanding withdrawals	<ul style="list-style-type: none">• Evaluate impact to recordkeeping revenue• Review contract terms• Review contribution funding processes
Participant initiated transactions increase	<ul style="list-style-type: none">• Changes to contribution rates• Increase in fund transfers• Increase in loans, withdrawals	<ul style="list-style-type: none">• Review plan utilization statistics• Project nondiscrimination testing results if contribution rate changes are significant• Review communications and website messaging including prompts for targeted messaging• Review utilization of investment advice/managed accounts• Consider short term savings options

Stable value in a rising interest rate environment

A viable long-term option, despite rough seas in the near future

- **Market-to-book (MV/BV) ratios will decline as interest rates are rising.**
 - Potential for some managers to drop below 95% MV/BV. Some managers have the ability to temporarily employ a modified crediting rate formula to increase MV/BVs more quickly
- **Wrap capacity remains healthy and wrap providers understand the potential trajectory of MV/BVs.**
 - Investment guidelines are more conservative compared to the Global Financial Crisis and wrap providers are willing to work with stable value managers through a challenging rate environment.
- **Put queues and cash flows are important.**
 - Managers with a shorter put queues and strong cash inflows are likely to fare better (dilution of MV/BV shortfall and greater reinvestment opportunity). Stable value managers rated highly by Mercer currently exhibit healthy cash flow profiles.
- **Stable value ultimately benefits from rising rates, but with a delay.**
 - Stable value managers are able to **reinvest** at lower bond prices and **higher yields**, ultimately improving return potential.

Analysis of Rising Rate Environments



Gray bars highlight rising rate environments as defined by when either the Fed started raising interest rates, or when the 2 Year CMT rose significantly in anticipation of a Fed rate hike.

While money market fund yields increase at a faster pace (U.S. 3 month T-bill) compared to stable value (Mercer Stable Value Universe Median) during rising rate environments, money market outperformance has historically been short-lived.

[Mercer Paper: Stable Value in a Rising Rate Environment](#)

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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 (update). Staff issued a task order solicitation (TOS) to three firms on the Personnel Department's bench of executive recruitment firms on June 28, 2022 with a deadline of July 11, 2022. Only one firm provided a response to the TOS. In consultation with the Personnel Department's Administrative Services Division, staff made minor adjustments to the TOS and the proposal deadline, which is expected to result in increased engagement. The revised TOS was issued on August 5, 2022 with a due date of August 17, 2022. Additionally, staff contacted several large City departments that may have their own executive recruitment contracts but was unable to identify a suitable contract. Departments either indicated that their contracts had lapsed or that they used the Personnel Department's bench of contracts.

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 has been advertised by the Personnel Department, and staff are awaiting applications from prospective candidates. 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.