



## Board Report 22-62

Date: December 7, 2022

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Projects and Activities Report: October and November 2022

Board of Deferred Compensation Administration
Thomas Moutes <i>Chair</i>
Neil Guglielmo <i>Vice-Chair</i>
Robert Schoonover <i>First Provisional Chair</i>
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### **Discussion:**

Below are the Deferred Compensation Plan (DCP) project and activity updates for October and November 2022:

#### **A. Operations and Project Updates**

- **Retirement Counselor Staffing Update** – Voya has hired an additional Retirement Counselor to fill the position vacated earlier in 2022. Mr. Timothy Merewin started on November 14, 2022.
- **Los Angeles Fire and Police Pensions (LAFPP) ACH Wire Transfer** – On October 11, 2022, the ACH wire transfer process between LAFPP and the Voya was successfully launched after extensive internal testing. Staff, Voya, and LAFPP staff monitor wire transfers daily to ensure accuracy. At the moment, Voya can only support an ACH process for one recipient (currently LAFPP), but a system improvement that is currently in development would allow additional ACH accounts to be added (such as LACERS or WPERP). This system enhancement is expected to be released in 2023.
- **Schwab Self-Directed Brokerage Accounts Minimum Balance** – Staff and Voya have been continuing the notifications regarding the mandate to keep a minimum balance of \$2,500 within the DCP’s Core Funds. As noted last month, on September 7, 2022, 426 participants received letters notifying them that their core balance was below the minimum amount of \$2,500 and were requested to transfer enough funds to their core

investments to meet the minimum balance requirement. The letter further indicated that if no action was taken, the DCP would instruct Voya to transfer funds from their Schwab SDBA to core investments, including the potential selling of shares. As a result, 62 participants took action upon receiving the letter. In early November, Voya transferred funds for 299 participants who had liquid balance available to transfer to their core accounts. Staff directed Voya on November 30, 2022 to initiate fund transfers by selling of shares for the remaining 65 participants in order that the core minimum balance requirement could be fulfilled.

- **2023 Contribution Limit Increase** – On October 21, 2022, the Internal Revenue Service issued a notice providing for 2023 cost of living dollar limits. The 2023 contribution limits are shown in the table below:


Contribution Limits	2022 Annual Limits	2023 Annual Limits
Below Age 50	\$20,500	\$22,500
Age 50 or Above	\$27,000	\$30,000
Catch-Up	\$41,000	\$45,000

- **Ethics and Open Government Training** – In accordance with the BDCA Training policy, this training is required for all Board members and staff every two years. As noted in Board Report 22-12, most Board members and staff are scheduled to complete Ethics training in 2022. The training has been assigned to the Board and staff through the City’s training modules and must be completed by December 31, 2022.

**B. Communications Updates**

- **National Retirement Security Month (NRSM) Campaign** – Staff closed out the 2023 NRSM campaign on November 5, 2022. At the next Board meeting, staff will provide a report to discuss the results of the campaign and provide a summary of key learnings gained.

- **2022 Year-End Checklist** – Staff launched an email and postcard campaign to inform participants of key deadlines and notices for the end of 2022 and start of 2023. Participants were informed of the final day to change contributions that will impact their 2022 contributions, the deadline for Roth In-Plan Conversions in order to accommodate processing times, and inform participants on increased 2023 contribution limits with corresponding deadline to ensure changes are effective for the first paycheck in 2023. Lastly, participants were reminded to protect their DCP accounts by registering online, which provides the ability to monitor their accounts, set



With 2022 nearly coming to a close, there are few important deadlines you need to be aware of to ensure your Deferred Compensation Plan (DCP) account is working hard for you this year and into 2023. Visit our blog post on LA457.com for all the details, including these important deadlines:

- Are you maximizing your contributions for 2022? The last day to make a contribution change for 2022 is [November 30, 2022](#).
- Roth In-Plan Conversions must be completed by [December 10, 2022](#).
- Contribution limits have increased for 2023! [December 29, 2022, 1 PM PST](#) is the deadline to make new contribution changes effective for the first paycheck of 2023.

and don't forget to...

- Register your DCP account online and check your recent transactions to safeguard yourself against cybersecurity threats.

[Get the details on LA457.com](#)

up account alerts, and safeguard account access with a unique username and password.

- **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 October and November virtual meetings are provided in the following table:

Topic	Date	Attendance
Enrollment	October 12, 2022	44
Financial Wellness	October 19, 2022	97
Loans	November 16, 2022	14

- **LA457.com Engagement Statistics: October 2022** – LA457.com saw 30,737 unique visitors and 49,865 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 October 2022	Views
1. Home	23,538
2. NRSM 2022	13,958
3. FAQs	1,315
4. Join the DCP	1,083
5. Contact Us	1,026
6. SDBA-SSO Instructions	1,009
7. Loans	837
8. Contributions	693
9. Your Distribution Options	618
10. NRSM 2022 Rules	435

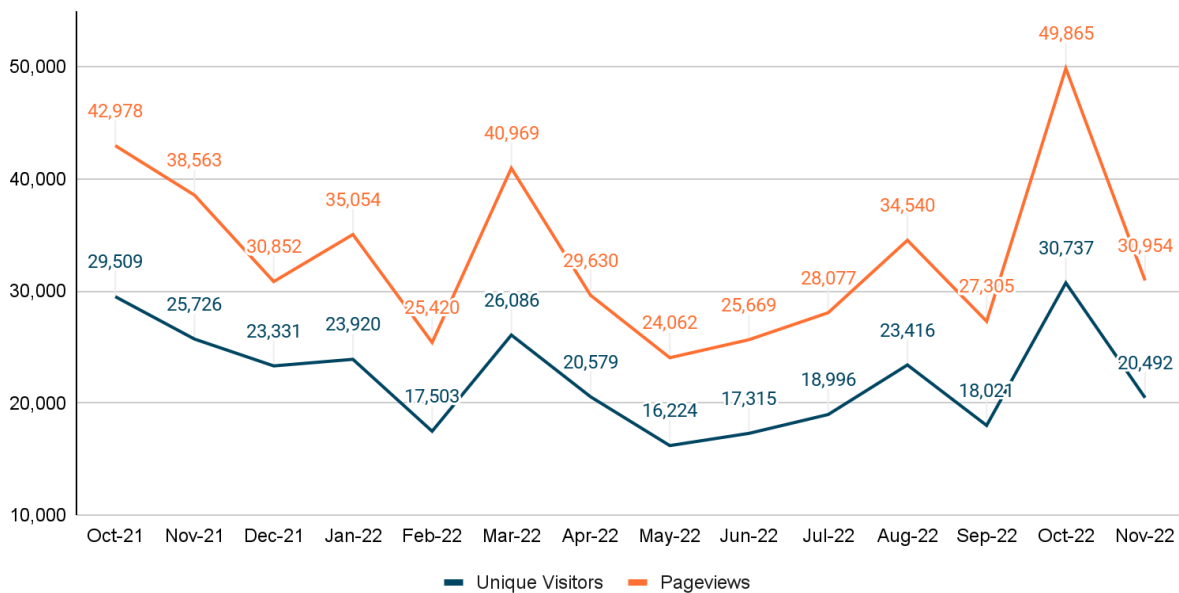
- **LA457.com Engagement Statistics: November 2022** – LA457.com saw 20,492 unique visitors and 30,954 pageviews. The following table provides a review of the top ten website topics accessed by participants during the month.

Top 10 LA457.com Pages in November 2022	Views
1. Home	17,170
2. NRSM 2022	3,506
3. Important Year-End Contribution Updates Blogpost	1,310
4. Contributions	996
5. Contact Us	946

Top 10 LA457.com Pages in November 2022	Views
6. FAQs	876
7. SDBA-SSO Instructions	682
8. Join the DCP	667
9. Loans	590
10. Your Distribution Options	531

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 A**.

### D. Staffing Update

The DCP Intern, Rose Moore, resigned on November 10, 2022 to pursue full-time employment outside of the City. Ms. Moore provided invaluable support in bolstering the DCP’s engagement efforts with her creative thinking and excellent design ability.

Effective November 7, 2022, Esther Chang has been appointed to the position of Senior Personnel Analyst II in the Employee Benefits Division (EBD) for the DCP. As Ms. Chang’s position is solely dedicated to the DCP, Daniel Powell will be transitioning away from his DCP support role, which was temporary until this senior analyst vacancy was filled.

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	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	Senior Personnel Analyst II	Plan Administration	100%	Esther Chang
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%	Vacant
<b>City Attorney</b>				
Deputy City Attorney IV	Deputy City Attorney IV	Board Counsel	25%	Charles Hong
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

*\* This temporary support role will be removed next month as the dedicated Senior Benefits Analyst II position has been filled.*

### 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	Jeremy Wolfson

### F. Next Board Meeting

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

December 20, 2022 Regular Meeting Agenda Items
Board Report: AB 361 Review
Board Report: 2022 NAGDCA Conference Learnings
Board Report: 2022 National Retirement Security Month (NRSM) Campaign Results
Quarterly Investment and Economic Review
TPA Quarterly Review (Q3 2022)

Submitted by:   
Eric Lan, Benefits Analyst

Approved by:   
Esther Chang, 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 (update).** An update regarding the DC Plan Manager recruitment process was last provided in Board Report 22-52. Staff is currently working to finalize a project timeline with the recruitment firm, Partners in Diversity, which will be brought before the Ad Hoc DC Plan Manager Selection Committee.

The position of Senior Benefits Analyst II has been filled effective November 7, 2022.

#### 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: Complete.** An update regarding this initiative is provided in Board Report 22-51.

#### 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 is 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: Complete.** An update regarding this initiative is provided in Board Report 22-51. The Board approved adopting participant goals for calendar year 2023.

### 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:** **Complete.** An update regarding this initiative is provided in Board Report 22-51.

## 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.