



Board Report 23-31

Date: August 15, 2023

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Projects and Activities Report:
June and July 2023

Board of Deferred Compensation Administration
Thomas Moutes <i>Chair</i>
Neil Guglielmo <i>Vice-Chair</i>
Robert Schoonover <i>First Provisional Chair</i>
Jeremy Wolfson <i>Second Provisional Chair</i>
Matthew Benham
Dana H. Brown
Linda P. Le
Carl Lurvey
Joseph Salazar

Discussion:

Below are the Deferred Compensation Plan (DCP) project and activity updates for June and July 2023:

A. Operations and Project Updates

- **SECURE 2.0 Act Updates** – Following the June 20, 2023 Board meeting, staff has begun preparing for the implementation of the adopted provisions. To continue informing participants of the upcoming changes, staff created a SECURE 2.0 landing page at LA457.com/secure-2023 to be a central information hub for all updates to provisions. The page will remain updated as the Board reviews, adopts, and implements SECURE 2.0 features. The Plan Governance and Administrative Issues Committee will convene to review necessary changes to the Plan Document and discuss the implementation of the provisions.
- **HRP Update** – End to End Testing is concluding as the City begins its Parallel Testing phase, which is targeted to complete by the end of October. Staff has been working to continue testing efforts, along with ensuring a critical reporting tool will be available in the new system and helping to validate data that will be utilized in Parallel Testing. Staff has begun to incorporate messaging in its communications so participants will be informed that Phase 2 of the Workday conversion will be taking place at the end of the year, and to review their elections carefully.
- **Voya Participant Website Service Disruption** – On Monday, July 17, 2023, the Voya participant website experienced service disruptions. Staff immediately contacted Voya and determined that all Voya system applications were experiencing the disruption in service. The call center remained available to assist participants with any information or transaction requests. Service was restored on the afternoon of July 18, 2023. During the

disruption, the DCP posted messaging to its homepage and also included it in a previously scheduled Citywide promotional email. A handful of participants reached out to the City's DCP team and indicated they were negatively affected by the service disruption, but were assisted promptly

B. Communications Updates

- **Second Quarter 2023 Statement and July 2023 Newsletter** – Beginning in the second quarter of 2023, fund performance is now located in the DCP participant statement instead of the quarterly newsletter. This change will allow statements and newsletter to be delivered more quickly to participants at the close of the quarter, and allow the DCP to customize the design for more legibility and clarity. DCP participant statements for the second quarter of 2023 (three-month period beginning April 1, 2023 and ending June 30, 2023) and July 2023 DCP Newsletter were emailed to participants who elected electronic delivery on July 14, 2023. Participants who opt for mailers were sent statements and DCP Newsletters on July 18, 2023. The new fund performance is provided in **Attachment A**. Historical newsletters are posted online to the website at LA457.com/newsletters, and historical fund performances are posted online to the website at LA457.com/fund-performance.
 - The second lead article of the newsletter was focused on legacy planning, particularly the importance of establishing and/or updating DCP beneficiaries. Instructions on how to make the account updates were provided. Staff will continue to insert messaging in its communications to emphasize the importance of beneficiary designations.

- **June Asset Retention Communication Campaign**
– In June, the DCP launched a campaign directed towards participants who have left City service to encourage them to stay in the DCP. Recipients were sent a postcard or email, based on their e-delivery election. 8,262 postcards were mailed and 739 emails were sent to participants, directing participants to LA457.com/stay-in-the-plan.



- **July Summer Checklist Communication Campaign** – In July, the DCP distributed targeted communications towards its retiree and active populations with the theme, “2023 Summer Checklist.” Retirees received a postcard or an email, based on their e-delivery election, directing them to a blogpost to learn about the changes in RMD age, the importance of establishing and updating account beneficiaries, key cybersecurity best practices, and the August Money Matters session. Active and eligible but not participating individuals received a City-wide email encouraging them to check their elected DCP contributions with the upcoming Human Resources and Payroll conversion, review the upcoming SECURE 2.0 Act changes to the DCP, learn about cybersecurity best practices, and register for the July Money Matters session.
- **Voya Local Counselor Survey Results** – After each scheduled appointment with a Voya Local Counselor, participants are sent an automated, voluntary survey to rate the service they received, overall satisfaction with the DCP, likelihood of recommending the DCP towards others, and other general comments and feedback. The quarterly results of the survey will be provided to the Board in **Attachment B**.

- **Money Matters Zoom Virtual Meetings** – Money Matters sessions are held on the third Wednesday of every month from 12:00 p.m. to 1:00 p.m. Attendance numbers are provided in the following table:

Topic	Date	Attendance
Changing Investments	June 21, 2023	27
Retirement Calculator	July 19, 2023	90

- **LA457.com Engagement Statistics: June 2023** – LA457.com saw 18,460 unique visitors and 28,500 pageviews. The following table provides a review of the top ten website topics accessed by participants during the month.

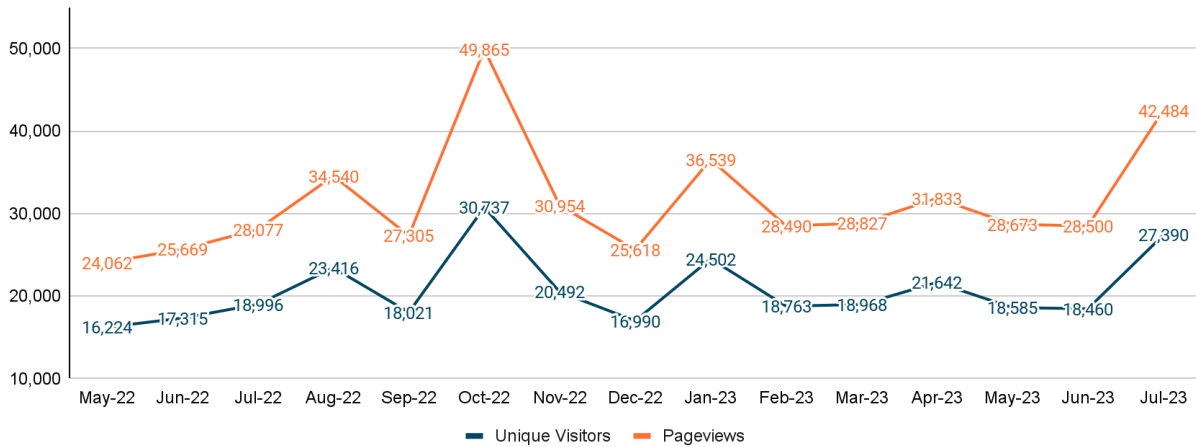
Top 10 LA457.com Pages in June 2023	Views
1. Home	19,423
2. FAQs	1,078
3. Contact Us	1,025
4. Loans	927
5. Your Distribution Options	762
6. Join the DCP	674
7. Contributions	471
8. Board Meeting Materials	324
9. Money Matters: Changing Investments	296
10. Investment Options	289

- **LA457.com Engagement Statistics: July 2023** – LA457.com saw 27,390 unique visitors and 42,484 pageviews. The following table provides a review of the top ten website topics accessed by participants during the month. The increase in website visitors and pageviews can be attributed to the City-wide email that was distributed for the DCP Summer Checklist campaign.

Top 10 LA457.com Pages in July 2023	Views
1. Home	29,117
2. Contact Us	1,274
3. Join the DCP	1,115
4. Loans	1,030
5. FAQs	1,009
6. Here's Your DCP Summer Checklist (Active)	996
7. Your Distribution Options	845
8. Contributions	740
9. Secure 2.0 Act	559
10. Here's Your DCP Summer Checklist (Retiree)	479

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

LA457.com Traffic in the Last Year



C. Staffing Update

- Defined Contribution (DC) Plan Manager Update** - The Ad Hoc Plan Manager Committee completed interviews with prospective candidates on June 16, 2023 and has announced the appointment of Esther Chang as Defined Contribution Plan Manager. Chief Management Analyst, Paul Makowski, was providing support to the DCP but transitioned away from the DCP beginning in late July due to the appointment of the DC Plan Manager.

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%	Esther Chang
Chief Management Analyst	Chief Management Analyst	Employee Benefits Chief	10%	Paul Makowski
Senior Benefits Analyst II	Senior Personnel Analyst II	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%	<i>Vacant</i>
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

D. 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
Matthew Benham	Jeremy Wolfson, Chair	Neil Guglielmo, Chair
Neil Guglielmo	Neil Guglielmo	Dana H. Brown
Thomas Moutes	Thomas Moutes	Joseph Salazar
	Joseph Salazar	

Ad Hoc DC Plan Manager Selection Committee	Ad Hoc Employer Match Program Considerations
Neil Guglielmo, Chair	Thomas Moutes
Dana H. Brown	Neil Guglielmo
Jeremy Wolfson	

E. Next Board Meeting

The next regular Board meeting will take place on September 19, 2023. Following is a tentative list of agenda items for that meeting:

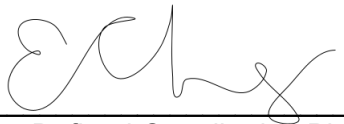
September 19, 2023 Regular Meeting Agenda Items
Board Report: FY 2024-25 Proposed Budget Requests
Board Report: DCP Projects and Activities - August 2023
TPA Quarterly Review (Q2 2023)

Submitted by:



 Eric Lan, Benefits Analyst

Approved by:



 Esther Chang, Defined Contribution Plan Manager

PERFORMANCE UPDATE

CITY OF LOS ANGELES DEFERRED COMPENSATION PLAN

Investment Option Returns as of June 30, 2023

The performance data quoted represents past performance. Past performance does not guarantee future results. For month-end performance which may be lower or higher than the performance data shown, please call 844-523-2457. Investment return and principal value of an investment will fluctuate so that, when sold, an investment may be worth more or less than the original cost. The returns assume reinvestment of all dividends (ordinary income and capital gains) and are net of management fees and other fund operating expenses.

You should consider the investment objectives, risks and charges, and expenses of the funds carefully before investing. The DCP's fund fact sheets contain this and other information. Anyone who wishes to review the fund fact sheets may do so by visiting LA457.com or by calling 844-523-2457. Please read the prospectus carefully before investing. Returns less than one year are not annualized. Fund Inception Date is the date of inception for the underlying fund, and is the date used in calculating the periodic returns. This date may also precede the portfolio's inclusion in the product.

Investment Options	1-Mo	3-Mo	YTD	1-Yr	3-Yr	5-Yr	10-Yr	Incept	Fund Inception Date
Stability of Principal									
FDIC-Insured Savings Account	0.41	1.24	2.40	3.88	1.42	1.72	1.20	0.98	01/09/2009
Deferred Compensation Stable Value Fund	0.25	0.69	1.30	2.37	2.05	2.24	2.13	3.54	01/07/1999
Bonds									
DCP Bond Fund	-0.30	-0.79	2.68	0.12	-3.40	1.13	1.74	1.69	01/04/2012
<i>Benchmark-LEHM</i>	<i>-0.36</i>	<i>-0.84</i>	<i>2.09</i>	<i>-0.94</i>	<i>-3.96</i>	<i>0.77</i>	<i>1.52</i>		
Risk-Based Profile Portfolios									
Ultra-Conservative	0.90	0.79	3.84	3.69	1.06	3.06	3.30	3.75	01/01/2008
Conservative	2.03	1.89	6.51	7.08	3.27	4.65	4.97	5.21	01/05/2002
Moderate	3.39	3.09	9.17	11.08	6.11	6.13	6.96	6.38	01/05/2002
Aggressive	4.47	4.20	11.06	14.39	8.91	7.27	8.15	6.95	01/05/2002
Ultra-Aggressive	5.45	5.21	12.74	17.33	11.40	8.18	9.22	7.17	01/01/2008
Large-Cap Stock									
DCP Large-Cap Fund	6.60	8.74	16.88	19.57	14.58	12.29	12.85	13.14	01/04/2012
<i>Benchmark-SPXRE</i>	<i>6.61</i>	<i>8.74</i>	<i>16.89</i>	<i>19.59</i>	<i>14.60</i>	<i>12.31</i>	<i>12.86</i>		
Mid-Cap Stock									
DCP Mid-Cap Fund	8.20	5.54	9.23	15.63	11.71	8.46	10.45	11.09	01/04/2012
<i>Benchmark-RSMID</i>	<i>8.34</i>	<i>4.76</i>	<i>9.01</i>	<i>14.92</i>	<i>12.50</i>	<i>8.46</i>	<i>10.32</i>		
Small-Cap Stock									
DCP Small-Cap Fund	8.95	5.99	8.86	15.73	14.16	6.02	NA	7.24	01/03/2015
<i>Benchmark-RS2000</i>	<i>8.13</i>	<i>5.21</i>	<i>8.09</i>	<i>12.31</i>	<i>10.82</i>	<i>4.21</i>	<i>8.26</i>		
International Stock									
DCP International Fund	4.47	3.80	14.00	20.60	11.68	6.47	NA	5.68	01/06/2015
<i>Benchmark-MSCIAEU</i>	<i>4.49</i>	<i>2.44</i>	<i>9.47</i>	<i>12.72</i>	<i>7.22</i>	<i>3.52</i>	<i>4.75</i>		

The risks of investing in small company stocks may include relatively low trading volumes, a greater degree of change in earnings and greater short-term volatility.

Foreign investing involves special risks such as currency fluctuation and public disclosure, as well as economic and political risks.

Some of the Funds invest in securities guaranteed by the U.S. Government as to the timely payment of principal and interest; however, shares of the Funds are not insured nor guaranteed.

High yielding fixed-income securities generally are subject to greater market fluctuations and risks of loss of income and principal than are investments in lower yielding fixed-income securities.

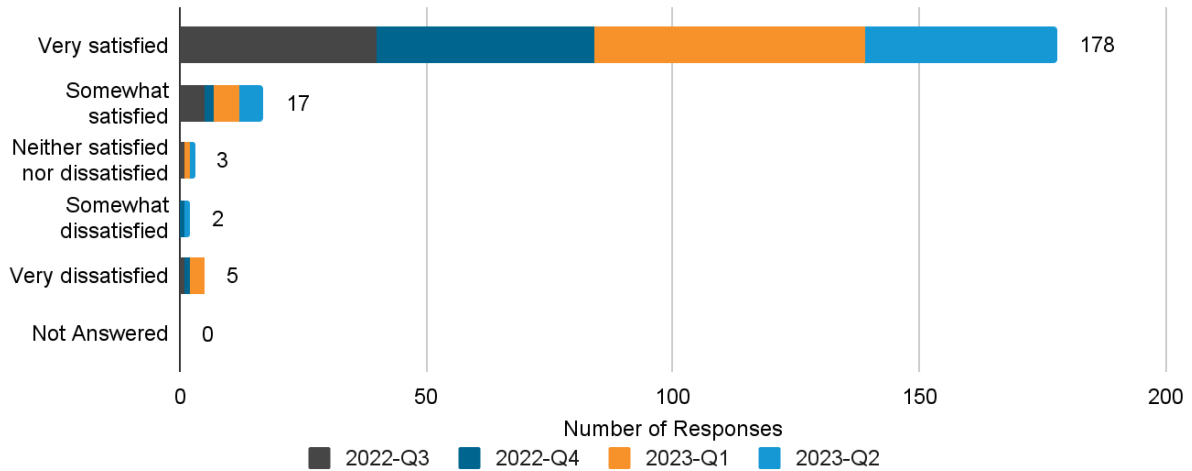
Sector funds may involve greater-than average risk and are often more volatile than funds holding a diversified portfolio of stocks in many industries. Examples include: banking, biotechnology, chemicals, energy, environmental services, natural resources, precious metals, technology, telecommunications, and utilities.

Benchmark Indices

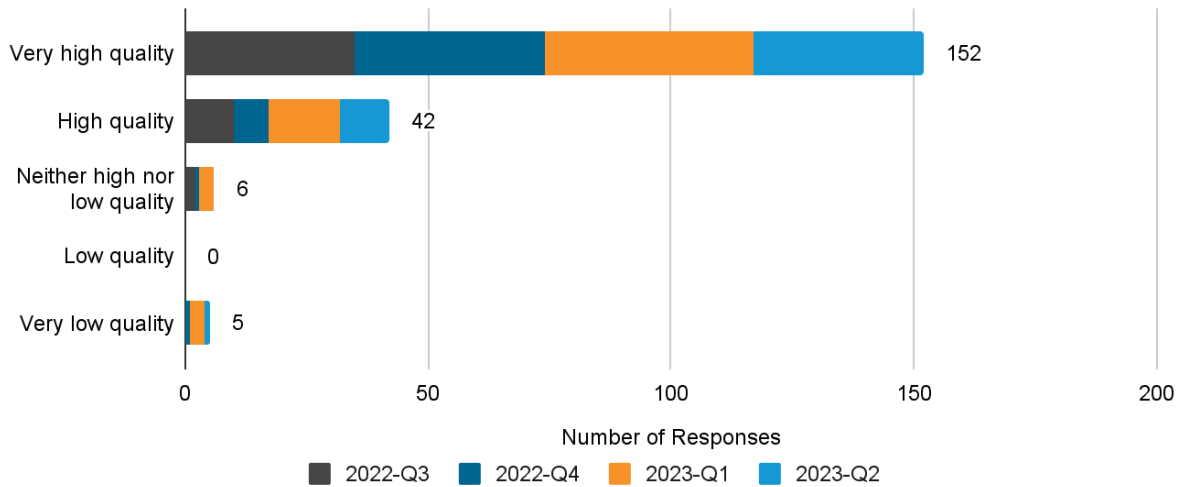
Benchmark ID	Benchmark Description
LEHM	Barclays Capital U.S. Aggregate Bond Index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, Mortgage-Backed Security (agency fixed-rate and hybrid ARM passthroughs), Asset-Backed Security, and CMBS. It rolls up into other Barclays flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.
MSCIACEU	MSCI ACWI (All Country World Index) ex US measures the performance of the large- and mid-cap segment of the particular regions, excluding USA equity securities, including developed and emerging markets. It is free float-adjusted market-capitalization weighted.
RS2000	Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 and includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.
RSMID	Russell Mid-Cap Index measures the performance of the mid-cap segment of the U.S. equity universe. It is a subset of the Russell 1000 index and includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The index represents approximately 31% of the total market capitalization of the Russell 1000 companies.
SPXRE	S&P 500 Index measures the performance of 500 widely held stocks in the U.S. equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid 1989, this composition has been more flexible and the number of issues in each sector has varied. The index is market capitalization-weighted.

Participant Survey Results regarding Voya Local Representatives Service

Overall Satisfaction with the DCP



Local Counselor Quality of Service Ratings



Likelihood of Recommending the DCP

