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# DEFERRED COMPENSATION PLAN BOARD REPORT 05-27



Date: August 8, 2005

To: Board of Deferred Compensation Administration

From: Staff

Subject: Task Force Recommendations/Update

Recommendation:

That the Board of Deferred Compensation Administration (a) approve the recommendation of the Administrative Issues Task Force that the Board authorize the Plan consultant to begin initial work on development of a survey for review/refinement by the Task Force and eventual submission to the Board; and (b) receive and file the following information regarding activities of the Plan Governance Task Force.

Discussion:

**Administrative Issues Task Force** - The Administrative Issues Task Force has held two meetings since its formation in June 2005. As the Board is aware, the purpose of the Administrative Issues Task Force is to (1) provide recommendations to the Board for developing/issuing a participant survey of Deferred Compensation Plan participants; and (2) provide recommendations to the Board for developing the next Request for Proposal for Plan administrative services.

With respect to a survey, as previously reported, at its first meeting the Task Force formed a preliminary consensus around several general concepts:

- In order to proceed expeditiously, it makes sense to use the resources available under the existing consulting contract with Mercer Investment Consulting, as opposed to securing a new provider;
- It would be preferable to conduct a broad survey of all Plan participants as opposed to a limited survey of a sample population;
- A communication campaign should precede the actual issuance of the survey in order to encourage a higher response rate; and
- Decisions regarding actual survey content should be made in the context of understanding the potential costs and RFP timeline in their entirety.

Subsequent to the second meeting, staff met with Mercer to help develop concepts and recommendations for the Task Force. At its meeting held on July 27, 2005, the Task Force considered recommendations from Mercer/staff with respect to the survey, including the following:

- Conduct an anonymous paper-based survey of the entire participant population (as opposed to a web-based survey, or web-based survey in combination with paper-based survey, given that web-based surveys will reach a more limited population and that utilizing two data recapture systems adds considerable additional expense and complexity);
- Design a survey that would take approximately 10 minutes for the participant to complete (approximately 25 questions) and be limited to a single page;
- Design a cost-effective communication plan utilizing, to the extent possible, existing communication mediums/tools for reaching City employees;
- Offer a Spanish language version of the survey;
- Solicit very limited demographic information, with the focus being on the broad participant population.

At this meeting staff also presented a potential timeline for proceeding with the survey in connection with development of the next RFP (attached). Immediate steps essentially consist of the following:

- (1) At the Board's August 16<sup>th</sup> meeting, secure authority from the Board for Mercer to begin work on developing draft survey questions for consideration by the Task Force;
- (2) Target September quarterly statements for a special newsletter article announcing the development of the survey and encouraging participant response as part of a "pre-survey publicity campaign" to help raise the response rate;
- (3) Target the Board's regular meeting on October 18, 2005 to present the Task Force's recommended survey document, with possible issuance as soon as late October/early November.

Mercer's costs are initially estimated to be in the range of \$75,000-\$78,000, although this figure might need to be adjusted if and when final details regarding the survey are resolved. The bulk of these expenses center around the actual issuance of the survey and recording of results, not the costs of survey development. As a result, in the interests of moving the process forward, staff recommends that the Board authorize initial work by Mercer on survey development.

**Plan Governance Task Force** – The Plan Governance Task Force met on July 20, 2005. At this meeting staff provided background to the Task Force with respect to the events that led to formation of the group, indicating that the primary objective of this group was to develop recommendations for improving the administrative oversight of the Plan.

The Task Force had an initial productive discussion regarding examining the original intent for establishing the current structure, defining the constituencies intended to be represented, and examining certain potential improvements. However, in order to better inform their

deliberations, the Task Force asked for more information regarding how other state and local government Plan sponsors structure their administrative oversight. Staff indicated it would conduct this research and return with that information, along with samples of how some of the concepts for improvement already debated by Task Force members might compare with current Administrative Code provisions. A second meeting of the Task Force is likely to be held in mid to late August.

Submitted by: \_\_\_\_\_  
Steven Montagna

Approved by: \_\_\_\_\_  
Maryanne Keehn