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DEFERRED COMPENSATION PLAN BOARD REPORT 05-38



Date: December 8, 2005

To: Board of Deferred Compensation Administration

From: Staff

Subject: Staff Report & Information Items

Recommendation:

That the Board of Deferred Compensation Administration receive and file the following information.

Discussion:

Staff has developed a new format for its monthly Board administrative reports. In the past the focus has been on providing statistical data, most of which was largely redundant of data provided in other reports (e.g. the Great-West quarterly report, Plan annual report, etc.). As part of a broader effort to facilitate the flow of information to Board members, the new focus will be on using these reports as a means of passing along brief update items concerning various issues and/or topical information received from various sources received by staff in between Board meetings.

Plan Survey – The response to the survey has been extremely positive. Thus far the Plan has received over 4,000 responses, representing approximately 11% of the participant population. Responses will be accepted through December 16. None of the specific findings are available yet but at least preliminary numbers should be available at the Board's January 17, 2006 meeting. Letters written by participants to the Board as a result of the survey are included as an attachment to this report.

Great-West Contract Extension – On October 19th, Personnel Committee approved the Board's recommendation to extend the Great-West contract through 3/31/06, and on October 26th that recommendation was approved by the full City Council. Staff is in the process of processing the contract amendment.

Eligibility File – Staff has been attempting for some time to generate an "eligibility file," i.e. an electronic payroll feed that would be sent to Great-West each payday providing a list of all those eligible for the Deferred Compensation Plan (both those enrolled as well as not enrolled). An eligibility file would have many benefits, including allowing on-line enrollment. This initiative previously had stalled with the City Controller over concerns about the release

of Social Security numbers for individuals not presently enrolled in the program. Currently it appears that the City Attorney's Office will take the position that providing Social Security numbers in this context may violate State law and should therefore not be done. Staff is continuing to investigate the issue and potential alternatives.

DROP Outreach – Staff is presently working on developing a communication plan for coordinating with the Department of Pensions to ensure that individuals nearing the end of their participation in DROP are provided with adequate information regarding options for rolling those funds into the Deferred Compensation Plan. A full report on this topic will be provided at the Board's January 17th, 2006 meeting.

Information Items:

- *Washington Mutual Comparative Data* – Washington Mutual prepared this comparison of their rates against a range of other providers per the Board's request at the October 18th meeting.
- *Mercer Publication Excerpt: Automatic Enrollment* – This is an excerpt from a general Mercer benefits publication addressing the issue of automatic enrollment.
- *Wall Street Journal Articles: Magellan Fund Management Change* – These articles provide some information regarding the recent change in management at the Fidelity Magellan Fund – Board members should be aware that Fidelity's account manager has contacted City staff and offered to meet with the Board if the Board wishes to answer questions regarding this matter.
- *American Funds 3rd Quarter Economic & Market Review* – A report from American Funds on the economic and market outlook.
- *Executive Summary of President's Advisory Panel on Federal Tax Reform* – Summary document obtained of recommendations from Presidential commission on tax reform.
- *Wall St. Journal Article: A New Approach to Savings Plans* – Article mentioning possible momentum building for consolidating employer-sponsored retirement savings plans.
- *Wall St. Journal Article: ETFs Find New Routes to 401(k) Plans* – Article regarding use of exchange-traded funds in retirement plans.
- *Wall St. Journal Article: Retirement Plans Go Automatic* – Article regarding increasing automation in retirement plans.

Submitted by: _____
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