

Deferred Compensation Plan BOARD REPORT 12-09

Date: January 6, 2012
To: Board of Deferred Compensation Administration
From: Staff
Subject: Quarterly Communications Activity Report

*Board of Deferred
Compensation Administration
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Recommendation:

That the Board of Deferred Compensation Administration receive and file this quarterly communications activity update report.

Background

In accordance with the new Board meeting format beginning January 2012, staff will update the Board regarding Deferred Compensation Plan (DCP) communications efforts on a quarterly basis.

A. CURRENT PROJECTS

1. Investment Menu Change Implementation Communication: The first phase of the investment menu change that would create the DCP Large-Cap Stock Fund, the DCP Mid-Cap Stock Fund, and the DCP Bond Fund was postponed until April 20, 2012 at last month's Board meeting. Staff is currently working on revising the communication mailer to be sent out to participants in early March 2012. Staff is reworking the mailer in order to incorporate participant comments from a focus group that was coordinated in mid-December to review the effectiveness of the communication mailer. Additionally, staff has also incorporated and discussed comments from participants who have otherwise contacted the Plan regarding the upcoming investment menu change. Upon considering participant feedback, staff has also requested revisions to the Plan website that will assist participants in identifying "New" notifications more readily.

Assuming no further changes to the implementation date, staff will be finalizing the communication mailer and working with Great-West in order to ensure that information regarding the investment menu change is communicated effectively.

2. Newsletter – Fourth Quarter 2011: Staff is currently finalizing the newsletter for Fourth Quarter 2011. This piece should be received by participants nearing the end of January, 2012. It will again discuss the investment menu change and adjusted implementation date to April 20, 2012, as well as remind participants

regarding the next phase of changes, which involves the creation of the DCP Small-Cap and International Stock Funds and an update to the DCP Mid-Cap Stock Fund.

3. Loan Highlights: Staff is currently working with Great-West to revise the Plan's Loan Highlights guide to include questions related to defaults and late payments. This will be a more comprehensive, user-friendly guide and educational tool to assist participants in determining how to avoid or handle a late loan payment or defaulted loan.
4. Retirement Calculator: Staff is working to develop a calculator tool that will calculate an employee's projected retirement benefit from his/her respective retirement system (LACERS, Pensions, or DWP Retirement) and add that to the estimated benefit the employee will receive from his/her Deferred Compensation Account. The calculator will then return the percentage of income the employee is presently living off of that the total retirement benefit will replace. Currently, there is no tool that provides this overall percentage to help an employee plan his/her retirement saving strategy. With this tool, employees will be able to determine whether contributing more to a DCP account, and what combination of pre-tax and Roth contributions, might help supplement their core retirement benefit. This will also assist employees in determining how much risk they can stand to tolerate while they save for retirement.

Staff met with the other retirement systems, LACERS, Pensions, and DWP Retirement, in November 2011 to introduce the concept of this tool and to discuss issues and methods of implementation. Staff is currently working with Great-West programmers to develop a prototype.

B. UPCOMING PROJECTS

1. "Go Green" Campaign: Staff will be working with Great-West in order to strategize an effective communications plan to encourage more participants to sign-up for electronic quarterly statements. Great-West has provided samples of other campaigns that the City can use as a baseline.
2. Plan Online Enrollment: Staff is working with Great-West to establish a "group PIN" for the City's Plan that will allow employees to enroll for a DCP account online. Enrollees will use the group PIN to create an account and will be provided a personal PIN immediately after setting up an account online. E-mail and flyer communications will be distributed to City employees regarding this new option. Enrollment forms will be modified to address the new option.
3. Award Entries: The City will be preparing an application for the 2012 Gold Quill Awards, which recognizes significant achievements in communication.
4. Website Conversion: In November 2011, Great-West demonstrated to staff a new website layout that is starting to be rolled out to its plan sponsors. The new

layout attempts to mirror the layout on many mobile phones today – having “apps” or icons on the desktop to represent options that a participant can easily view and choose. The new layout is expected to be rolled out for the City’s Plan site approximately late 2012. Staff is working with Great-West to provide for appropriate customization.

5. Webinars: Staff is exploring the feasibility of developing webinars and other electronic media to use as new communication and educational tools.

C. REVIEW OF PROJECTS COMPLETED

Primary projects that were completed in the last quarter of 2011 are listed below.

1. National Save for Retirement Week (NSFRW) Flyer: In October 2011, a flyer and e-mail message were drafted in order to notify employees about NSFRW and the opportunity employees had to consult with Great-West representatives at different locations throughout the City.
2. Awards: In October 2011, staff submitted an entry for the 2012 Eddy Awards. The City’s entry highlighted the revitalization of the Plan’s enrollment form, which was redesigned in 2010 primarily for the participant’s understandability and ease of use (and not for administration processing or disclosure obligation purposes). The Eddy Awards recognize plan sponsors and service providers that epitomize the best practices in providing investment education to defined contribution plan participants.

Staff also received notification that the Plan had won a 2011 MarCom Gold Award for materials related to the Roth 457 Campaign.

3. Newsletter – Third Quarter 2011: This was sent to the participants in late November 2011, which mainly informed participants about the upcoming change to the investment menu and the creation of the DCP Large-Cap, Mid-Cap, and Bond Funds.
4. Plan Sponsor Survey Review: Great-West surveyed staff and Board members regarding its performance, which overall was satisfactory. Staff and Great-West continually collaborate on efforts to improve Plan administration and communication.
5. Annual Limits Flyer: A flyer was prepared, posted, and e-mailed to City employees to inform them of the increase in the annual limits for contributions for 2012.
6. Focus Group – Investment Menu Change: Staff coordinated a focus group of eight Plan participants in December 2011 to obtain opinions regarding the rough draft of the communication mailer that will convey comprehensive information regarding the upcoming investment menu changes.

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