

Deferred Compensation Plan BOARD REPORT 12-24

Date: April 9, 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 will create the DCP Large-Cap Stock Fund, the DCP Mid-Cap Stock Fund, and the DCP Bond Fund will take effect April 20, 2012. Participants were made aware of the upcoming change through articles in previous newsletters and postings on the participant website. A detailed informational packet was mailed to all participants the week of March 12, 2012. A copy of this information was also posted to the participant and Board websites.

Additionally, local Great-West counselors will be holding eight informational meetings for participants Citywide. During the meeting, Great-West counselors will summarize the changes in presentation format and then address participant concerns or questions. These meetings began Tuesday, April 3, 2012, and will be held two or three times a week through Thursday, April 19, 2012. Dates, times, and locations of these meetings were included in the informational packet and is also posted online.

2. Newsletter – First Quarter 2012

Staff is currently finalizing the newsletter for First Quarter 2012. Participants will be receiving this piece by the end of April 2012. The newsletter will include an article related to “retirement health” and whether a review (or “checkup”) of contribution

amounts and methods are needed, a notice of the upcoming Board of Deferred Compensation elections in May, a reminder to review or update beneficiary designations, and a brief note on the April 20, 2012 investment menu changes and a reminder that staff is continuing to work on improvements to the investment menu.

3. Retirement Calculator

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 creating the logic (for the various retirement calculations) and general design/user interface of the tool, which will be sent to Great-West for prototype development and design.

4. Plan Online Enrollment

Staff is working with Great-West to refine the online enrollment process via a test environment to resolve some technical issues. Once it is fully operational, participants will be able to enroll for a DCP account online. Enrollees will use a group personal identification number (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.

5. "...After You Retire" Informational Flyer

Staff is finalizing a one-page flyer intended for employees that are retiring. The piece is a basic fact sheet for important items retirees should be aware of when considering their account post-retirement and how to access their DCP funds. The flyer was created in response to retired employees coming back to work in a part-time capacity and discovering they were unable to take a distribution from their DCP account. A participant may only initiate distribution if they are terminated in all capacities from City payroll.

6. KeyTalk/Web Highlights Flyer

Staff is currently reviewing a revised KeyTalk/Web flyer that now includes tips on how to navigate through the KeyTalk voice-response system. These flyers are available at the public counter at City Hall.

7. 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.

B. UPCOMING PROJECTS

1. "Go Green" Campaign

Staff is currently finalizing the objectives and goals for the 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. “Meet Your Great-West Representative” – Online Calendar

Staff and Great-West have had initial discussion regarding a calendar, to be available on the participant website, which will indicate where a Great-West counselor will be providing services. On any given day, participants will be able to see if services might be provided at a nearby location or where a specific counselor will be.

3. Periodic Participant Survey

Staff will be exploring the idea of creating a periodic participant survey that asks the same questions in order to gauge participant knowledge and opinion over time. Possible areas the survey will cover are investment behavior/knowledge, retirement planning behavior/knowledge, confidence in the Deferred Compensation Plan and/or employee’s retirement plan, etc.

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 is expected to be rolled out for the City’s Plan site approximately late 2012. Staff will be 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 first quarter of 2012 are listed below.

1. Elections

An informational letter was mailed to all Plan participants the week of March 12, 2012, notifying them of the May 11, 2012 elections for the DWP Active Participant Representative and Retired Participant Representative Board seats. The notice also included filing deadlines and information for participants who wanted to run for these seats. Information regarding the election is also posted to the participant and Board websites.

2. Awards

The City was awarded the 1st Place Eddy Award for its Roth communication efforts at the 2012 Pensions and Investments Conference. The Eddy Awards recognize plan sponsors and service providers that epitomize the best practices in providing investment education to defined contribution plan participants.

The City is still awaiting to hear results for the 2012 Gold Quill Awards. An entry was submitted in January 2012.

3. Newsletter – Fourth Quarter 2011

The Fourth Quarter newsletter was sent to Plan participants in late January 2012. It included information regarding market volatility and risk consideration, a reminder and overview of the April 20th fund changes, and a notice for the increase in 2012 annual contribution limits.

4. Great-West Local Counselor Flyers

Staff designed a flyer to be used by Great-West local counselors when account services are being provided at another location outside of City Hall. The flyers highlight the specific counselor providing the account services, in an effort to connect on a more personal level with the participant.

5. Focus Group – Investment Menu Change

Staff coordinated a focus group of eight Plan participants in February 2012 to obtain opinions regarding a revised draft of the communication mailer that conveyed comprehensive information regarding the April 20, 2012 investment menu changes. This was the second focus group tested to ensure the informational packet was relevant and effective. Comprehensive changes were made to the packet using comments from the initial December 2011 focus group.

6. Accrued Leave Flyer

This flyer was reviewed and updated.

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