

# DEFERRED COMPENSATION PLAN BOARD REPORT 11-77

Date: November 7, 2011  
To: Board of Deferred Compensation Administration  
From: Staff  
Subject: Staff Report – Completed & Pending Projects & Activity Report

Members  
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John R. Mumma, Vice-Chairperson  
Cliff Cannon, First Provisional Chair  
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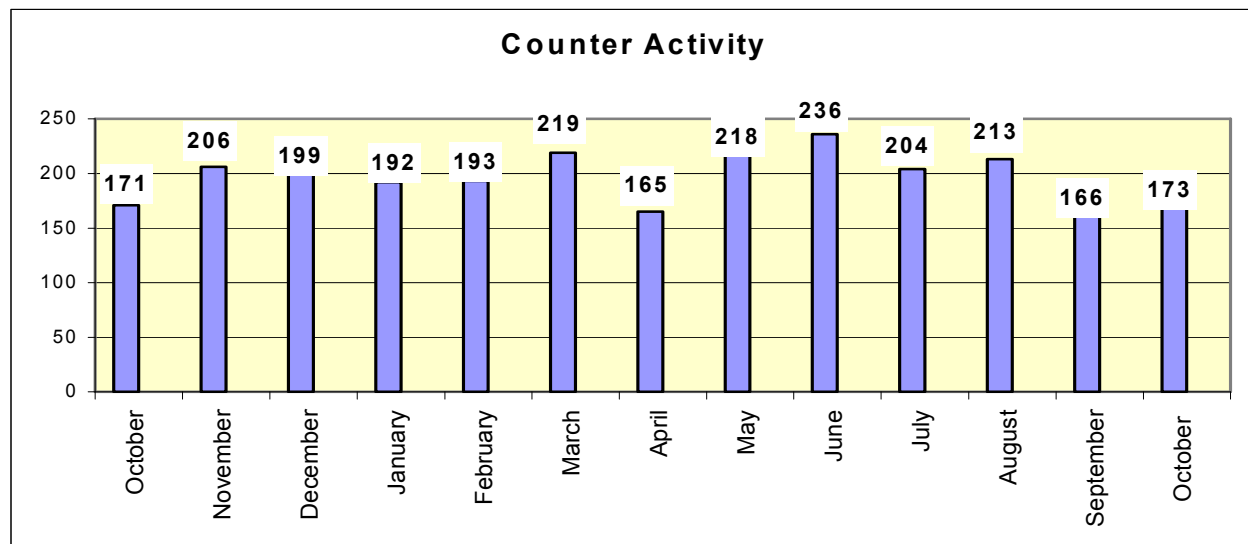
## Recommendation:

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

## Activity Reports:

### **Counter Activity Employee Benefits Division**

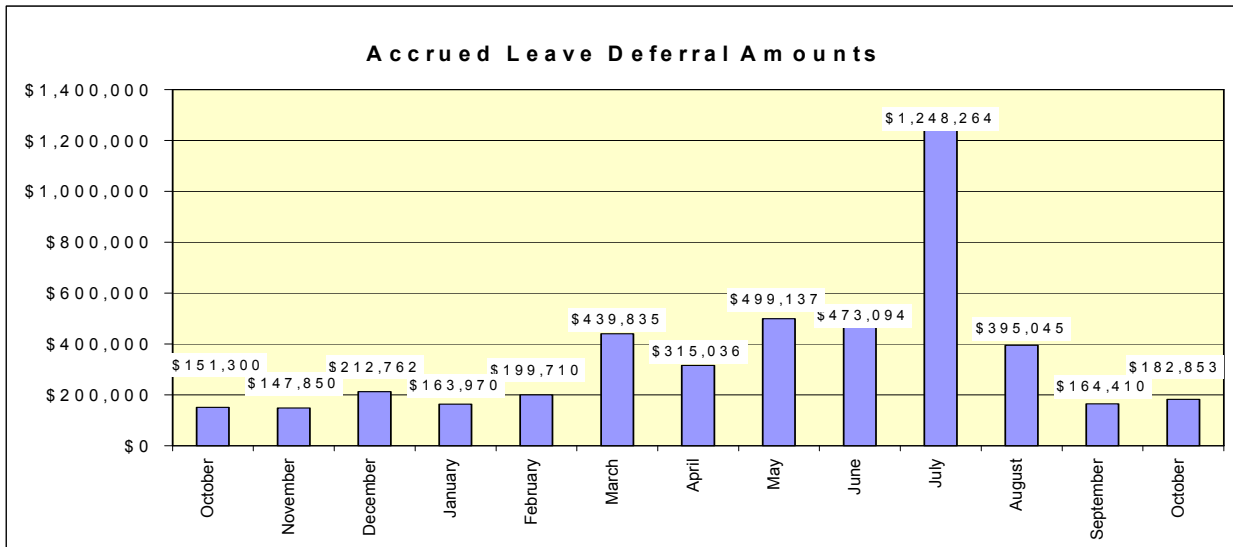
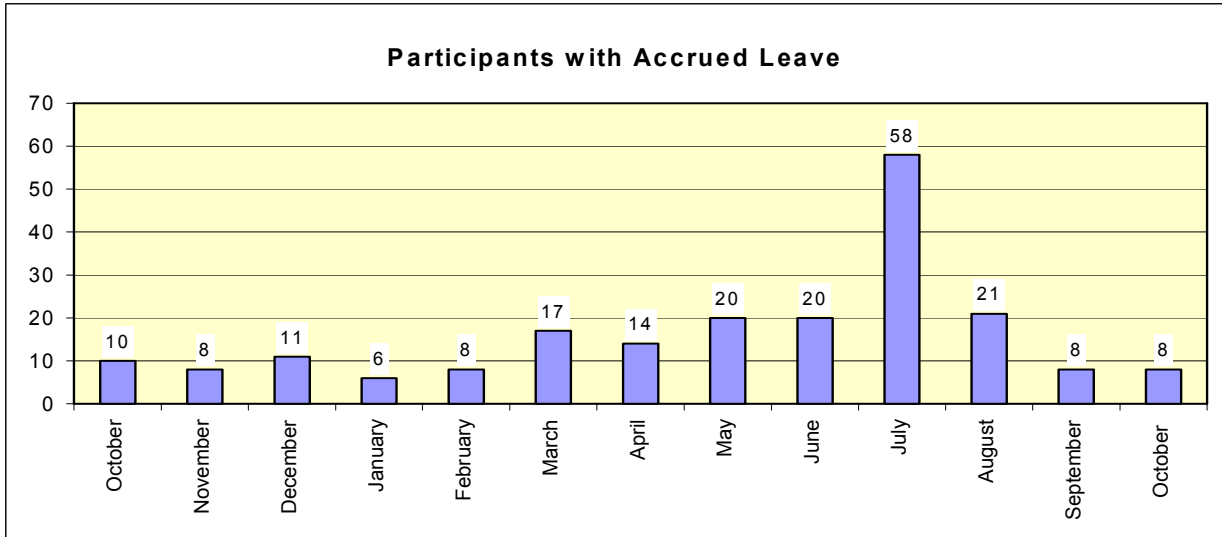
Staff has compiled the following results of Counter Activity flow for the month of October 2011. During the month of October, 173 participants visited the Employee Benefits Division to discuss their Deferred Compensation accounts with the Great-West representatives and/or staff. Following are counter activity results from October 2010 to October 2011:



### Accrued Leave Activity

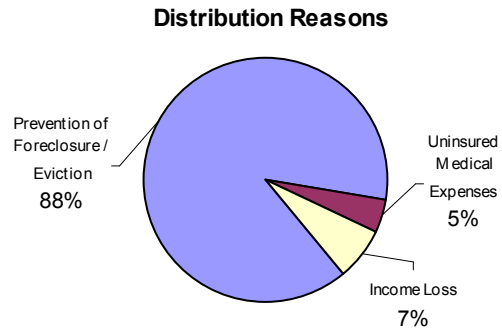
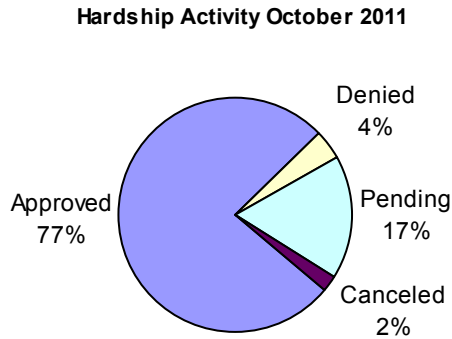
Staff has compiled the following results of Accrued Leave enrollment for the month of October 2011. During the month of October, eight participants elected to enroll in Accrued Leave and \$182,853 was contributed into the Plan from their Accrued Leave payouts.

Following are accrued leave activity results from October 2010 to October 2011:

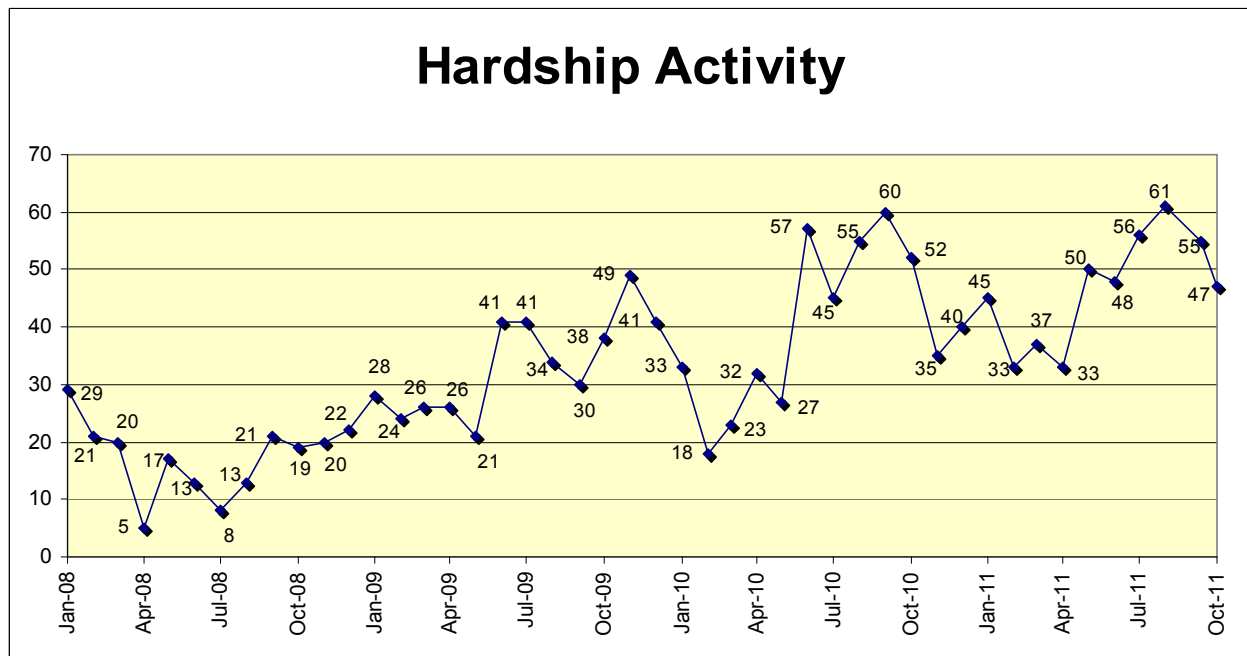


## Hardship Activity

Staff has compiled the following results of hardship processing with Great-West for the month of October 2011. During the month of October, 47 hardship cases were submitted to Great-West. Thirty-six cases were approved, one was canceled, two were denied, and eight were pending further documentation.

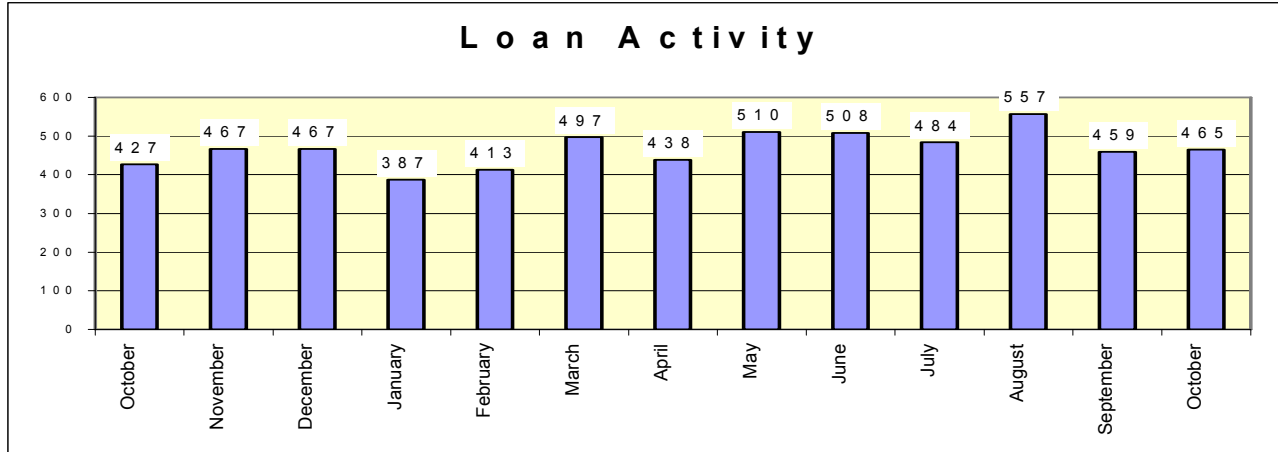


Staff has compiled long-term hardship activity results since the reassignment of hardship processing to Great-West in 2008. Following are hardship activity results from January 2008 to October 2011:



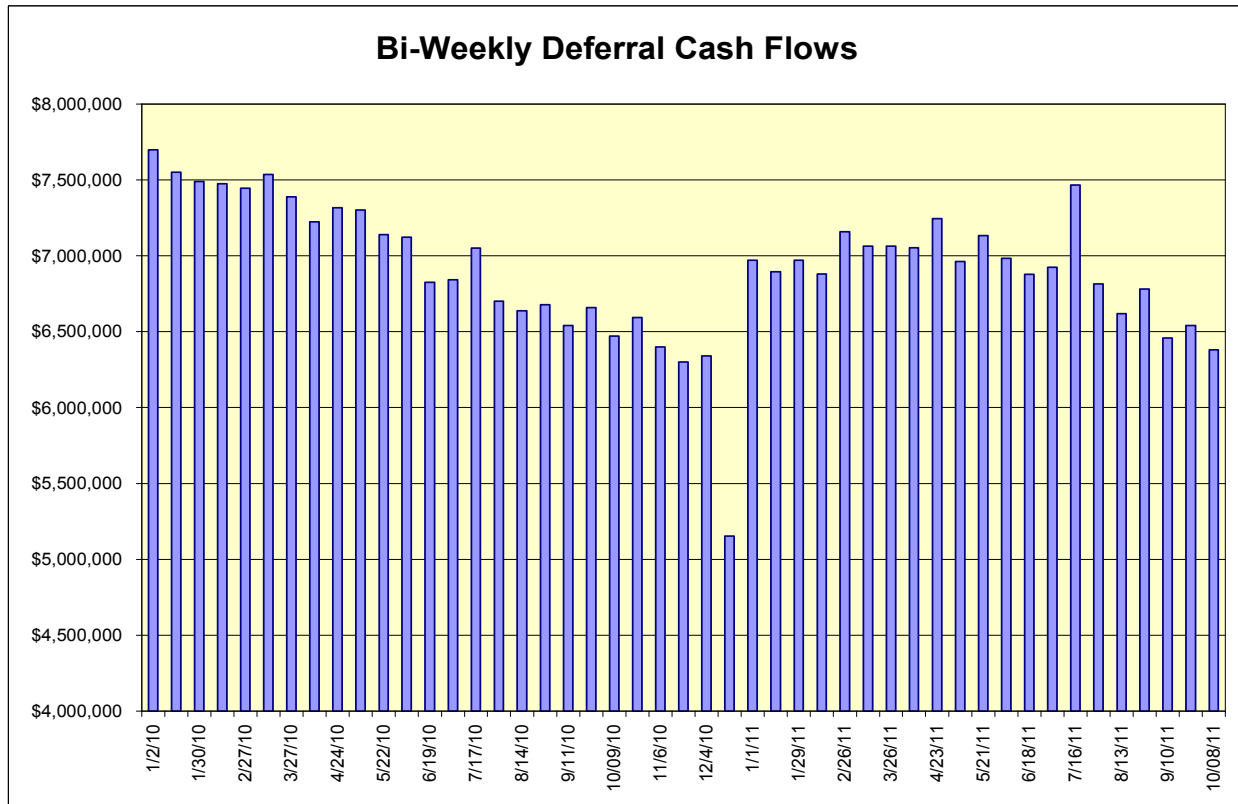
### Loan Activity

Staff has compiled the following results of new loans acquired for the month of October 2011. During the month of October, 465 participants elected to obtain a new loan and \$4,997,190 was withdrawn from the Plan for their loan payouts.



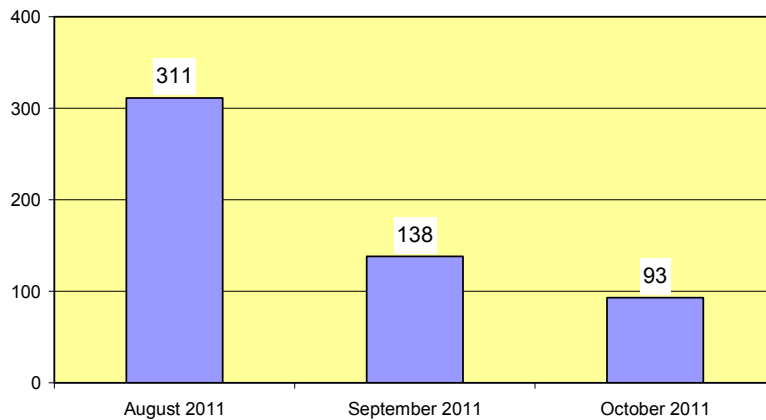
### Deferral Tracking

Staff has compiled the following results of bi-weekly deferral cash flows for the month of October 2011 for the City of Los Angeles and Department of Water and Power. During the month of October, the City and Department of Water and Power deferred **\$12,919,826** into the Deferred Compensation Plan. This compares to **\$13,129,534** in October 2010, or a decrease of **1.59%** year-over-year.



Additionally, the Board asked staff to begin including data on Roth accounts in order to track participation in the new option. Since the actual deferrals that began August 2011, there have been 542 new Roth accounts established. This constitutes a 1.9% participation rate of the approximately 28,834 employees contributing to the plan<sup>1</sup>. The chart below illustrates establishment of new Roth deferral accounts since introduction in August.

**New Roth Accounts**



**Other Activity**

The IRS announced retirement plan limits for 2012, which have increased and are detailed below. Staff will be developing a communication piece to notify Participants.

**2012 RETIREMENT PLAN LIMITS**

	<b>2011</b>	<b>2012</b>
<i>Below age 50</i>	\$16,500	\$17,000
<i>Age 50 or older</i>	\$22,000	\$22,500
<i>Catch-up</i>	\$33,000	\$34,000

Additionally, the CAO's Office inquired about total annual Plan fees paid. For the Board's information, the numbers below were provided to the CAO's Office by staff.

**DEFERRED COMPENSATION PLAN FEE SUMMARY**

<b>Fee Category</b>	<b>Dollar Value</b>	<b>Percent of Assets</b>
Investment Mgmt Fees* -->	\$ 5,547,560	0.18%
Annual Third-Party Admin Fees** -->	\$ 1,512,989	0.05%
<b>Total Fees --&gt;</b>	<b>\$ 7,060,549</b>	<b>0.22%</b>

\* Investment Management Fees are net of certain fund rebates to participants; do not reflect unknown revenue collected on banking products; and do not reflect various investment fees paid by participants in the SDBO

\*\* Annual Third-Party Administrative Fees include asset-based fee of 0.10% with \$125 annual fee-cap

<sup>1</sup> There were 28,834 employees contributing to the Plan as of January 2011 (source: 2010 Annual Report).

**PROJECT UPDATE**  
(reflects project activity for period 10/01/11 through 10/31/11)

COMPLETED PROJECTS: OCTOBER 2011					
#	STATUS	PROJECT	DUE DATE	COMPLETED	NOTES
1	Completed	Minutes - 09/20/11 Meeting	10/01/11	10/12/11	N/A
2	Completed	Board Report - Consulting Services Contract Extension	10/01/11	10/12/11	N/A
3	Completed	Board Report - Investment Manager Services RFP	10/01/11	10/12/11	N/A
4	Completed	Board Report - Strategic Plan Mission & Values Statements	10/01/11	10/12/11	N/A
5	Completed	Board Report - October Contract Status Update	10/01/11	10/12/11	N/A
6	Completed	Board Report - Staff Report October	10/01/11	10/12/11	N/A
7	Completed	National Save for Retirement Week - Promotion	10/17/11	10/10/11	N/A
8	Completed	Board Report - Hardship Application Policy for Income Loss Exceeding One Year	11/01/11	10/19/11	N/A
PENDING PROJECTS					
#	STATUS	PROJECT	DUE DATE	COMPLETED	NOTES
1	PENDING	Minutes - 10/18/11 Meeting	11/01/11		Pending
2	PENDING	Board Report - FDIC Option Asset Apportionment	11/01/11		Pending
3	PENDING	Board Report - Investment Menu Update November 2011	11/01/11		Pending
4	PENDING	Board Report - January 2012 Training Event	11/01/11		Pending
5	PENDING	Board Report - Accountability Summary Revision	11/01/11		Pending
6	PENDING	Board Report- Budget Review for 09/30/11	11/01/11		Pending
7	PENDING	Board Report- Plan Sponsor Survey Results	11/01/11		Pending
8	PENDING	Board Report- November Staff Report	11/01/11		Pending
9	PENDING	Retirement Income Calculator - Planning Meeting & Project Outline	12/01/11		Identified participants, scheduling meeting
10	PENDING	Special Mailing - Investment Menu Changes	12/01/11		Drafting Materials
11	PENDING	Board Report - Great-West Contract Amendment Extension DCP Services 2012-2016	12/01/11		Drafting amendment and Board Report
12	PENDING	Great-West Contract Amendment Extension PSP Services 2012-2016	12/01/11		Drafting amendment

					Drafts still pending general contracting Mayor/ASD review results for Business Inclusion Program
13	PENDING	Consulting RFP Review - Scoring of Written Responses	12/01/11		
14	PENDING	Minutes - 11/15/11 Meeting	12/01/11		Pending
15	PENDING	Board Report - Investment Menu Update December 2011	12/01/11		Pending
16	PENDING	Board Report - Retiree Loans	12/01/11		Meeting held with Great-West on 11/3/11 to review implementation options
17	PENDING	Board Report - Strategic Plan Part 3	12/01/11		Drafting revisions from prior meeting and goals
18	PENDING	Board Report - Plan Document Revisions - Amend Plan Document to reflect 2009 RMD waiver, and make other necessary changes	12/01/11		Pending
19	PENDING	Board Report- December Staff Report	12/01/11		Pending
20	PENDING	Investments Committee Meeting: Investment Policy Statement - Termination	01/01/12		Identifying schedule availability for Committee meeting
21	PENDING	Board Report - History of funds on monitor/watch	01/01/12		Pending
22	PENDING	Board Report - Loan Repayment Policy	01/01/12		Pending
23	PENDING	Investments Committee Minutes - 4-18-11 Meeting	01/01/12		Pending
24	PENDING	Board Report - review of consistency of access to separating City employees	01/01/12		Pending
25	PENDING	Create Catch-Up Flyer Incorporating Roth	01/01/12		Pending
26	PENDING	Board Report - Contribution History & Rollovers	01/01/12		Pending
27	PENDING	Board Report - In-Kind Transfers from SDBO	01/01/12		Pending
28	PENDING	Planning Meeting - January 2012 CA-DCPN Meeting	01/01/12		Pending
29	PENDING	Board Report - Beneficiary Notifications and Focus Group Results	02/01/12		Pending
30	PENDING	Board Report - SAS Form from Great-West	02/01/12		Pending
31	PENDING	Domestic Partners Research and Discussion with City Attorney and California Peers	02/01/12		Pending
32	PENDING	Revise Distribution Form	01/01/12		Pending
33	PENDING	Revise Enrollment Guide	02/01/12		Pending
34	PENDING	Board Report - Document Retention Policy	03/01/12		Pending
35	PENDING	Review and report back on City of New York financial advice program	03/01/12		Pending

36	PENDING	Board Report - Merrill Lynch - Communication to Outside Vendors	03/01/12	Pending
37	PENDING	Beneficiary Addresses	03/01/12	Pending
38	PENDING	Review and report back on PIMCO hedge fund strategy	03/01/12	Pending
39	PENDING	Review and report back on Plan statistics broken down by constituency	03/01/12	Pending
40	PENDING	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	03/01/12	Pending
41	PENDING	Board Report - Social Media Options	03/01/12	Pending
42	PENDING	Board Report - Auto Glide-Path for Asset Allocation Funds	03/01/12	Pending
43	PENDING	Board Report - Proxy Share Voting	03/01/12	Pending
44	PENDING	Investment Advice Review and Proposal	03/01/12	Pending
45	PENDING	Notification of Participants - Catch-Up Eligibility	03/01/12	Pending
46	PENDING	Pre-Audit Testing - Phase II	03/01/12	Pending
47	PENDING	Revise Pension Savings Plan Highlights	03/01/12	Pending
48	PENDING	Retirement Plan Summit	03/01/12	Pending
49	PENDING	Revisit Plan Audit	03/01/12	Pending
50	PENDING	PSP Account Consolidation	03/01/12	Pending
51	PENDING	Statistical Project: Refined Count of Non-Contributing Participants	03/01/12	Pending
52	PENDING	Deemed IRA Implementation	03/01/12	Pending

**Staffing Summary** – Following is a summary of staff positions supporting the Deferred Compensation Plan:

Position Authority	Incumbent Class	Est. Percent Reimbursed by DCP	Staff Member
<b>Personnel</b>			
Chief Personnel Analyst	Chief Personnel Analyst	20%	Alejandrina Basquez
Senior Personnel Analyst II	Senior Personnel Analyst II	60%	Steven Montagna
Management Analyst II	Management Analyst II	90%	Natasha Gameroz
Management Analyst II	Personnel Analyst II	90%	Esther Chang
Benefits Specialist (prior incumbent left under ERIP)	Clerk Typist	90%	Claudia Guevara
<b>City Attorney</b>			
Assistant City Attorney	Assistant City Attorney	25%	Curt Kidder



Legal Assistant	Legal Assistant	40%	Vicky Williams
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Submitted by: \_\_\_\_\_  
Esther Chang

Reviewed by: \_\_\_\_\_  
Steven Montagna

Approved by: \_\_\_\_\_  
Alex Basquez