

Deferred Compensation Plan BOARD REPORT 15-44

Date: August 10, 2015
To: Board of Deferred Compensation Administration
From: Staff
Subject: Staff Report – Projects & Activity Report

Board of Deferred
Compensation Administration
John R. Mumma, Chairperson
Michael Amerian, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Thomas Moutes, Second Provisional Chair
Raymond Ciranna, Third Provisional Chair
Linda P. Le
Wendy G. Macy
Robert Schoonover
Don Thomas

Recommendation:

That the Board of Deferred Compensation Administration receive and file staff's update on Plan projects and activities during July 2015.

Discussion

This report provides updates and informational items relative to the following:

A. CURRENT/UPCOMING PROJECTS & BOARD MEETING CALENDAR

Projects – Personnel Department staff are responsible for four primary functions relative to executing the City's Deferred Compensation Plan: communications, operations, administration, and governance. Below are certain key projects that staff have been working on (outside of the projects discussed in separate accompanying reports):

Communications

- *Newsletter - 2nd Quarter 2015:* Newsletters and statements were printed and mailed on July 28, 2015.
- *National Retirement Security Week:* Staff is finalizing ideas for this year's campaign, which is discussed further in a separate report on this month's agenda.
- *Communication Related to HR 2416:* Staff is working with Empower to identify and develop communication options to inform and educate sworn officers who roll in funds from the Deferred Retirement Option Program (DROP). Additional information on HR 2416 is included under Part C ("Informational Items and Updates") of this report.
- *Beneficiary Campaign:* The 2nd Quarter Newsletter included an article related to the importance of ensuring beneficiary designation information was up to date. The newsletter additionally contained notice that the next quarter's statements would begin to include the actual beneficiary names. Staff is exploring the options to provide more web and print education to participants who do not have a beneficiary or have not updated their beneficiary information with the Plan.

- *Board Member Communications:* Staff has developed a template for any communication that an individual Board member may wish to disseminate to Plan members. The Board Chair has utilized this template and has worked with staff to provide updates to the sworn population through targeted communication methods, such as via the *Blue Line*, a publication of the Los Angeles Police Protective League. In July, the sworn population was provided information related to certain tax benefits applicable to safety personnel, which included notice of the option of payment of insurance premiums directly from the Plan and information related to recent changes to exceptions to early withdrawal penalties of non-Plan money (see Part C of this report for more information).

Operations

- *In-Plan Roth Conversion:* This feature is targeted to be live in September and announced to Plan participants in the October quarterly newsletter.
- *Web Security Passcodes:* Staff is working with Empower to improve the security of participants' online account access. The Plan will launch an enhanced alphanumeric passcode feature which would be an option for all current accounts and mandatory for new accounts. Currently, participants access their online accounts with a numeric PIN. Staff anticipates the new feature to launch by October.

Administration

- *Contracts:* Staff continues to finalize agreements for services procured earlier this year.
- *Metrics:* Staff continues its work on identifying and tracking Plan data, related to its efforts for the Targeted Enrollment Initiative and other general metrics reporting efforts. Additionally, the next iteration of the Plan's enhanced metrics quarterly report will be presented to the Board in September.
- *Cost Allocation Plan (CAP) Rate:* Staff continues its research regarding the methodology for calculating Plan-related reimbursements and will report to the Board when its analysis and recommendations are completed.

A summary of all completed and upcoming projects for Division staff is provided as Attachment A.

Meeting Calendar – Staff maintains a calendar of upcoming Board meetings and proposed topics. This calendar includes the annual meeting plan and will be refined and updated as the Board meets and objectives/assignments are refined for the coming year. The current calendar is provided as Attachment B.

B. STAFFING AND COMMITTEE ASSIGNMENTS

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

Position Authority	Incumbent Class	Function	Est. Percent Reimbursed by DCP	Staff Member
Personnel				
Chief Personnel Analyst	Chief Personnel Analyst	Division Chief	20%	Steven Montagna
Senior Personnel Analyst II	Senior Personnel Analyst II	Plan Manager	60%	Alexandra Castillo
Senior Personnel Analyst I	Senior Management Analyst I	Administration	100%	Esther Chang
Management Analyst II	Management Analyst II	Operations	90%	Paul Makowski
Management Analyst II	Management Analyst II	Communications	90%	Matthew Vong
Benefits Specialist	<i>Vacant</i>	Participant Services	90%	<i>Vacant</i>
City Attorney				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curt Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

Committee Membership – Following is the new committee roster as designated by the Board Chairperson, effective July 20, 2015:

Plan Governance & Administrative Issues Committee
<p>John R. Mumma, Chair Cliff Cannon Linda P. Le Michael Amerian</p>

Investments Committee
<p>Ray Ciranna, Chair Tom Moutes Michael Amerian Don Thomas</p>

C. Informational Items and Updates

The Defending Public Safety Employees' Act (H.R. 2146)

President Barack Obama recently signed into law H.R. 2146, or the Defending Public Safety Employees' Retirement Act. This bill amends the Internal Revenue Code and makes changes to the list of exceptions to the 10% penalty on distributions taken from certain retirement savings before age 59½. The penalty does not apply to money deferred under the Plan, but money that may have been rolled into the Plan.

One current exception to the penalty is for state and local public safety officers who may receive distributions from a defined benefit plan if the officers separated service at age 50. The legislation broadens the scope to now include federal public safety officers and distributions taken from a defined contribution plan.

Under the Plan, funds that have been rolled into the Plan may be subject to the 10% penalty if a participant chooses to withdraw the funds from the Plan account prior to age 59½. For sworn officers who choose to participate in the Deferred Retirement Option Program (DROP) and choose to rollover DROP funds to their Deferred Compensation Plan account, they have been able to take distributions from this money source from Deferred Compensation without penalty only if they had exited DROP at **age 55+**. Officers who had been taking a distribution from this money source directly from Fire & Police Pensions (LAFPP) were able to receive without penalty if they exited DROP at **age 50+**. This new legislation effectively allows any City sworn officer to take distribution from their DROP money source, whether from Deferred Compensation or from LAFPP, if they exited DROP at age 50.

See table below for a summary view of the change:

Age at time of DROP Exit	Age at time of requested distribution	Distribution from DB <i>Exempt from penalty?</i>		Distribution from DC <i>Exempt from penalty?</i>	
		Current	After 12/31/15	Current	After 12/31/15
50+	50 – 59.5	Yes	Yes	No	Yes
55+	55 – 59.5	Yes	Yes	Yes	Yes

Submitted by: _____
Esther Chang

Reviewed by: _____
Alexandra Castillo

Approved by: _____
Steven Montagna

DEFERED COMPENSATION

Legend:
G = Governance
C = Communications
O = Operations
A = Administration

COMPLETED PROJECTS: JULY 2015

#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Minutes - June 2015 Meeting	07/31/15	Y	
2	Completed	G	Board Report - Staff Projects & Activities	07/31/15	Y	
3	Completed	G	Board Report - TPA RFP	07/31/15	Y	
4	Completed	G	Board Report - Brown Act Information	07/31/15	Y	
5	Completed	G	Board Report - Targeted Enrollment Initiative Update	07/31/15	Y	
6	Completed	G	Board Report - Auto Enrollment Program Update	07/31/15	Y	
7	Completed	G	Board Report - Status of DCP Contracts	07/31/15	Y	
8	Completed	G	Boardmember Committee Preferences Review	07/31/15	Y	
9	Completed	A	Preparation of Travel Authority Requests (NAGDCA, Wharton)	07/31/15	Y	
10	Completed	A	Retirement Overview Presentation to Delegation from China's Dept of Social Security, Ministry of Finance	07/31/15	Y	July 16, 2015
11	Completed	C	Participant Site - Web Banner Updates and Reviews	07/31/15	Y	
12	Completed	C	Board Member Communication Template	07/31/15	Y	
13	Completed	O	Plan Payroll & Transaction Processing	07/31/15	Y	Ongoing, for paycheck dates 7/8, 7/22
14	Completed	O	Participant & Payroll Issues Resolution	07/31/15	Y	Ongoing

PENDING PROJECTS

AUGUST 2015

1	PENDING	G	Minutes - July 2015 Meeting	08/31/15		Pending
2	PENDING	G	Board Report - Staff Projects & Activities	08/31/15		Pending
3	PENDING	G	Board Report - NSFRW 2015 Campaign Proposal	08/31/15		Pending
4	PENDING	G	Board Report - Hardship Request 15-01	08/31/15		Pending
5	PENDING	G	Board Report - Auto Enrollment Program Update	08/31/15		Pending
6	PENDING	G	Board Report - TPA RFP	08/31/15		Pending
7	PENDING	G	Board Report - Investment Manger	08/31/15		Pending
8	PENDING	C	DOT Targeted Enrollment - Postcard Content & Design	08/31/15		Pending

9	PENDING	C	DOT Targeted Enrollment - Poster Content & Design	08/31/15		Pending
10	PENDING	C	DOT Targeted Enrollment - Updated Mailing List	08/31/15		Pending
11	PENDING	C	Intranet Updates (Board and staff contacts, Elections)	08/31/15		Pending
12	PENDING	C	Employee Benefits Division NEWSLETTER - Content & Format Development	08/31/15		Pending
13	PENDING	C	Research - Video Content Development Capabilities	08/31/15		Pending
14	PENDING	C	Accrued Leave - Flier and Form Revisions	08/31/15		Pending
15	PENDING	C	Catch Up - Form revisions	08/31/15		Pending
16	PENDING	A	Stable Value - Finalize Galliard Contract	08/31/15		Pending
17	PENDING	A	Consulting Services - Finalize Segal Contract	08/31/15		Pending
18	PENDING	A	Consulting Services - Finalize Mercer Contract	08/31/15		Pending
19	PENDING	A	Budget procedural revisions	08/31/15		Pending
20	PENDING	O	In-Plan Roth Conversion - Implementation	08/31/15		Pending
21	PENDING	O	Review Mortgage Loan Process	08/31/15		Pending
SEPTEMBER 2015						
22	PENDING	G	Board Report - DCP RFP Update	09/30/15		Pending
23	PENDING	G	Board Report - FDIC Provider Recommendation	09/30/15		Pending
24	PENDING	G	Board Report - Admin Intern	09/30/15		Pending
25	PENDING	G	Board Report - Board Training Schedule	09/30/15		Pending
26	PENDING	G	Board Report - Pension Savings Plan Update	09/30/15		Pending
27	PENDING	G	Board Report - Draft PSP RFP	09/30/15		Pending
28	PENDING	G	Board Report - Staffing percentages and CAP Rates	09/30/15		Pending
29	PENDING	G	FY 2016-17 Travel Budget	09/30/15		Pending
30	PENDING	G	Quarterly Communications Update Report	09/30/15		Pending
31	PENDING	G	NAGDCA TRAVEL Update - Board Travel Guide	09/30/15		Pending
32	PENDING	G	Board Report - NSFRW 2015 Draft Survey	09/30/15		Pending
33	PENDING	A	Bank of the West - Additional Account Services Agreement Review	09/30/15		Pending
34	PENDING	A	FDIC Savings - Bank of the West Contract	09/30/15		Pending
35	PENDING	A	FDIC Savings - Union Bank	09/30/15		Pending
36	PENDING	C	Distribution Options Guide - Tax and Loan revisions	09/30/15		Pending
37	PENDING	C	Calculator Revisions	09/30/15		Pending
38	PENDING	C	In-Plan Roth Conversion - Info Flyer	09/30/15		Pending

39	PENDING	O	Participant Website - Alphanumeric Password Conversion	09/30/15		Pending
40	PENDING	O	Loan Default Reversal - Hold Harmless	09/30/15		Pending
OCTOBER						
41	PENDING	G	Minutes - August 2015 Meeting	10/31/15		Pending
42	PENDING	G	Board Report - 2014 PSP Annual Report	10/31/15		Pending
43	PENDING	G	Board Report - Staff Projects & Activities	10/31/15		Pending
44	PENDING	G	Board Report - NSFRW 2015 Update	10/31/15		Pending
UPCOMING						
45	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending
46	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
47	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	TBD		Pending
48	PENDING	G	Metrics Tracking Document	TBD		Pending
49	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending
50	PENDING	G	Loan Policy Document	TBD		Pending
51	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
52	PENDING	G	Board Report - SAS Form	TBD		Pending
53	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
54	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
55	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
56	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
57	PENDING	G	Board Report - Proxy Share Voting	TBD		Pending
58	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
59	PENDING	G	Deemed IRA	TBD		Pending
60	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
61	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
62	PENDING	G	Retirement Plan Summit	TBD		Pending
63	PENDING	G	Revisit Plan Audit	TBD		Pending
64	PENDING	G	Board Report - Social Media Options	TBD		Pending
65	PENDING	C	Revise Pension Savings Plan Highlights	TBD		Pending

66	PENDING	C	Letter Notification to Participants RE: Catch-Up Eligibility ("Attained Age Letters")	TBD		Pending
67	PENDING	C	EZ Enrollment Form	TBD		Pending
68	PENDING	C	2-Page IOAG format	TBD		Pending
69	PENDING	C	Enrollment Guide Revision	TBD		Pending
70	PENDING		Active-Retiree Loan Transfer Guide/Packet			
71	PENDING	C	New Brand Style Guide	TBD		Pending
72	PENDING	C	Design Templates - PowerPoint and Word	TBD		Pending
73	PENDING	C	Participant Survey Proposal - Plan Satisfaction	TBD		Pending
74	PENDING	C	Create Catch-Up Flyer Incorporating Roth & Revise Catch up Form/Flyer re Accrued Leave	TBD		Pending
75		C	DROP Options Guide update-revisions	TBD		Pending
76	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
77	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
78	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
79	PENDING	C	EZ Enrollment Form	TBD		Pending
80	PENDING	C	Draft Citywide Memo re Marketing by Non-Contracted Financial & Benefit Services Providers	TBD		Pending
81	PENDING	C	Loan Highlights Flier Revisions	TBD		Pending
82	PENDING	C	Revise Distribution Form	TBD		Pending
83	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending
84	PENDING	C	DCP Glossary	TBD		Pending
85	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
86	PENDING	O	Catch-Up Unused Amount Calculation - Memo to Controller	TBD		CU Unused Amount Reporting - Ticket submitted to Controller.
87		O	Catch Up Contribution changes allowed online	TBD		Pending
88	PENDING	O	PSP Account Consolidation	TBD		Pending
89	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		Pending
90	PENDING	O	Online Enrollment Functionality	TBD		Pending
91	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
92	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	TBD		Pending
93	PENDING	O	DCP Work processes Review & Documentation	Ongoing		Pending

BDCA 2015 AGENDA TOPICS

	Administrative Issues	Presentations/Training
September	FY 2016-17 Travel Budget	TPA/Plan Statistics Review
	Plan Reimbursements & CAP Rate	
	Plan Staffing - Administrative Intern	
	FDIC Provider Recommendation	
	Auto-Enrollment Program Update	
	TPA RFP Update	
	2015 NSFRW Update	
	Board Training Recommendation	
October	Pension Savings Plan Update	
	PSP 2014 Annual Report	
	2015 NAGDCA Conference Review	
	Quarterly Contracts Update	
	Quarterly Communications Update	
	Auto-Enrollment Program Update	
	TPA RFP Update	
	Quarterly Reimbursements ending 3/31/15	
	Quarterly Reimbursements ending 6/30/15	
November	Quarterly Reimbursements ending 9/30/15	Quarterly Investment & Economic Review Fund Manager Presentation
	Targeted Enrollment Campaign Results	
	Auto-Enrollment Program Update	
	TPA RFP Update	
December	2015 NSFRW - Summary & Review	TPA/Plan Statistics Review
	Beneficiary Campaign Follow-Up	
	Auto-Enrollment Program Update	