

# DEFERRED COMPENSATION PLAN BOARD REPORT 09-50

Date: October 5, 2009  
To: Board of Deferred Compensation Administration  
From: Staff  
Subject: Staff Report: Pending Projects & Information Items

*Members*  
*Eugene K. Canzano, Chairperson*  
*Richard Kraus, Vice-Chairperson*  
*Shelley Smith, First Provisional Chair*  
*Sally Choi, Second Provisional Chair*  
*Maggie Whelan, Third Provisional*  
*Chair*  
*Sangeeta Bhatia*  
*Cliff Cannon*  
*Michael Perez*  
*Kurt A. Stabel*

## Recommendation:

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

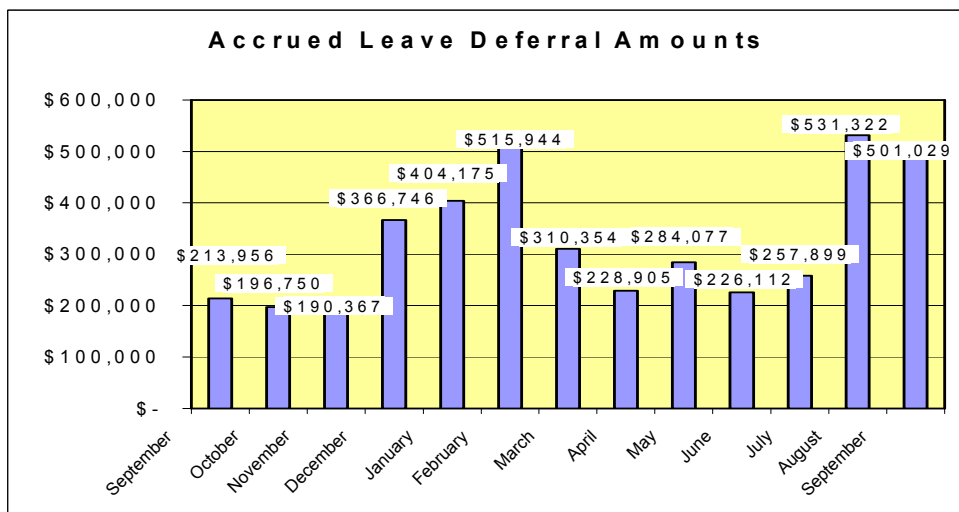
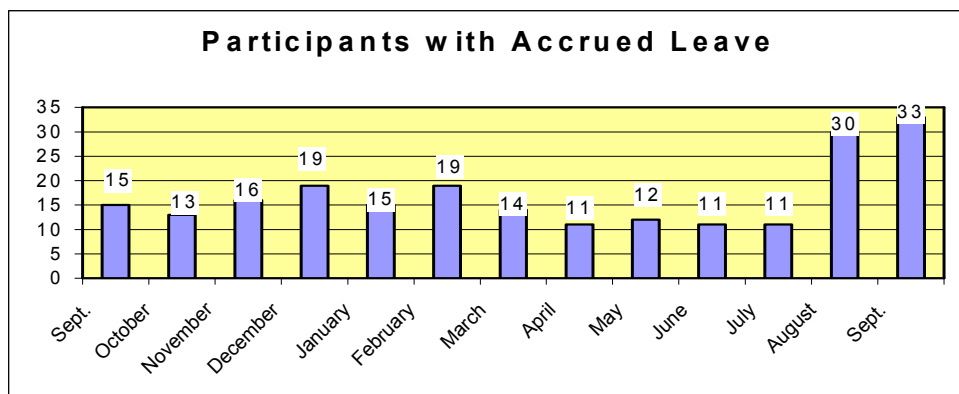
## Pending Projects & Information Items:

- **Bank Deposit Account Contracts** – A significant amount of staff time has been devoted over the past two months in the development of contracts and resolution of operational issues for the three bank deposit account providers (Bank of America, Bank of the West, and City National Bank) who are replacing the incumbent provider, J.P. Morgan/Washington Mutual. All three contracts have been negotiated with input from the City Attorney's Office, the vendors, Great-West Retirement Services (for operational details), and the Personnel Department's Administrative Services Division (for compliance issues). Staff is in the process of gathering signatures. On September 30, 2009, \$278.6 million was successfully transferred to and apportioned among the new providers. The new multi-vendor City of Los Angeles FDIC-insured Savings Account now offers Plan participants up to \$750,000 of FDIC insurance.
- **Investments Committee** – Staff and Mercer have been working together to prepare a presentation to the Investments Committee for the next phase of the Committee's work on a redesigned investment menu. Staff is in the process of identifying a meeting date.
- **Plan Governance Committee** – Staff has not had the opportunity to move forward on the two items pending for the Plan Governance Committee: Plan bylaws and a travel policy.
- **Domestic Partner Benefits** – As a result of information gained at this year's NAGDCA Conference, City Attorney staff are reviewing the Plan's obligations as they relate to domestic partner benefits. Certain conflicts between State and Federal law must be resolved as they relate to account separations due to divorce and beneficiary designations. Staff is reaching out to other California entities as part of its research.
- **Beneficiary Form Focus Group and Report-Back to Board** – The revised beneficiary form recently considered by the Board has been revised based on domestic partner benefit information noted above and is now being reviewed by Great-West compliance staff. The focus group will follow that review, with the results subsequently reported back to the Board.

- **Animal Services Campaign Results** – A report on this item is pending.
- **Plan Sponsor Survey** – Great-West Retirement Services has indicated it will shortly be developing a plan sponsor survey process to obtain feedback at the Plan-level regarding its services.
- **Fiduciary Liability Insurance** – Board member Richard Kraus has requested that staff provide information to the Board regarding fiduciary liability insurance.
- **Proxy Share Voting** – A report on this item is pending.
- **Pre-Audit Testing Phase II** – The next phase of pre-audit testing is pending.
- **Beneficiary Notifications** – This item is pending.
- **Deemed IRA Implementation** – This item is pending.
- **Refined Count of Non-Contributing Participants** – This item is pending.
- **California Large-Plans Working Group** – Staff has made contacts with several large California plans and developing plans for information sharing. A report to the Board on this matter is pending.
- **Automatic Enrollment** – This item is pending and may be developed further within the California Large-Plans Working Group.
- **Distribution Guide Revisions** – Staff will be working with Great-West to revise/update the Plan distribution guide.
- **Abbreviated Enrollment Brochure** - Staff will be working with Great-West to revise/update the abbreviated enrollment brochure.
- **Retirement Plan Summit** – This item is pending.

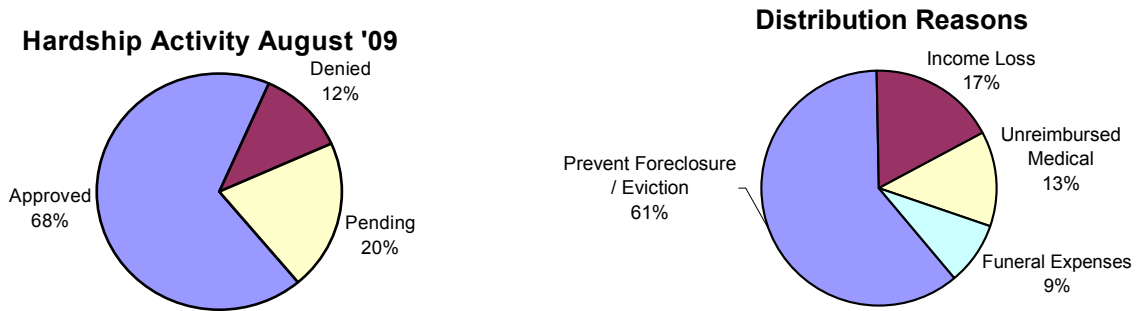
### Accrued Leave Activity

– Staff has compiled the following results of Accrued Leave enrollment for the months of August and September 2009. During the months of August and September, sixty-three participants elected to enroll in Accrued Leave and \$1,032,351 was contributed into the Plan from their Accrued Leave payouts. Following are accrued leave activity results from September 2008 to September 2009:

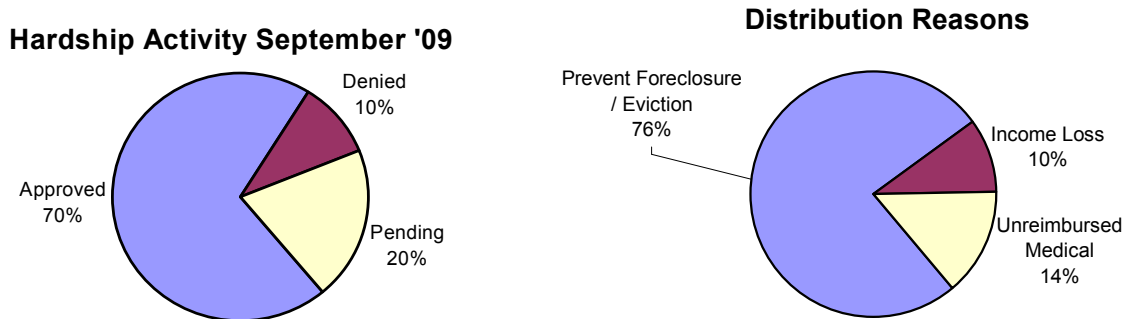


**Hardship Activity** – Staff has compiled the following results of hardship processing with Great-West for the months of August and September 2009. During the month of August, thirty-four hardship cases were submitted to Great-West. Twenty-three cases were approved, four denied, and seven were pending further documentation. During the month of September, thirty hardship cases were submitted to Great-West. Twenty-one cases were approved, three denied, and six were pending further documentation.

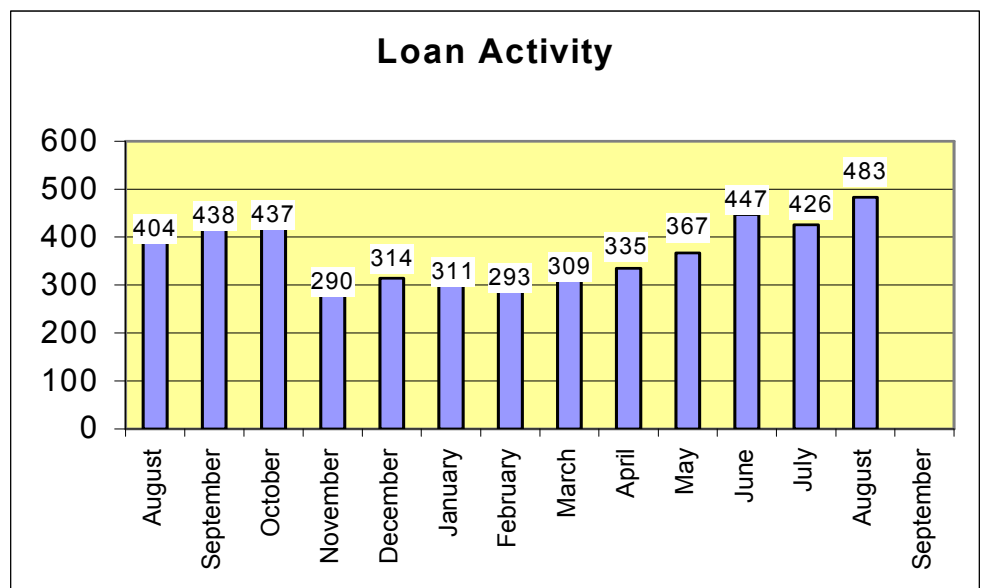
Following are hardship activity results for the month of August:



Following are hardship activity results for the month of September:

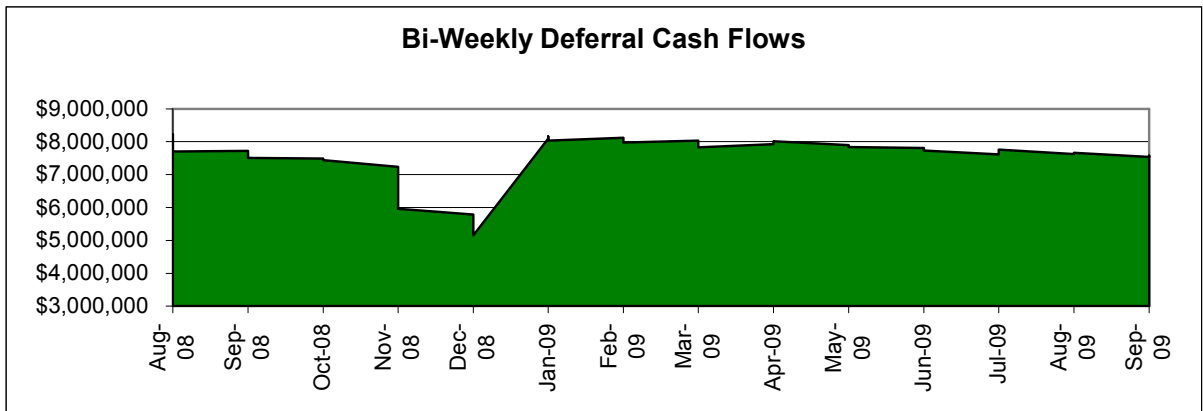


**Loan Activity** – Staff has compiled the following results of new loans acquired for the months of August 2008 – September 2009. During the month of August, 483 participants elected to obtain a new loan and \$5,367,342 was withdrawn from the Plan from their loan payouts. During the month of September, 473 participants elected to obtain a new loan and \$5,475,540 was withdrawn



from the Plan from their loan payouts.

**Deferral Tracking** - Staff has compiled the following results of bi-weekly deferral cash flows for the months of August 2008 – September 2009 for the City of Los Angeles and Department of Water and Power. During the month of August, the City and Department of Water and Power deferred \$22,924,705 into the Deferred Compensation Plan. During the month of September, the City and Department of Water and Power deferred \$15,114,606 into the Deferred Compensation Plan. (The higher amount for August was a result of there being three deposits instead of two). The Plan will monitor these statistics ongoing in monthly staff reports in order to gauge the impact of the recession, furloughs, etc. on participant contributions to the Plan.



Submitted by: \_\_\_\_\_  
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