

# Deferred Compensation Plan BOARD REPORT 18-04

Date: January 16, 2018  
To: Board of Deferred Compensation Administration  
From: Staff  
Subject: Strategic Initiatives

*Board of Deferred  
Compensation Administration  
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## Recommendation:

That the Board of Deferred Compensation Administration receive and file staff update regarding strategic initiatives for the Deferred Compensation Plan.

## Discussion:

With the completion of the Third-Party Administrator (TPA) conversion and the beginning of a new Plan year, staff is seeking to improve the strategic focus of the Plan around its core measurements of participant success and ongoing improvements in plan design, governance, investment oversight, and communications. Towards that end, staff has identified an initial group of strategic initiatives for the Plan in 2018 and beyond. Clarification and ongoing refinement of these strategic initiatives in collaboration with the Board and the Plan's service providers will help the Plan to continue to evolve and improve processes and outcomes.

Following is a summary of proposed strategic initiatives:

### **A. Plan Long-Term Revenues/Expenses Review**

Staff is recommending a Plan resources review by the Board's Plan Governance and Administrative Issues Committee. Discussion of this topic is separately addressed in **Board Report 18-05** on this month's meeting agenda.

### **B. Training and Education**

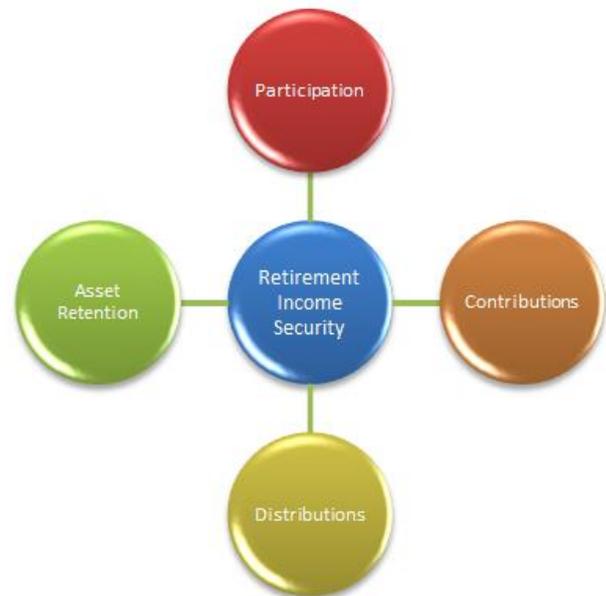
Staff is recommending a plan for scheduling and improving training and education for staff and Board members. Discussion of this topic is separately addressed in **Board Report 18-06** on this month's meeting agenda.

### **C. Core Goals for Improving Participant Outcomes**

In prior reports staff has identified four core measurements of successful participant outcomes. Each of these support the Plan's primary mission to support the retirement income security of Plan participants. A focus on these metrics allows the Plan to establish goals, apply strategies, and measure whether those strategies produce more

successful outcomes. The four core measures include improving the Plan's participation rate, increasing average contributions, supporting participant distribution elections as aligned with the retirement income security objective, and retaining participant accounts upon separation from service.

Staff is working with the Plan TPA to develop recommended goals and strategies for improving outcomes in each of these four core measurements. These recommendations will be presented at the Board's **February 2018** meeting.



#### **D. Auto Enrollment**

The Board previously adopted provisions of an automatic enrollment program (AEP) into the Deferred Compensation Plan "Plan Document." Implementation was deferred until completion of the TPA conversion, as it relies upon an exchange of information between the City's payroll system and TPA recordkeeping platform. Staff is proceeding to develop next steps for implementing the first phase of automatic enrollment on a pilot basis with the Police Protective League. An implementation plan and schedule will be provided at the Board's **February 2018** meeting.

#### **E. Plan Audit**

In prior meetings staff and the Board have discussed implementing a plan for a regular schedule of Plan audits. Staff is developing a report and recommendations on this topic for the Board's **February 2018** meeting.

#### **F. Plan Document Review**

Staff is developing a report and recommendations relative to implementing the next review and updating of the "Plan Document." This would involve a review coordinated by Board counsel and likely feedback from the Board's consultant, TPA, and outside tax counsel. A proposed project plan for moving forward will be presented at the Board's **March 2018** meeting.

#### **G. Investment Advisory Services**

In prior meetings staff and the Board have discussed the topic of investment advisory services. Staff is developing a report and recommendations on this topic for the Board's **March 2018** meeting.

## H. Deemed IRA

At the Board's March 21, 2017 meeting, staff and the Board discussed the potential for offering a Deemed Individual Retirement Account (IRA) as part of the City's Plan. Staff indicated at that time that the Plan's TPA, Voya, had indicated it could support the City's Plan in offering a Deemed IRA, but that additional research would be required to assess the merits and feasibility of doing so. Staff is developing a report and recommendations on this topic for the Board's **March 2018** meeting.

## I. Investment Manager Searches

The Plan's investment manager searches are staggered over a rolling five-year schedule. The range of expiration dates for incumbent providers lies between September 2019 and June 2020. To ensure adequate time is allotted for development of search parameters in consultation with the Board and its Investments Committee, staff will launch a proposed project plan for these searches on or before the Board's **July 2018** meeting.

### Conclusion:

Staff will update the Board regarding the progress of strategic initiatives on a quarterly basis. The next broad review/discussion of strategic initiatives would therefore be scheduled for the Board's **April 2018** meeting.

Submitted by:

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Steven Montagna