

Deferred Compensation Plan

BOARD REPORT 16-24

Date: July 13, 2016

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
Raymond Ciranna, Second Provisional Chair
Wendy G. Macy, Third Provisional Chair
Linda P. Le
Thomas Moutes
Robert Schoonover
Don Thomas

Recommendation:

That the Board of Deferred Compensation Administration receive and file staff's update on Plan projects and activities during May & June 2016.

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:

Communications

- *2Q Newsletter & Statements:* Staff and Empower are in the process of finalizing newsletter content. The newsletter and statements are expected to mail at the end of July.
- *New Employee Welcome Packet:* Staff requested and received quotes from Empower regarding the cost of printing and assembling Plan enrollment packets for new City employees. Staff submitted its revisions of the marketing materials that are to be included in the packets and are awaiting their finalization from Empower.
- *Targeted E-mail Beneficiary Campaign:* Empower has offered to coordinate a pilot targeted email campaign related to updating beneficiary designations. Empower's email address is currently "white-listed" with the City email system (so City email recipients will not automatically reject the email as spam). This e-mail will be directed to participants that do not have a beneficiary designated with the Plan, but have previously provided an email address. Staff has completed their review of Empower's e-mail message and design. Pending minor revisions, the e-mail will be sent out shortly.
- *Retirement Income Replacement Calculator:* Staff has approved a revision/update to the functionality of the calculator to account for Los Angeles City Employees' Retirement System (LACERS) Tier 3 as well as Water & Power

Employees' Retirement Plan's (WPERP) Tier 2 employees. Staff will be granted access to the calculator's test environment shortly. In the absence of any issues and/or delays, the updated calculator is expected to go live by the end of July.

- *National Retirement Security Week (NRSW) 2016:* Staff is creating a marketing proposal and strategy for this year's campaign and anticipates presenting an action plan at the Board's August Meeting. NRSW this year is officially October 17-21, 2016.

Operations

- *Participant Services:* Staff continues to assist participants with questions and issues related to loan administration, distributions, contributions, special catch-up enrollment, and accrued leave deferrals.

Administration

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/Updates – The Employee Benefits Division has two Senior II Personnel Analyst positions: one is primarily responsible for oversight of the City's Civilian L.A. Well Benefits program, and the other for the Deferred Compensation Plan and Commute Options/Parking sections. The latter position is vacant, and the former position is pending the retirement of the incumbent, **Ana Chavez**, in 2017. Once her duties have been transitioned to her successor over the coming month, the Employee Benefits Division will be reassigning Ms. Chavez to provide oversight to the Deferred Compensation Plan until her retirement in 2017. Ms. Chavez has over 36 years of service with the City. She has been working with the Employee Benefits Division since 2008. In addition to the administrative and operational oversight she has been providing for the City's benefits program, she also has extensive background in overseeing the exchange of information between the City's benefits Third-Party-Administrator (TPA) and the City's payroll system. As a result, Ms. Chavez has unique skills and experience that will greatly benefit the Deferred Compensation Plan, particularly in pushing forward the development of the automatic enrollment payroll functionality and addressing other matters that relate to data management for the Deferred Compensation Plan TPA.

Angela Yin, Management Assistant, began working with the Plan on July 11, 2016. She will assist with daily operations and administration tasks as well as oversee periodic governance projects for the Plan.

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	Executive Director	20%	Steven Montagna
Senior Personnel Analyst II	Senior Personnel Analyst II	Operations Manager	60%	Ana Chavez (pending reassignment in August)
Management Analyst II	Management Analyst II	Administration/Policy	90%	Matthew Vong
Management Analyst II	Management Assistant	Metrics/Communications	90%	Daniel Powell
Management Analyst II	Management Assistant	Governance/Special Projects	90%	Angela Yin
Benefits Specialist	Sr. Administrative Clerk	Participant Services	90%	Claudia Guevara
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
John R. Mumma, Chair
Cliff Cannon
Linda P. Le
Michael Amerian

Investments Committee
Raymond Ciranna, Chair
Thomas Moutes
Michael Amerian
Don Thomas

C. OTHER ITEMS

Steel Peak Update

The Board previously asked that the matter regarding the questionable e-mail solicitation of Plan participants by Steel Peak Wealth Management be turned over to the City Attorney's Office Unfair Business Practice Unit. After further review, their office determined that Steel Peak appeared to have discontinued their practice of sending out e-mail solicitations to Plan participants. Furthermore, they have assessed that no additional action is needed at this time. Staff will continue to monitor the situation going forward and, if necessary, alert the Board of any new and/or potentially misleading communications from Steel Peak.

Submitted by: _____
Matthew Vong

Approved by: _____
Steven Montagna

DEFERED COMPENSATION						
	Legend:					
	G = Governance					
	C = Communications					
	O = Operations					
	A = Administration					
COMPLETED PROJECTS: MAY 2016						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Board Report - Minutes	05/31/16	Y	For April
2	Completed	G	Board Report - Staff Report	05/31/16	Y	For April
3	Completed	G	Board Report - DCP Annual Report - 2015	05/31/16	Y	
4	Completed	G	Board Report: 2016-17 Training Program Preferences	05/31/16	Y	
5	Completed	G	Board Report: Extension of Steptoe Contract	05/31/16	Y	
6	Completed	C	Responses to NAGDCA Benchmarking Survey	05/31/16	Y	
7	Completed	C	2Q 2016 Newsletter - Article Development	05/31/16	Y	
8	Completed	C	2Q 2016 Newsletter - Formatting & Layout Review	05/31/16	Y	
9	Completed	O	Plan Payroll & Transaction Processing	05/31/16	Y	Ongoing
10	Completed	O	Participant & Payroll Issues Resolution	05/31/16	Y	Ongoing
COMPLETED PROJECTS: JUNE 2016						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
11	Completed	C	2Q 2016 Newsletter - Empower Editor & Compliance Reviews	06/30/16	Y	
12	Completed	C	New Brand Style Guide	06/30/16	Y	
13	Completed	O	Plan Payroll & Transaction Processing	06/30/16	Y	Ongoing
14	Completed	O	Participant & Payroll Issues Resolution	06/30/16	Y	Ongoing
PENDING PROJECTS						
JULY 2016						
1	PENDING	G	Board Report - Minutes	07/31/16		For May
2	PENDING	G	Board Report - Staff Report	07/31/16		For May & June
3	PENDING	G	Board Report - DCP TPA RFP Selection Recommendation	07/31/16		Pending
4	PENDING	A	Union Bank - Contract Review by City Attorney	07/31/16		Pending

5	PENDING	A	Union Bank - Contract Review by Vendor	07/31/16		Pending
6	PENDING	A	Union Bank - Trading Agreement with Empower	07/31/16		Pending
7	PENDING	A	PSP TPA RFP - Posting	07/31/16		Pending
8	PENDING	A	Union Bank - Contract Approval from CAO/Mayor	07/31/16		Pending
9	PENDING	A	Union Bank - Contract Execution	07/31/16		Pending
10	PENDING	A	Governance Documents Review	07/31/16		Plan Document, Bylaws, Travel Policy - review of Board's authority, etc.
11	PENDING	C	2Q 2016 Newsletter - Mail & Print	07/31/16		Pending
12	PENDING	C	Calculator Revisions	07/31/16		Remove Tier 2, add Tier 3 for LACERS
13	PENDING	C	Targeted Beneficiary Email Project - Development	07/31/16		Pending
14	PENDING	C	New Employee Welcome Packet - Development	07/31/16		Pending
15	PENDING	C	Investment Performance Document - Revisions	07/31/16		FNs to be updated for FDIC; review for other fund changes as well.
16	PENDING	C	Fee Disclosure Flyer	07/31/16		Pending
17	PENDING	C	Distribution Options Guide - Tax and Loan revisions	07/31/16		Pending
18	PENDING	C	FDIC - Fund Sheet Revision	07/31/16		Pending
19	PENDING	C	FDIC - Web Banner Design	07/31/16		Pending
20	PENDING	C	FDIC - Web Banner Announcement	07/31/16		Pending
21	PENDING	O	Catch Up Unused Bucket - To fix amounts reset at 2015 end.	07/31/16		Pending. SOS Ticket #767404
22	PENDING	O	Plan Payroll & Transaction Processing	07/31/16		Ongoing
23	PENDING	O	Participant & Payroll Issues Resolution	07/31/16		Ongoing
AUGUST 2016						
24	PENDING	G	Board Report - Minutes	08/31/16		For July
25	PENDING	G	Board Report - Staff Report	08/31/16		For July
26	PENDING	G	Board Report - Travel Policy	08/31/16		Pending
27	PENDING	G	Board Report - Plan Governance Documents Review Schedule	08/31/16		Pending
28	PENDING	G	Board Report - Investment Issues Review Schedule	08/31/16		Pending
29	PENDING	G	Board Report - 2016 National Retirement Security Week Campaign Proposal	08/31/16		Pending
30	PENDING	G	Board Report - Quarterly Reimbursements, 1Q & 2Q 2016	08/31/16		Pending

31	PENDING	G	Board Report - Participation & Communications	08/31/16		Pending
32	PENDING	C	Revise Pension Savings Plan Highlights	08/31/16		Pending
33	PENDING	C	Accrued Leave - Flier and Form Revisions	08/31/16		Pending
34	PENDING	C	Catch Up - Form revisions	08/31/16		Pending
35	PENDING	O	Plan Payroll & Transaction Processing	08/31/16		Ongoing
36	PENDING	O	Participant & Payroll Issues Resolution	08/31/16		Ongoing
UPCOMING						
37	PENDING	G	Board Report - Beneficiary Campaign Summary	TBD		Pending
38	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending
39	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
40	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	TBD		Pending
41	PENDING	G	Board Report - Proxy Share Voting	TBD		To add to Gov Review
42	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending
43	PENDING	G	Loan Policy Document	TBD		Pending
44	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
45	PENDING	G	Board Report - SAS Form	TBD		Pending
46	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
47	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
48	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
49	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
50	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
51	PENDING	G	Deemed IRA	TBD		Pending
52	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
53	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
54	PENDING	G	Revisit Plan Audit	TBD		Pending
55	PENDING	G	Board Report - 2014 PSP Annual Report	TBD		Pending

56	PENDING	C	Research - Video Content Development & Social Media Capabilities	TBD		Pending
57	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
58	PENDING	C	Letter Notification to Participants RE: Catch-Up Eligibility ("Attained Age Letters")	TBD		Pending
59	PENDING	C	EZ Enrollment Form	TBD		Pending
60	PENDING	C	Enrollment Guide Revision	TBD		Pending
61		C	DROP Options Guide update-revisions	TBD		Pending
62	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
63	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
64	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending
65	PENDING	C	DCP Glossary	TBD		Pending
66	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
67	PENDING	A	Budget procedural revisions	TBD		Pending
68		O	Catch Up Contribution changes allowed online	TBD		Pending
69	PENDING	O	PSP Account Consolidation	TBD		Pending
70	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		Pending
71	PENDING	O	Online Enrollment Functionality	TBD		Pending
72	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
73	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	TBD		Pending
74	PENDING	O	DCP Workprocesses Review & Documentation	Ongoing		Pending

BDCA UPCOMING AGENDA TOPICS

	Administrative Issues	Presentations/Training
July 2016	TPA RFP - Board Selection	
Aug. 2016	TPA RFP – Board Selection	Quarterly Investment & Economic Review (2Q 2016)
	DCP Committees - Issues & Schedule	Fund Manager Presentation (Galliard, Vanguard)
	Proposal - National Retirement Security Week Campaign	TPA/Plan Statistics Review (1Q & 2Q 2016)
	Quarterly Reimbursements, 1Q 2016	
	Quarterly Reimbursements, 2Q 2016	
Sep. 2016	Proposed DCP Training Program, FY 17-18	
	Plan Participation & Communications Strategy	
	DCP Travel Policy Update	
Oct. 2016	2016 NAGDCA Conference Update	
Nov. 2016	Quarterly Reimbursements, 3Q 2016	Quarterly Investment & Economic Review (3Q 2016) Fund Manager Presentation (FDIC Banks)
Dec. 2016	NRSW Campaign Follow Up	TPA/Plan Statistics Review (3Q 2016)
Jan. 2017	2016 Meeting Attendance	
	2017 Plan Year Budget	
	2017 Board Elections - Overview	
Feb. 2017	Quarterly Reimbursements, 4Q 2016	Quarterly Investment & Economic Review (4Q 2016) Fund Manager Presentation (DFA, Brandes, MFS)
Mar. 2017		TPA/Plan Statistics Review (4Q 2016)
Apr. 2017	2017 Board Elections - Update	
	2016 Annual Report	
May 2017		Quarterly Investment & Economic Review (1Q 2017)
June 2017	2017 Board Elections - Results	TPA/Plan Statistics Review (1Q 2017)