



BOARD REPORT 18-17

Date: April 17, 2018
To: Board of Deferred Compensation Administration
From: Staff
Subject: Plan Services Enhancement and Customization

Board of Deferred Compensation Administration

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Recommendation:

That the Board of Deferred Compensation Administration receive and file report regarding Third-Party Administrator ongoing service enhancements and customization for the City's Deferred Compensation Plan.

Discussion:

Voya Financial (Voya) assumed the role of Third-Party Administrator (TPA) in October 2017. One of the key considerations in selecting Voya was to partner with a firm that could allow the City to enhance and customize the services, features, and administration of the City's Plan. Ongoing improvements and innovations help the City better fulfill its core mission in supporting City employees in achieving retirement income security.

Since Voya became the Plan's TPA, staff and Voya have been actively collaborating to refine and improve upon a variety of work processes, customer services, website capabilities, communications, and data management. Some areas of focus have arisen based on staff's longstanding objectives for improving the Plan (e.g. implementation of the eligibility file exchange, online distributions, a mobile application, and forms simplification) and others have arisen based on participant feedback since the transition. A positive participant experience when interacting with the Plan, navigating the website, or conducting transactions is a primary focus for staff, as this is essential to building participant trust and supporting successful participant outcomes. By the same token, demonstrating innovation and providing new resources is crucial to creating the kind of engagement which supports positive behaviors and improved outcomes.

As virtually all of the transition-related issues have now been resolved, this report is intended to recap key areas in which the City and Voya have created or are developing custom processes and innovations. Staff's objective is to ensure that the City's Plan continues to evolve, innovate, and expand its successes.

A. Web-Based Education and Engagement

Unauthenticated Microsite

Historically, one of the City's longstanding challenges in being able to implement its robust vision for engaging current or potential participants has been overcoming the inherent limitations of restricting all communications resources to a TPA web platform that is necessarily designed to serve hundreds of clients nationwide. The current authenticated site through Voya, LA457.com, provides participants with tools to conduct transactions for moving money in and out of the Plan and managing investments. The authenticated site also provides an important resource for active employee participants to evaluate their retirement readiness (through the Plan's custom retirement income projection tool). Although Voya has been extremely responsive to the City's suggestions for improving and evolving its web platform, those changes take time because they impact not just the City's site but are part of a broad multi-client national platform.

Greater customization and flexibility is needed in order to innovate to the degree the City envisions. Staff therefore approached Voya with a proposal to establish a dedicated unauthenticated Plan microsite designed specifically for education and engagement messaging. Unauthenticated means that the content of the site can be accessed without requiring that a participant log in to his/her account. The virtue of this approach is that it provides virtually complete freedom for the City to define and speak to its audiences in the way it wishes. It further allows the City to evolve design and content quickly and easily. The microsite would be made available to participants as both a pre- and post-login link embedded within LA457.com.

One of the most significant and immediate impacts of creating the website will be the ability of the Plan to speak distinctly to its active participant population. Staff has observed that most employer sponsored defined contribution plans are focused almost exclusively on active employees, with messaging content primarily focused on "saving." Retired participants are in many ways an afterthought. However, staff recognizes that retirees represent approximately 24% of the Plan's population, with that population likely to grow over time. Retirees have unique concerns and interests with respect to their accounts and should be communicated with accordingly.

Voya has offered to provide the resources to establish the microsite in partnership with the City. This is an important demonstration of their ability to deliver on the promise of customization and innovation that aligns with the Plan's mission and vision.

B. Communications Innovations

Video-Based Educational Content

In partnership with the Plan's Senior Communications Consultant from Voya, staff is developing a communications and engagement strategy that incorporates new types of communications and methods of sharing information and messaging. Expanding the variety of communications increases opportunities for engagement. A primary new communication medium will be video.

Short engagement videos on topics relevant to Plan participants are expected to be an effective new way to further reach the Plan's audiences. Videos have the potential to capture interest and influence behaviors for those participants who may be more receptive to this mode of communication as compared to written text.

City staff reached out to one of our most innovative state/local government peers, the State of Missouri Deferred Compensation Plan (MOSERS), which has been developing videos with in-house staff for several years and found them to be an effective engagement tool. MOSERS has demonstrated how informative and engaging video communications can be developed at minimal cost by acquiring the production materials and developing staff production skills, rather than using external communications consultants or other vendors, a typically costlier route. Staff is refining a topic and production schedule for educational video productions and will report back to the Board once this production schedule is finalized.

Social Media

Video content can be shared on the Plan website and via new monthly email communications sent to both the active and retired populations. However, more effective communications strategies often involve going to where an audience already is, rather than trying to bring the audience to where it is not. A portion but not all of the City's participant population is fully engaged on the Plan's existing web platform and email distribution channels. However, an untapped resource may lie in social media platforms. Social media platforms are widely used and have become, for many, a central means of communicating and acquiring information. Staff is therefore in the process of conducting research with other City agencies and public sector defined contribution plan sponsors to learn more about considerations in developing a presence on social media. Once that research is finalized, staff will submit a specific proposal to expand the Plan's presence on social media platforms.

C. Enhanced Administrative and Operational Services

In the lead-up to the transition to Voya and in the months after, Voya implemented a number of customizations to their web experience, operational processes, and workflows to accommodate requests from City staff. These accommodations improve the participant experience and move the Plan forward in achieving its goals around participation, contributions, and asset retention. These customizations are detailed extensively in **Attachment A** of this report. Following are some of the most significant efforts.

Dedicated Money-In/Money-Out Processing Team

Historically, as services and features available to Internal Revenue Code Section 457 plans have grown, so has administrative and communications complexity. Rollovers, loans, different money type contributions (pre-tax and Roth), and unlimited distribution flexibility are the most prominent examples of how legislative changes have enhanced 457 plans but also brought along considerable complexity. In addition, technology and finance have also evolved considerably over the 34 years the City's Plan has been in existence, moving from a paper-driven to electronic world of service expectations.

To adapt and implement new capabilities in ways that can keep pace with rising complexity and provide for the best possible participant experience when conducting various transactions, staff requested customizations to Voya's workflows and processes specific to the City's unique needs and objectives. TPAs typically have a single processing team that handles all their clients' transactions. However, given the size of the City's Plan and the number of custom processes, Voya established in March a "money-in/money-out processing team" exclusively dedicated to the City's Plan. This team processes and reviews essentially all major fund movement transactions such as loans, incoming/outgoing rollovers, and purchases of service credit. This reduces the opportunity for the kinds of TPA operational errors or oversights that have historically been frustrating for City staff and Plan participants. As the processing team learns and adapts, it is anticipated that operational efficiency and customer service outcomes will continue to improve.

Call Center Quality Assurance Process

The call center is a primary way a substantial number of participants interact with the Plan. Ensuring a good customer experience has historically been a challenge for the City's Plan because TPA Customer Service Representatives (CSRs) interact with thousands of participants coming from hundreds of clients, each with unique plan services and features. Dedicated call centers are not as efficient and costly. To help solve this challenge, staff has been working with Voya on two fronts: (1) evolving and improving the transparency of the City's Plan rules as they are maintained within the recordkeeping system (and accessed by the CSRs); and (2), most significantly, developing a custom call center quality assurance process which is provided to every Plan participant who calls in. This process was rolled out in March.

The process is intended to provide multiple touch points for resolving participant concerns. At the conclusion of each call to the Plan's information line, the participant is asked if he or she is satisfied with the outcome of the call. If the participant is not satisfied and the CRS is not able to find a solution, the call center representative asks for permission to share the participant's contact information and concern with the City's local counselors for review and follow-up. A local counselor then contacts the participant to see if there are additional resources or solutions the City's Plan can provide. Some issues may lend themselves to new resolutions. However, if the participant still cannot achieve resolution, they have the option to speak further with City staff. Even if City staff are not able to resolve the matter to the participant's satisfaction, the high-touch approach helps to ensure that participants feel cared for and listened to when interacting with the Plan at all levels.

Voya has built a tracking log of all participants who are not satisfied with the outcome of their transactions, whether the issue originates from the call center, local office, or website. This report is shared with local retirement counselors and City staff each day so that participant follow-up can occur. This new process is resulting in a virtually airtight feedback system that ensures participant concerns are addressed in a warm, timely, and highly responsive manner.

D. Participant Satisfaction Survey

In order to begin an ongoing process of measuring the effectiveness of the Plan’s customer service efforts, staff has worked with Voya to develop a satisfaction survey which focuses on participant interactions with the TPA. This survey will help the Plan evaluate areas of success and opportunities for improvement. The proposed survey is provided as **Attachment B**. Notification of the survey will be provided via postcard to all Plan participants. It will also be issued via Citywide email and posted to the Plan website. The survey is expected to go live in April, and the results will be provided to the Board once they are compiled and analyzed.

E. Performance Monitoring

Staff is developing a more robust means of monitoring and evaluating TPA performance by developing new data sets and metrics. Expanded monitoring and evaluation represents another way staff is looking for ways to measure and expand upon the Plan’s success. Staff is exploring the most effective way to present this information to the Board, which may be included in a recurring staff report or within the TPA quarterly Plan review.

Submitted by: _____
Daniel Powell

Approved by: _____
Steven Montagna