



CITY OF *Los Angeles*

DEFERRED COMPENSATION PLAN

Board Report 21-21

Date: April 20, 2021
To: Board of Deferred Compensation Administration
From: Staff
Subject: Investment Advice and Financial Education Services

Board of Deferred Compensation Administration

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Recommendation:

That the Board of Deferred Compensation Administration (Board) direct the Plan Governance and Administrative Issues Committee to further review investment advice and financial education services with staff and Segal Consulting, including (at the Committee's option) reviewing a demonstration of the GuidedChoice service offering, and provide recommendations to the Board for further action.

Discussion:

A. Background

Following is a chronology of Board actions to date with respect to considering the potential for offering investment advice and/or financial education services:

- **April 17, 2018** – The Board directed the Plan Governance & Administrative Issues Committee (Committee) to review the merits and feasibility of offering financial education and investment advisory services for DCP participants and develop recommendations for further consideration.
- **November 26, 2019** – The Committee considered staff's findings related to these services and approved staff's recommendations.
- **December 10, 2019** – The Board approved the Committee's and staff's recommendation to issue a Request for Information (RFI) for financial education and investment advisory services.
- **February 18, 2020** – The Board approved and authorized the release of a proposed RFI for Financial Education and/or Investment Advisory Services.

- **September 15, 2020** – The Board reviewed a report from staff summarizing findings regarding responses received from the RFI and requested that staff and Board counsel work together to report back with respect to the fiduciary considerations related to offering investment advisory services as well as prior survey data regarding investment advice services.
- **October 20, 2020** – The Board considered a report from staff reviewing key fiduciary considerations related to offering investment advisory services as part of the DCP and (a) requested staff to schedule a presentation from RFI respondent GuidedChoice regarding their service offering and (b) deferred execution of the fee holiday pending a review by the Plan Governance & Administrative Issues Committee of the budgetary considerations of offering financial education and investment advice services (that review subsequently found that the cost of investment advice services could be funded under the existing fee structure).

B. Revised Recommendation for Further Consideration

Since the Board’s October 20, 2020 meeting, staff has been working with GuidedChoice to develop a presentation to the Board. In the course of developing that presentation, staff has learned more about the GuidedChoice offering, managed account investment advice services, and potential utilization of those services. As staff has considered this information, and further discussed these services with Wendy Young-Carter at Segal Consulting, certain fundamental questions have been raised regarding the objectives and merits of investment advice and financial education services which staff believes would be more appropriately reviewed in greater depth and with a greater allowance for time at a Committee level (rather than having the next step be the GuidedChoice demonstration to the full Board as staff had originally recommended). Staff is therefore recommending that the Board direct the Plan Governance and Administrative Issues Committee to further review investment advice and financial education services with staff and Segal Consulting, including (at the Committee’s option) reviewing a demonstration of the GuidedChoice service offering, and provide recommendations to the Board for further action.

Submitted by:



Steven Montagna, Chief Personnel Analyst