



Board Report 21-24

Date: April 20, 2021
To: Board of Deferred Compensation Administration
From: Staff
Subject: Deferred Compensation Plan Projects and Activities Report: March 2021

Board of Deferred Compensation Administration
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Discussion:

Following are Deferred Compensation Plan (DCP) project and activity updates for March 2021:

A. Operations and Project Updates

- DCP Contract Updates** – At its meeting on March 16, 2021, the Board approved a draft letter to be sent from the Board to the Mayor’s Office and the Office of the City Administrative Officer (CAO) requesting that the approval and execution of DCP contracts be expedited. Shortly following the Board’s meeting, staff was informed that the outstanding DCP contracts had been reviewed by the CAO and approved by the Mayor’s Office. Staff reviewed this with the Board Chairperson and it was determined that sending the letter was no longer necessary. A status of DCP contracts is provided below:

 - 1) Segal Consulting (Segal) – The contract with Segal for a five-year term for plan administration and communications consulting services was executed on March 31, 2021.
 - 2) Galliard Capital Management (Galliard) and Mercer Investment Consulting (Mercer) – Both contract extensions (contract term extended through December 31, 2021 for both contracts) were reviewed by the CAO and approved by the Mayor’s Office. As the term for both contracts exceed five years, the contract extensions were subsequently transmitted to the City Council for their approval. The Personnel and Animal Welfare Committee recommended approval of the contract extensions on April 7, 2021. The contract extensions are scheduled for City Council approval on April 14, 2021. Once approved by the City Council, staff will work with all parties to collect the necessary signatures required to execute the contract extensions.
- Self-Directed Brokerage Account (SDBA) Update** – At its meeting on February 16, 2021, staff reported to the Board that there were a total of 17 participants remaining who did

not meet the minimum \$2,500 balance requirement in the Core Funds. As of April 2, 2021, 15 of the 17 participants had sufficient funds in their Core Funds to collect the quarterly administration and SDBA fees. Of the two remaining participants, one is deceased. The remaining participant is a beneficiary and several attempts were made to contact the participant including mailing letters and phone calls (phone number is a non-working number). Voya conducted an additional search via Lexis Nexis and identified additional contact information. Staff is working with Voya to reach this participant based on the new contact information received.

Additionally, Voya is currently working on implementing a systems enhancement that would prevent distributions and loans if the Core balance falls below \$2,500. Staff will provide an update on how soon this can be implemented by Voya at the Board’s next meeting.

B. Communications Updates

- **Voya Participant Website Upgrade** – Voya has announced that it will be launching an upgraded participant website anticipated to go live in the summer of 2021. This is a substantial upgrade incorporating thousands of participant comments and feedback to identify key focus areas for improvement in navigation and design. Staff has reviewed some of the key changes to the website and believes they deliver substantial improvements and should be well-received by participants with effective and appropriate advance and supporting communication. Staff is working with Voya on a communications plan for participants regarding the upcoming participant website upgrade and will schedule a demonstration for the Board no later than the July meeting.
- **Money Matters Zoom Virtual Meetings** – In October 2020, staff launched “Money Matters” virtual meetings for employees to interact with DCP local retirement counselors via Zoom. During these sessions, local retirement counselors provide education on various DCP topics and answer participant questions.

Specialized Separation Incentive Program (SIP) meetings are held on the first Tuesday of every month from 12 noon to 1:00 pm and general DCP information virtual meetings are held on the third Wednesday of every month from 12 noon to 1:00 pm. Attendance for the March virtual meetings is provided in the chart below.

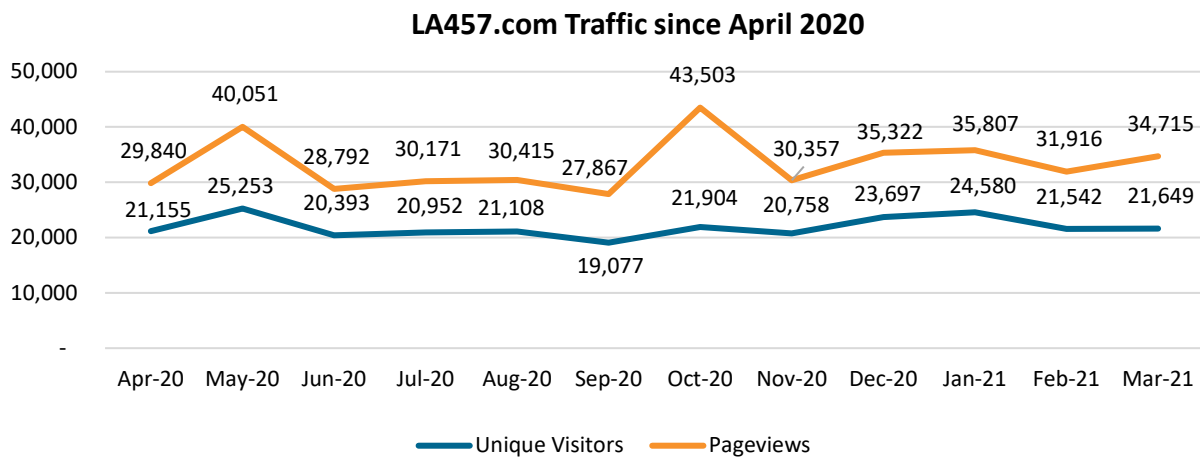
Topic	Date	Attendance
SIP Q&A	March 2, 2021	10
Purchase of Service Credits & Rollovers	March 17, 2021	42

- **LA457.com Engagement Statistics: March 2021**

LA457.com saw **21,649** unique visitors and **34,715** pageviews. The table on the right provides a review of the top ten website topics accessed by participants during the month.

Top 10 LA457.com Pages in March 2021		Views
1.	Home	25,118
2.	Contact Us	997
3.	FAQs	876
4.	Contributions	725
5.	Retirement Counselor Calendar	658
6.	Board Meeting Materials	651
7.	Join the Plan	591
8.	Investments Committee Materials	401
9.	2021 Elections	382
10.	Your Distribution Options	382

The following chart tracks LA457.com unique visitors and pages viewed since April 2020.



C. 2021 DCP Strategic Initiatives Update

Attachment A provides a status review of 2021 DCP Strategic Initiatives as adopted by the Board at its January 19, 2021 meeting.

D. Other Informational Updates

Voya Senior Management Changes – On March 26, Voya informed staff that as part of its plan to expand its retirement plan recordkeeping business and focus on workplace and institutional clients, it created two new Vice Chairman positions as well as two new Chief Executive Officer (CEO) positions to lead Voya’s wealth and health services. Charles P. Nelson, Voya’s Chief Growth Officer and Michael S. Smith, Voya’s Chief Financial Officer have assumed the new Vice Chairman positions. Heather Lavallee has become CEO of wealth solutions and Robert Grubka has become CEO of health solutions. Voya reports that there is no impact on retirement plan services due to these organizational changes.

E. Staffing

- **Benefits Analyst and Senior Benefits Analyst Reallocations** – New job classifications of Benefits Analyst and Senior Benefits Analyst were recently approved by the Civil Service Commission. In joint partnership with Los Angeles Fire and Police Pensions (LAFPP) and Los Angeles City Employees' Retirement Plan (LACERS), the Personnel Department, Employee Benefits Division (EBD) supported the creation of these new job classifications due to the highly specialized nature of the benefits work performed by the analysts in these departments. Following LAFPP and LACERS' lead, EBD is now moving forward with reallocating all analyst positions to Benefits and Senior Benefits Analyst. This includes all analyst positions supporting the DCP. A major advantage of moving in this direction is the new classifications provide a salary range of approximately 4% more than the Management/Personnel and Senior Management/Personnel Analyst job classifications. The reallocation of the DCP analyst positions provides a career path for those with interest, skills, and experience in working with the DCP and also helps to attract and retain those individuals. The reallocation of the positions is anticipated to be completed within the next two months.
- **DCP Staffing Update** – Claudia Guevara, Benefits Specialist has worked for the DCP for over ten years and plays a vital role supporting payroll functions and participant services for the DCP. Ms. Guevara recently indicated her intent to retire and relocate away from the Los Angeles area. However, upon further discussion, staff determined that telecommuting was a viable interim solution for Ms. Guevara to continue working for the City under the City's emergency telecommuting policy. As Ms. Guevara's services have been exclusively virtual over the past year due to the pandemic, and as her position prior to the pandemic did not involve direct in-person participant services, this change in her status has no operational impact. Going forward, City policy with respect to post-pandemic telecommuting has yet to be determined. Retaining Ms. Guevara is of great benefit to the DCP, as her position would otherwise go unfilled for an unknown period of time given the City's current hiring restrictions.
- **DCP Intern** – Due to the City's fiscal challenges and hiring freeze, staff has been unable to fill the part-time DCP intern position through the City's traditional hiring process. Working with Voya, staff developed an innovative approach to hiring the DCP intern through Voya by working with a temporary employment agency. The funding source and cost of the position is the same as if the position had been filled within the City. Rose Helen Moore accepted the DCP intern position effective March 25, 2021. Ms. Moore is a recent graduate of George Mason University with experience in graphic design and communications and will assist staff with communications-related projects and initiatives such as the DCP participant surveys and National Retirement Security Month campaign. The DCP will reimburse Voya for the cost of the intern position which is budgeted in the DCP's annual budget.

The following table provides a summary of staff positions supporting the DCP.

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 Management Analyst II	Plan Governance	40%	Jenny M. Yau
Senior Management Analyst I	Vacant	Plan Administration	100%	Vacant
Management Analyst	Management Assistant	Communications	100%	Eric Lan
Management Analyst	Personnel Analyst	Operations	100%	Mindy Lam
Benefits Specialist	Benefits Specialist	Participant Services	100%	Claudia Guevara
DCP Intern	DCP Intern	Participant Research	100%	Rose Helen Moore
City Attorney				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curtis Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

F. Committee Assignments

As a reminder, Committee openings, particularly for the Plan Governance & Administrative Issues Committee, have been created by recent departures of former Board members. Current or new Board members interested in serving on a Committee should contact staff or the Board Chairperson. Following is the current Committee roster as designated by the Board Chairperson:

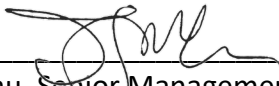
Plan Governance & Administrative Issues Committee	Investments Committee	Participant Engagement Committee	Ad Hoc Committee on DCP Autonomy
Joshua Geller, Chair	Raymond Ciranna, Chair	Neil Guglielmo, Chair	Thomas Moutes, Chair
Thomas Moutes	Joshua Geller	Joshua Geller	Raymond Ciranna
	Neil Guglielmo	Baldemar J. Sandoval	Joshua Geller
			Neil Guglielmo

G. Upcoming Board Meetings

Following is a review of upcoming Board meeting agenda items:

Meeting Date	Proposed Agenda Items
May 18, 2021	<ul style="list-style-type: none"> Quarterly Investment & Economic Review – Quarter 1 2021 Board Report: Quarterly Reimbursements – Quarter 1 2021 Board Report: Fiduciary Liability Insurance Board Report: Proposed Board Meeting Trainings Board Report: DCP Plan Projects & Activities Report: April 2021

June 15, 2021	<ul style="list-style-type: none">• Third-Party Administrator (TPA) Quarterly Review – Quarter 1 2021• Board Report: Participant Survey and Communications Plan• Board Report: DCP Plan Projects & Activities Report: May 2021
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Submitted by: 

Jenny M. Yau, Senior Management Analyst II

Approved by: 

Steven Montagna, Chief Personnel Analyst

2021 DCP Strategic Initiatives

1. **Conduct Defined Contribution (DC) Plan Manager Position Selection Process (New)**

Background: At its October 20, 2020 meeting, the Board approved several recommendations with respect to the salary and recruitment considerations for the new DC Plan Manager position, including setting the salary of the classification at the level of Chief Personnel Analyst and requesting exemption of the new position from civil service and an unfreeze to fill the position.

Status: In process. Obtaining permission to fill the position has been slow given the City's fiscal challenges. The Executive Employee Relations Committee met on November 19, 2020 to establish the salary of the new DC Plan Manager classification. The ordinance to establish the salary range of the new classification at the level of Chief Personnel Analyst was approved by the Personnel and Animal Welfare Committee on April 7, 2021 and is scheduled for City Council approval on April 14, 2021. Staff's review and proposed options for next steps to fill the DC Plan Manager position is addressed in Board Report 21-15.

2. **Develop Board Findings Regarding Filing of Statements of Economic Interests and Related Requirements (New)**

Background: In connection with DCP autonomy provisions in the recently adopted Memorandum of Understanding between the Board and Personnel Department, the Board adopted a strategic initiative to establish its findings with respect to identifying positions required to file Statements of Economic Interests and coordinating related requirements.

Status: Completed. Staff's analysis and recommendation are addressed in Board Report 21-09. Staff has been working with the Personnel Department's Personnel Services staff and the City's Ethics Commission to help facilitate and advance updates to the Personnel Department Conflict of Interest Code. Staff will report back to the Board with any updates.

3. **Complete Plan Document Review (Continued)**

Background: Staff has been working with Board counsel and the Plan Governance and Administrative Issues Committee to revise the DCP Plan Document.

Status: In process. The revised Plan Document is scheduled for the Board's consideration and adoption at today's meeting (Board Report 21-20).

4. **Complete Investment Manager Searches (Continued)**

Background: The Board is in the process of executing provider searches all of its investment mandates.

Status: In process. On February 16, 2021, the Board selected Galliard Capital Management (Galliard) as the DCP Stable Value Fund provider. Staff is currently working with Galliard staff to negotiate and draft a new five-year contract in consultation with Board counsel.

The results of search processes for DCP passively managed funds are addressed in Board Report 21-19. Additional Investments Committee meetings will be scheduled to complete the evaluation of search responses for DCP actively managed funds.

5. Complete Investment Advisory and Financial Education Services Review (Continued)

Background: Staff and the Board have been reviewing the potential for offering investment advisory and financial education services. A Request for Information (RFI) for investment advisory and/or financial education services was issued on the City's Los Angeles Business Assistance Virtual Network on March 4, 2020 with responses due on April 7, 2020, resulting in four responses. Staff's evaluation of the responses to the RFI was addressed in Board Reports 20-34 and 20-38.

Status: In process. Staff's updated analysis and recommendations are addressed in Board Report 21-21.

6. Complete Request for Proposal for DCP Investment Consulting Services (New)

Background: The term of the contract with the DCP's investment consultant, Mercer will end on December 31, 2021 (total 6.5 year term). Mercer currently provides three primary categories of services under its contract: (1) ongoing investment performance monitoring and reporting; (2) investment manager searches; and (3) ad hoc miscellaneous research and other assignments.

Status: In process. The draft RFP for DCP investment consulting services was approved by the Board at its March 16, 2021 meeting. The RFP is scheduled to be released on the City's www.labavn.org website in mid-April with proposals due in late May. Staff will continue to update the Board on the status of the RFP in the DCP projects and activities report.

7. Initiate DCP Financial Audit (Continued)

Background: The contract with Crowe LLP to provide financial audit services for the DCP was executed on December 18, 2020.

Status: Pending. On January, 6, 2021, staff met with Crowe LLP staff to discuss a proposed plan for the commencement of a financial audit. Staff reviewed the information provided by Crowe and staff's analysis and recommendations are addressed in Board Report 21-15.

8. Design Automatic Enrollment Program (AEP) Supplemental Model (Continued)

Background: In May 2018, the Los Angeles Police Protective League (LAPPL) signed a letter of agreement adopting the DCP's AEP. DCP staff subsequently engaged in meetings with labor organization leaders to gather feedback about AEP interest. At its June 18, 2019 meeting, the Board approved staff's recommendation to coordinate a meeting of interested employee labor organizations to gather feedback and gauge interest in the AEP.

Status: In process. Staff has developed a discussion document for the City's labor organizations with respect to designing a supplementary optional AEP model. Under this

option, labor organizations could elect a model providing for a higher default contribution rate, higher and faster auto escalation of the contribution rate, and/or applying automatic enrollment to current non-participating employees (not just new hires). Staff anticipates opportunities to proceed with discussions with labor organizations in the second quarter of 2021.

9. Develop Options for Deemed IRA Investment Menu (Continued)

Background: At its December 15, 2020 meeting, the Board reviewed staff’s analysis of the Deemed IRA option in Board Report 20-45 and adopted staff’s recommendation to direct the Investments Committee to work with staff and the DCP investment consultant to develop options and considerations for a potential alternative investment menu design for the DCP Deemed IRA.

Status: In process. Staff is working with Mercer as part of its evaluation of the Investment Management Services RFP to consider potential investment options for a Deemed IRA. Actual implementation of a Deemed IRA would be determined based on future actions to be taken by the Board.

10. Adopt Fiscal Year 2021-22 Participant Goals (New)

Background. On a fiscal year basis, the Board adopts DCP participant goals related to participation, contributions, distributions, and asset retention.

Status: In process. Staff will be working with Voya to review and analyze the results of the DCP’s FY 2020-21 participant goals ending on June 30, 2021. Staff will also take into consideration the current financial and economic backdrop in informing the setting of goals for the new fiscal year which starts on July 1, 2021.

11. Implement Participant Survey Plan (Continued)

Background: The DCP periodically conducts surveys to assess participant feedback on various topics which are useful for the Board’s consideration of service and plan design feature improvements or additions.

Status: In process. Staff has completed a preliminary review of an approach involving shorter and repeated “micro-surveys” to encourage responsiveness and develop trend data over time. Staff is presently developing a proposal for issuing these surveys which is anticipated to be presented to the Participant Engagement Committee in the second quarter of 2021.

12. Develop DCP Communications Strategic Plan (Continued)

Background: The Board adopted as a strategic initiative the development of a DCP communications strategic plan that would provide a roadmap for creating effective and coordinated DCP messaging for the purpose of increasing employee participation, engagement, awareness, and satisfaction.

Status: In process. Staff is working on a draft plan incorporating creative strategies for obtaining data and feedback from participants and integrating this information into a communications and engagement plan that is flexible and iterative. It is anticipated that the draft plan along with the participant survey will be presented before the Participant Engagement Committee in the second quarter of 2021.