



CITY OF *Los Angeles*

DEFERRED COMPENSATION PLAN

Board Report 21-46

Date: August 17, 2021

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Projects and Activities
Report: July 2021

Board of Deferred Compensation Administration

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Discussion:

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

A. Operations and Project Updates

- **Active Water and Power Employees' Retirement Plan (WPERP) Representative Board Seat Special Election Update** – The term for the Active WPERP Participant Representative Board seat ended on June 30, 2021. Due to no candidates meeting the qualifications to be placed on the official ballot for the regular election which was scheduled on May 13, 2021, the regular election was canceled and a special election to fill the Board seat is currently underway. The Board approved suspending the signatures-gathering requirement for the special election at its meeting on May 18, 2021.

Staff worked with the Office of the City Clerk to finalize the special election calendar and notification letter to be mailed to all eligible WPERP participants regarding the upcoming special election, their eligibility to run, and instructions on how to submit candidate materials if choosing to run. The special election calendar and notification letter were mailed to eligible WPERP participants in early July. Staff also posted this information to the WPERP special election webpage on the LA457 website. Candidate materials to run for the Active WPERP Representative Board seat were made available by DCP staff on July 29th with a deadline to submit materials by August 12th. Election Day is scheduled on September 16, 2021.

B. Award Recognition

- **2021 National Association of Government Defined Contribution Administrators (NAGDCA) Leadership Award Winner** – NAGDCA has awarded a 2021 Leadership

Recognition Award to the City of Los Angeles Deferred Compensation Plan (DCP) in recognition of the DCP’s successful 2020 National Retirement Security Month (NRSM) campaign. The 2021 NAGDCA Awards Committee reviewed all of the nominations and chose the top project in each of the five categories to receive an award. As the top scoring submission in the NRSM category, the DCP is also eligible to receive the prestigious NAGDCA – Art Caple President’s Award. The DCP won the Art Caple Award in 2020.

C. Communications Updates

- **Second Quarter 2021 Statement and Newsletter** – DCP participant statements for the second quarter of 2021 (three-month period beginning April 1, 2021 and ending June 30, 2021) and newsletter were mailed to DCP participants on July 24, 2021. Participants who elected electronic delivery were sent an email notification on July 19, 2021, informing them that their individual statement and the second quarter 2021 newsletter were available to view and download via the Voya participant website.
- **Voya Participant Website Upgrade Communications** – On July 18, 2021, the upgraded participant website went live. The upgrade incorporated thousands of participant comments and feedback to identify key focus areas for improvement in navigation and design. A demonstration of the upgraded website was provided to the Board at its June 15, 2021 meeting.

To encourage participants to check out the upgraded website, staff worked with Voya to develop a custom postcard and email to send to participants highlighting the features of the upgraded site with an incentive to win a DCP teddy bear if participants logged into their account by August 7th. The custom postcard was mailed to DCP participants with an account balance on July 28th (**Attachment B**) and an email was sent to all DCP participants with an email on file on July 29th. Staff also published a blog post on tips for navigating the upgraded participant website on LA457.com.

- **Sworn Targeted Mail and Email Campaign** – As previously reported to the Board regarding strategies for achieving calendar year 2021 participant goals and outcomes, staff has been conducting various mail and email campaigns throughout the year targeted at different categories of employees who are eligible but not enrolled in the DCP. Staff worked with Voya to develop a custom email communication targeted towards sworn eligible but not enrolled employees. In April 2021, staff sent a custom enrollment email to 110 sworn employees. The results of the campaign are as follows:

Month	Campaign Participants	Enrollees	Conversion Rate
April 2021	110	16	15%

- **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, DCP local retirement counselors provide education on various topics and answer participant questions.

General DCP information virtual meetings are held on the third Wednesday of every month from 12 noon to 1:00 pm. In addition, specialized Separation Incentive Program (SIP) virtual meetings for the Harbor have been scheduled in July and August 2021. Staff also added a DCP enrollment virtual meeting targeted at eligible but not participating employees. Attendance for the July virtual meetings is provided in the chart below:

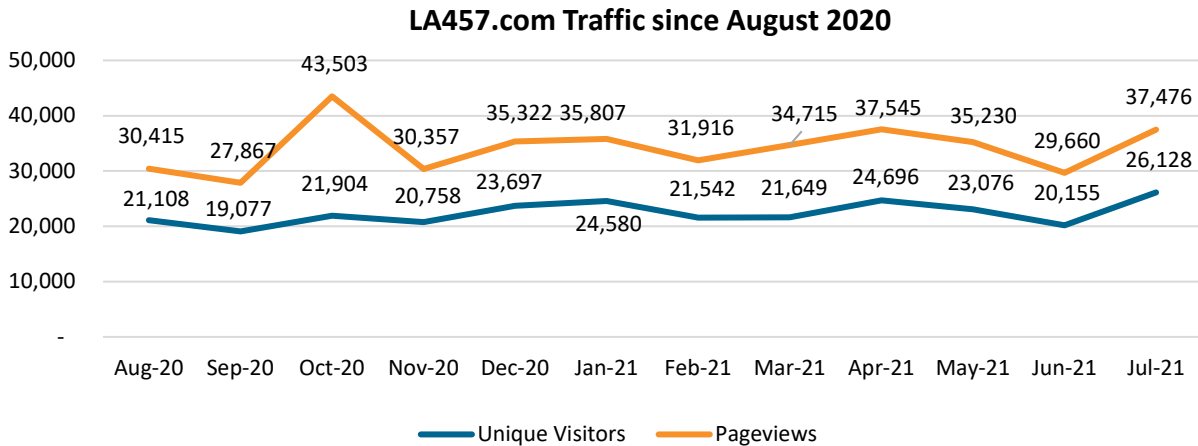
Topic	Date	Attendance
DCP Enrollment	July 6, 2021	15
Harbor Separation Incentive Program	July 8, 2021	21
Investment Options	July 21, 2021	14

• **LA457.com Engagement Statistics: July 2021**

LA457.com saw 26,128 unique visitors and 37,476 pageviews. The table to the right provides a review of the top ten website topics accessed by participants during the month.

Top 10 LA457.com Pages in July 2021	Views
1. Homepage	26,435
2. Revamped DCP Participant Navigation is Live!	2,515
3. Contact Us	1,197
4. Contributions	1,008
5. Retirement Counselor Calendar	623
6. FAQs	603
7. Join the DCP	567
8. Board Meeting Materials	543
9. Investments Committee Materials	381
10. Your Distribution Options	320

The chart below tracks LA457.com unique visitors and pages viewed since August 2020.



D. 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.

E. Staffing

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				
Defined Contribution Plan Manager	Defined Contribution Plan Manager	Executive Director	100%	Vacant
Chief Personnel Analyst	Chief Personnel Analyst	Executive Director	20%	Steven Montagna
Senior Benefits Analyst II	Senior Benefits Analyst II	Plan Governance	40%	Jenny M. Yau
Senior Benefits Analyst I	Vacant	Plan Administration	100%	Vacant
Benefits Analyst	Management Assistant	Communications	100%	Eric Lan
Benefits Analyst	Benefits Analyst	Operations	100%	Mindy Lam
Benefits Specialist	Benefits Specialist	Participant Services	100%	Claudia Guevara
DCP Intern	DCP Intern	Participant Research	100%	Rose 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

Following is the current Committee roster as designated by the Board Chairperson:

Plan Governance and Administrative Issues Committee	Investments Committee	Participant Engagement Committee	Ad Hoc DC Plan Manager Selection Committee
Joshua Geller, Chair	Raymond Ciranna, Chair	Neil Guglielmo, Chair	Thomas Moutes, Chair
Thomas Moutes	Joshua Geller	Joshua Geller	Joshua Geller
Baldemar J. Sandoval	Neil Guglielmo	Baldemar J. Sandoval	Neil Guglielmo

G. Upcoming Committee Meetings

Meeting Date	Proposed Agenda Items
August 23, 2021	<ul style="list-style-type: none"> DCP Actively Managed Mandates

H. Upcoming Board Meetings

Following is a review of upcoming Board meeting agenda items:

Meeting Date	Proposed Agenda Items
September 21, 2021	<ul style="list-style-type: none">• Third-Party Administrator (TPA) Quarterly Review – Quarter 2 2021• Board Report: DCP Plan Projects & Activities Report: August 2021
October 19, 2021	<ul style="list-style-type: none">• Fiduciary Responsibilities and Investment Policy Statement Trainings• Board Report: DCP Plan Projects & Activities Report: September 2021

Submitted by:



Jenny M. Yau, Senior Benefits 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. At the Board's July 20, 2021 meeting, the Board requested that the Personnel Department initiate the examination development process if indication regarding the request for exempt status of the DC Plan Manager position was not received from the Mayor's Office by July 23, 2021. As no indication was received, staff discussed with the Board Chairperson and subsequently initiated the examination development process on July 28th. Updates on that process will be provided as it develops.

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 were 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 updates as developments occur.

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: Completed. The Board approved the revised Plan Document at its June 15th, 2021 meeting (Board Report 21-31). Staff subsequently posted the revised Plan Document to the LA457.com website.

4. Complete Investment Manager Searches (Continued)

Background: The Board is in the process of executing provider searches for 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. On May

18, 2021, the Board approved a five-year contract term with Vanguard to provide management services for DCP passive bond and passive large-cap equity strategies. Staff is currently working with Vanguard staff to negotiate and draft a new five-year contract in consultation with Board counsel. Staff is working with the Investments Committee to schedule additional meetings 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 were addressed in Board Report 21-21. A follow-up report and meeting of the Plan Governance and Administrative Issues Committee is anticipated to be scheduled in October of 2021.

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. A total of three proposals were received in response to the RFP, including responses from Mercer, Callan LLC, and R.V. Kuhns & Associates, Inc. (RVK, Inc.). All proposals were evaluated by the Personnel Department's Administrative Services Division for compliance with the City's general contracting requirements and all firms were determined to have passed the compliance review. Staff is currently working on evaluating the proposals in accordance with the guidelines established in the RFP and anticipates bringing a report back to the Board in the third quarter of 2021.

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 were addressed in Board Report 21-15. This project is temporarily suspended pending filling staff vacancies.

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 third or fourth 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: Completed. The Board approved staff's proposal for amending the time period for DCP participant goals to be measured on an annual basis in Board Report 21-37. Accordingly, staff will be working with Voya to review and analyze the results of participant goals ending on December 31, 2021. Staff will also take into consideration the recent financial and economic backdrop in informing the setting of goals for the upcoming calendar year.

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: Completed. Staff completed a review of an approach involving shorter and repeated "micro-surveys" to encourage responsiveness and develop trend data over time. The draft

surveys and staff's proposal for issuing the surveys were approved by the Board at its June 15, 2021 meeting (Board Report 21-33).

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: Completed. Staff completed its draft plan for 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. The proposed draft plan along with the proposed participant surveys (strategic initiative number 11) were approved by the Board at its June 15, 2021 meeting (Board Report 21-33).

We just made using your
account *beary* simple.

Log in to our newly revamped
participant website by end of
day on August 7th for a chance
to win a DCP Teddy Bear!



CITY OF *Los Angeles*
DEFERRED COMPENSATION PLAN (DCP)

Our New Participant Website Navigation Is Now Live!

The newly redesigned website navigation helps you easily manage your DCP account! Most-frequently-used tabs are right up front with visual icons to help you quickly access the right links for completing transactions.

View new website navigation tips, as well as giveaway rules, at [LA457.com](https://www.la457.com).



Scan this QR code to go directly to our blog post about the new participant website navigation!