



## Board Report 22-57

Date: October 18, 2022

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Projects and Activities Report: September 2022

Board of Deferred Compensation Administration
Thomas Moutes <i>Chair</i>
Robert Schoonover <i>First Provisional Chair</i>
Neil Guglielmo <i>Second Provisional Chair</i>
Joshua Geller <i>Third Provisional Chair</i>
Dana H. Brown
Linda P. Le
Joseph Salazar
Baldemar J. Sandoval
Jeremy Wolfson

### **Discussion:**

Presentation regarding Deferred Compensation Plan (DCP) project and activity updates for September 2022:

#### **A. Operations and Project Updates**

- **Schwab Self-Directed Brokerage Account (SDBA) Minimum Balance letters** – On September 7th, 426 letters were sent to SDBA participants with core balances less than \$2,400 to request that those participants transfer funds to the core balance in order to comply with Plan rules. Additionally, a letter was sent to SDBA participants who received residual earnings after taking a lump sum distribution. Those participants were informed that the residual earnings would be transferred to the their core account after September 15th.

The Board requested an update regarding whether Schwab’s account fees can be negotiated given the increasing number of participants utilizing the SDBA feature. Staff researched and noted that the fee is paid to Voya for administering the SDBA option. Voya assesses the same fee for all its clients, including the City of Los Angeles. The DCP recently negotiated a contract extension with Voya that features a per-participant fee reduction from \$32.00 to \$30.00 per year. However, this may be an issue for further exploration during the next procurement cycle.

- **National Association of Government Defined Contribution Administrators (NAGDCA) Annual Conference** – NAGDCA’s annual conference was held in Baltimore, Maryland on September 19-21, 2022. Attendees included Board member Neil Guglielmo and staff members Eric Lan and Mindy Lam. NAGDCA also offered a virtual option attended by Board members Tom Moutes and Jeremy Wolfson. Attendees learned about new developments in cybersecurity, employee engagement best practices, and gained opportunities to and share knowledge amongst other governmental peers. The City of Los Angeles was also recognized with a Leadership Award for its 2021 National Retirement Security Month Campaign. NAGDCA reported that it is planning to have its 2023 annual conference from October 8-11, 2023 in Seattle, Washington.

## B. Communications Updates

- **National Retirement Security Month (NRSM) Campaign** – On September 30, 2022, staff launched its NRSM campaign titled “Foodies and Finance.” The NRSM homepage (LA457.com/nrsm2022) features a special interview with Kathy Kristoff on market volatility and developing side-hustles in retirement, an interactive engagement activity, new Money Matters sessions, unique highlights on ways to get involved with local food banks, interviews with the local retirement counselors, and special prizes. The campaign will last throughout October and aims to drive engagement for all of the DCP’s audiences: active participants, not yet enrolled employees, and retirees.
- **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 12:00 to 1:00 p.m. Attendance for this month’s virtual meeting is provided in the following table:

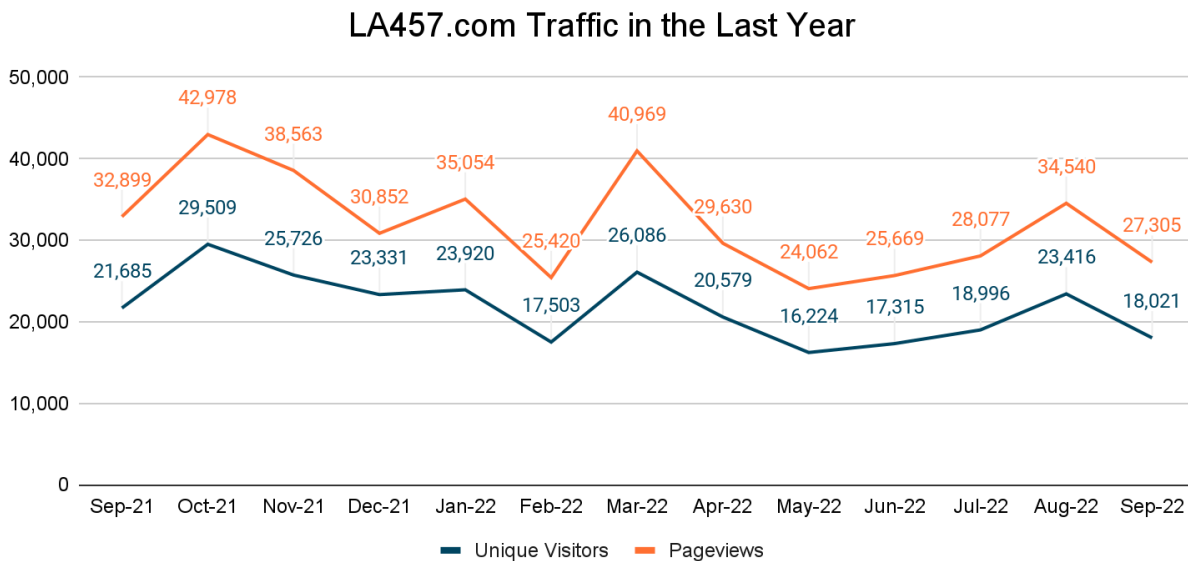
Topic	Date	Attendance
Market Volatility and Investments	September 21, 2022	169

- **LA457.com Engagement Statistics: September 2022** – This month, LA457.com saw 18,021 unique visitors and 27,305 pageviews. The following table provides a review of the top ten website topics accessed by participants during the month.

Top 10 LA457.com Pages in August 2022	Views
1. Home	16,802
2. FAQs	1,072
3. NRSM 2022	936
4. SDBA-SSO Instructions	931
5. Contact Us	875
6. Join the DCP	730

Top 10 LA457.com Pages in August 2022	Views
7. Loans	721
8. Money Matters - Investment Options in a Changing Market	618
9. Your Distribution Options	560
10. How to Outsmart Market Volatility Blogpost	452

The following chart tracks LA457.com unique visitors and page views over the past calendar year.



### C. 2022 DCP Strategic Initiatives Update

- A status review of DCP strategic initiatives is addressed in **Attachment A**.

### D. Staffing Update

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

Position Authority	Incumbent Class	Function	Est. Percent Reimbursed by DCP	Staff Member
<b>Personnel</b>				
Defined Contribution Plan Manager	Defined Contribution Plan Manager	Executive Director	100%	<i>Vacant</i>
Chief Management Analyst	Chief Management Analyst	Employee Benefits Chief	10%	Paul Makowski
Senior Benefits Analyst II	Senior Personnel Analyst II	Plan Governance	60%	Daniel Powell
Senior Benefits Analyst II	Vacant	Plan Administration	100%	<i>Vacant</i>

Position Authority	Incumbent Class	Function	Est. Percent Reimbursed by DCP	Staff Member
Benefits Analyst	Benefits Analyst	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
<b>City Attorney</b>				
Deputy City Attorney IV	Deputy City Attorney IV	Board Counsel	25%	Charles Hong
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

### E. Committee Assignments

- Following is the current Committee rosters 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	Jeremy Wolfson, Chair	Neil Guglielmo, Chair	Thomas Moutes, Chair
Thomas Moutes	Joshua Geller	Dana H. Brown	Joshua Geller
Baldemar J. Sandoval	Neil Guglielmo	Joshua Geller	Neil Guglielmo
	Baldemar J. Sandoval	Baldemar J. Sandoval	

### F. Next Board Meeting

The next regular Board meeting will take place on October 18, 2022. Following is a tentative list of agenda items for that meeting:

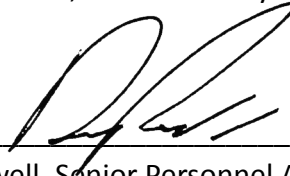
November 15, 2022 Regular Meeting Agenda Items
Board Report: AB 361 Review
Board Report: DCP Plan Projects & Activities Report: October 2022

Submitted by:



Eric Lan, Benefits Analyst

Approved by:



Daniel Powell, Senior Personnel Analyst II

## 2022 DCP Strategic Initiatives

### RESOURCE INITIATIVES

#### 1. Fill DCP Leadership Positions: DC Plan Manager and Senior Benefits Analyst I/II

**Initiative:** The Board identified filling the DCP leadership positions of DC Plan Manager and Senior Benefits Analyst I (reallocated to Senior Benefits Analyst II as of 7/1/22) as a strategic initiative for 2022.

**Status:** **In progress (update).** An update regarding the DC Plan Manager recruitment process is provided in Board Report 22-52.

DCP staff is working to fill the newly reallocated Senior Benefits Analyst II position via several avenues: as a pay grade advancement opportunity, transfer opportunity, and in-lieu opportunity for a candidate in the Senior Benefits Analyst, Senior Personnel Analyst, or Senior Management Analyst classifications. Interviews for this position occurred during the week of October 10, 2022 and are ongoing.

#### 2. Integrate New TPA Strategic Initiatives Director Position into Goals Development Framework

**Initiative:** The Board identified integrating Voya's new Strategic Initiatives Director position into the existing framework for using goals and data to improve participant outcomes as a strategic initiative for 2022.

**Status:** **Complete.** An update regarding this initiative is provided in Board Report 22-51.

#### 3. Establish DCP Budget Policy

**Initiative:** The Board identified establishing a DCP Budget Policy as a strategic initiative for 2022.

**Status:** **Complete.** A recommended DCP Budget Policy was provided in Board Report 22-21 and was subsequently adopted by the Board.

#### 4. Establish a Facility Plan for DCP Staff

**Initiative:** As part of its annual resource review conducted in 2021, the Board discussed the potential costs involved with finding new facilities to house DCP staff. The Board approved establishing a facility plan for DCP staff as a strategic initiative for 2022.

**Status: In progress (no update).** Staff has discussed leasing opportunities with both LAFPP and LACERS. The LAFPP options are detailed in Board Report 22-27. LACERS is preparing to move into its own building on Broadway later this year. LACERS staff indicated that there is a possibility that there will be space available for lease to the DCP, but it's not yet clear whether that will be the case. LACERS staff suggested that the DCP consider other leasing options, but consult with LACERS before making a final decision. DCP staff has reached out to the Department of General Services' Real Estate Services division for further assistance in identifying new leasing opportunities.

## **PLAN DESIGN AND ADMINISTRATIVE INITIATIVES**

### **5. Establish Plan for Ongoing Investment Menu Design and Review**

**Initiative:** In connection with its most recent Investment Policy Statement (IPS) training, the Board discussed the benefits of establishing a structure for the ongoing review and design of potential future changes to the DCP investment menu. The Board approved establishing a plan for ongoing investment menu design and review as a strategic initiative for 2022.

**Status: Complete.** An update regarding this strategic initiative was provided in Board Report 22-22. The Board adopted staff's recommended various improvements to the investment and administrative review process.

### **6. Implement Deemed IRA**

**Initiative:** The Board approved implementing the Deemed IRA as a strategic initiative for 2022.

**Status: In progress (no update).** At its June 18, 2019 meeting, the Board reviewed Board Report 19-21 and directed staff to develop a detailed set of recommended Deemed IRA design features for consideration by the Board. At its December 15, 2020 meeting, the Board reviewed staff's analysis of the Deemed IRA option in Board Report 20-45. The Board 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. At the Board's January 18, 2022 meeting, staff indicated that the Investments Committee met on January 5, 2022, and was provided information regarding developing a proposal for constructing an investment menu based on some variation of mutual fund versions of Collective Investment Trusts (CITs) selected for the DCP Core Menu; that Committee members asked for additional information related to the implementation of a Deemed IRA, including with respect to administrative requirements, soliciting more detailed participant feedback on investment design and participating in a Deemed IRA, and other implementation topics; and that as these issues relate to matters both administrative and investment related, the report back from staff on these topics should be brought to the full Board rather than the Committee. The next step

will involve developing, issuing and analyzing the results of a participant survey providing feedback on investment design and interest in participating in a Deemed IRA.

## 7. Initiate DCP Financial Audit

**Initiative:** The Board approved establishing further progress on the DCP financial audit as a strategic initiative for 2022.

**Status: Suspended.** This item is suspended pending filling DCP vacancies. A contract with Crowe LLP to provide financial audit services for the DCP was executed on December 18, 2020. At its meeting on March 16, 2021, the Board deferred commencement of the audit until the DCP Senior Personnel Analyst I or the DC Plan Manager position was filled. Staff also indicated at that meeting that audit project tasks might need to be customized given the current status of transitioning the City and Department of Water and Power (DWP) payroll systems. Since that Board action, implementation of the payroll element of the City's Human Resources and Payroll (HRP) conversion project has been delayed until January 2023. Once the staff resources are in place to support the audit, a full or modified (i.e. modified relative to the status of HRP and DWP payroll conversions) audit plan can be implemented.

## PARTICIPANT OUTCOME INITIATIVES

### 8. Adopt Plan Year 2022 Participant Goals

**Initiative:** The Board approved adopting participant goals for Plan Year 2022 as a strategic initiative for 2022.

**Status: Complete.** An update regarding this initiative is provided in Board Report 22-51. The Board approved adopting participant goals for calendar year 2023.

### 9. Expand Automatic Enrollment Program (AEP) Participation

**Initiative:** The Board approved expanding AEP participation as a strategic initiative for 2022.

**Status: Suspended.** This item is suspended pending filling DCP vacancies. 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 interest in enrolling in the AEP. 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. Finalization and presentation of a supplementary optional AEP model to employee labor organizations has been suspended pending filling staff vacancies.

## 10. Develop Expanded Engagement Plan

**Initiative:** The Board approved developing an expanded engagement plan as a strategic initiative for 2022.

**Status:** **Complete.** An update regarding this initiative is provided in Board Report 22-51.

## 11. Complete Investment Advisory and/or Financial Education Services Review

**Initiative:** The Board approved completing the investment advisory and/or financial education services review as a strategic initiative for 2022.

**Status:** **Suspended.** This item is suspended pending filling DCP vacancies. A Request for Information (RFI) for investment advisory and/or financial education services was issued on March 4, 2020. Staff's evaluation of responses to the RFI was addressed in Board Reports 20- 34 and 20-38. Further review and discussion of the desirability and feasibility of adding new services can be addressed once the DCP is more fully resourced.