



Board Report 23-42

Date: December 19, 2023

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Projects and Activities Report: November 2023

Board of Deferred Compensation Administration
Thomas Moutes <i>Chair</i>
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Discussion:

Below are the Deferred Compensation Plan (DCP) project and activity updates for November 2023:

A. Operations and Project Updates

- **2024 Contribution Limit Increase** – On November 1, 2023, the Internal Revenue Service issued a [news release](#) indicating the issuance of [Notice 2023-75](#), which provided the 2024 cost-of-living dollar limit increases. The 2024 contribution limits are shown in the table below:

Contribution Limits	2023 Annual Limit	2024 Annual Limit
Below Age 50	\$22,500	\$23,000
*Age 50+	\$30,000	\$30,500
**Special Catch-Up	\$45,000	\$46,000

**Age 50+ is now an additional \$7,500 to the regular limit.*

***Special Catch-Up is up to twice the regular limit (depending on the amount that was not contributed by a participant in previous years).*

This information was updated on the DCP website at LA457.com/contributions and messaging to participants was disseminated as part of a year-end checklist communications campaign.

- **2023 Year-End Required Minimum Distribution (RMD) Notices** – On November 3, 2023, notices were sent to participants informing them of their required minimum distributions, providing amounts, deadlines, and information about the gross

distribution that will automatically be distributed to satisfy the requirement. As of January 1, 2023 and with the passing of SECURE 2.0, the beginning age for RMDs was changed from age 72 to 73, for anyone attaining age 72 after December 31, 2022. RMD notifications are first sent to participants mid-year, along with another reminder in the fourth quarter. For participants receiving their first RMD, IRS regulations allow for participants to receive their RMD in April of the subsequent year. For all other participants, RMDs are to be distributed no later than the final business day of the calendar year.

- **Human Resources & Payroll (HRP) Project** – Staff continues its work in reviewing different end-to-end testing scenarios involving the inbound and outbound files exchanged between the City and Voya and reviewing various reporting and analyzer tools that are to assist in payroll validation and error resolution. For Parallel Testing, the HRP team indicated Cycle 1 was completed on November 29, 2023 when the exit criteria for this cycle was met. Preparations are underway for Cycle 2, during which Workday will process payroll for the period of June 18, 2023 through July 1, 2023 to compare against PaySR results for the same period. HRP has indicated that the exit criteria for Cycle 1 was 90%+ net earnings/deductions and Cycle 2 as 95%+ net earnings/deductions, and any variances to be discussed between the Office of the City Administrative Officer (CAO) and labor.
- **Canada Tax Exemption** – In August, the DCP submitted an application for renewal of the Letter of Exemption under Article XXI, Paragraph 2 of the Canada - United States Income Tax Convention (1980). There are several Canadian securities that trade on the US exchange that are available to participants through the Schwab Self-Directed Brokerage Account option. Dividends paid by these securities are subject to Canadian taxes. The Letter of Exemption from the Canadian Revenue Agency acknowledges the tax-exempt status of the DCP and extends the tax-exempt benefits to its participants. On November 21, 2023, the DCP received exemption approval that is valid until April 17, 2026. Schwab has implemented the exemption into the system and any future dividend pays will be tax exempted.

B. Communications Updates

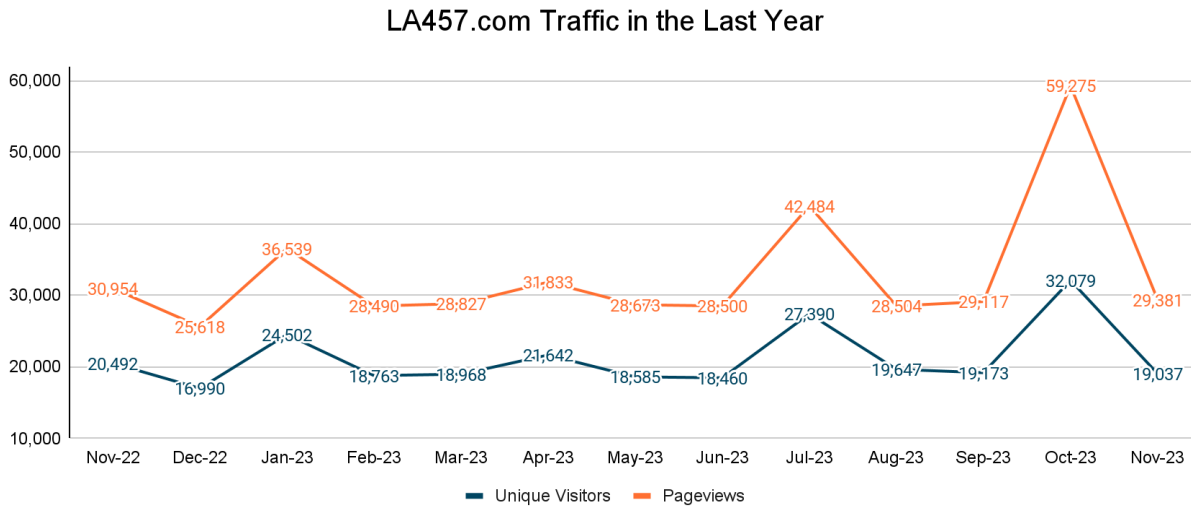
- **Money Matters Zoom Virtual Meetings** – Money Matters sessions are held on the third Wednesday of each month from 12:00 p.m. to 1:00 p.m. Sessions are advertised through the DCP website, the Personnel Department’s monthly Citywide newsletter, social media, and other communications content when timely. Total attendance numbers for the month’s session are provided in the following table:

Topic	Date	Attendance
Retirement Readiness	November 15, 2023	52

- **LA457.com Engagement Statistics: November 2023** – LA457.com saw 19,037 unique visitors and 29,381 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 November 2023		Views
1.	Home	18,189
2.	NRSM 2023	1,735
3.	Contact Us	1,283
4.	Loans	1,219
5.	Contributions	978
6.	Your Distribution Options	889
7.	Join the DCP	689
8.	FAQs	664
9.	Pre-tax vs. Roth (after-tax)	219
10.	Pension Savings Plan	206

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



C. Staffing Update

Staff is in process of backfilling the Senior Benefits Analyst II position. It is anticipated that it will be filled by mid-January 2024.

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%	Esther Chang
Senior Benefits Analyst II	<i>Vacant</i>	Plan Administration	100%	<i>Vacant</i>
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	<i>Vacant</i>	Participant Research	100%	<i>Vacant</i>

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

D. Committee Assignments

Following are the current Committee rosters as designated by the Board Chairperson:

Plan Governance and Administrative Issues Committee	Investments Committee	Participant Engagement Committee	Ad Hoc Employer Match Program Considerations
Thomas Moutes, Chair	Jeremy Wolfson, Chair	Neil Guglielmo, Chair	Thomas Moutes
Matthew Benham	Neil Guglielmo	Dana H. Brown	Neil Guglielmo
Neil Guglielmo	Carl Lurvey	Joseph Salazar	
	Joseph Salazar		

E. Next Board Meeting

The next regular Board meeting is scheduled for January 16, 2024.

Following is a tentative list of upcoming agenda items:

January 16, 2024 Regular Meeting Agenda Items
Election of Board Officers
Board Report: 2023 DCP Board and Committee Meeting Attendance
Board Report: 2023 Board Member and Staff Annual Training Review
Board Report: 2024 DCP Strategic Initiatives
Board Report: 2024 Communication Goals and Strategies
Board Report: 2024 DCP Annual Budget
Board Report: 2024 Travel and Training Program
2022 Annual Report
Segal - Fiduciary Responsibilities Training
TPA Quarterly Review (Q3 2023)
Board Report: Projects and Activities Report – December 2023

Submitted by: Eric Lan, Benefits Analyst

Reviewed by: Esther Chang, Defined Contribution Plan Manager