



# Plan Review

## City of Los Angeles Deferred Compensation Plan

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Second Quarter, 2023

For plan sponsor use only. Not for use with participants.  
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CITY OF *Los Angeles*  
DEFERRED COMPENSATION PLAN



# For discussion

- Updates – News – Trends
- Plan Health
- DCP Communications
- Employee Engagement
- Appendix





# Updates – News – Trends

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DEFERRED COMPENSATION PLAN





## Workplace

Q2 by the numbers

- + Employee engagement
- + Employee actions: savings
- + Employee actions: health claims

## Call center

**800,430**  
live calls

**23,661**  
emails

**10,107**  
live chats

**87,467**  
Voya PAL chats



**98%**  
satisfaction



**43%**  
fully resolved via IVR



**89%**  
fully resolved via  
Voya PAL digital  
assistant

## Digital



**21,100,000**  
engagements

**- 13%**  
*versus Q2 2022*

## Employee education and engagement

**Top performing content** is mostly centered around current economic conditions.

- How to protect your cash from bank failures
- 5 steps to help recession-proof your savings
- Passive investing should be boring
- Types of insurance you need in your 20s, 30s, 40s

Voya Learn Live attendance rose **500%** over Q1 due to our personalized email promoting the sessions



Check out our upcoming sessions







## Workplace

Q2 by the numbers

- + Employee engagement
- + Employee actions: savings
- + Employee actions: health claims



# 99%

## are staying the course

and have not made investment trades  
*up from 98.4%*

↓ **1.2%** made a future investment allocation change,  
*down from 1.6%*

↑ **1.1%** requested a loan or hardship,  
*up from 1.0%*

↑ Of those who changed their savings rate, **64% increased savings**,  
*up from 59%*

# Q2 2023 Plan Summary

- Assets and Cash Flow
  - Driven by positive investment earnings, the Deferred Compensation Plan's total plan assets crossed the \$9 billion mark at \$9,081,721,341 in Q2 2023.
  - Net cash flow was positive for the second quarter – an increase of \$17 million from the first quarter.
  - The average account and median balances were \$174,920 and \$65,266 respectively for Q2.
- Investment Composition
  - Similar to Q1 2023, the Stable Value Fund had large fund transfers out (over \$51 million) versus transfers into the same fund resulting in negative transfer activity.
- Participant Activity
  - Despite high inflation, participant deferrals and rollovers into the plan remained consistent with the prior quarter.
  - Continuing to stay focused on cybersecurity, Step Up Authentication will become an added experience for participants in September 2023.





# Plan Health

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DEFERRED COMPENSATION PLAN



# Plan Overview

	2022 Q3	2022 Q4	2023 Q1	2023 Q2
<b>Total Plan Participants (Active/Terminated)</b>	51,518 (34,955/16,563)	51,674 (35,061/16,613)	51,901 (35,087/16,814)	51,919 (35,271/16,648)
<b>* Total Plan Participants with a Beneficiary</b>	-	-	46,799	46,656
<b>Total Plan Assets</b>	\$7,679,392,506	\$8,035,340,110	\$8,482,590,981	\$8,919,031,561
<b>Average Balance</b>	\$149,059	\$155,501	\$163,438	\$172,016
<b>Median Balance</b>	\$57,061	\$60,022	\$62,632	\$65,266

\*Data collection started Q1 2023





# Plan Overview – Sworn

	2023 Q2
<b>Total Sworn Plan Participants (Active/Terminated)</b>	13,680 (11,021/2,659)
<b>Total Sworn Plan Participants with a Beneficiary</b>	12,709
<b>Total Sworn Plan Assets (Total % of Plan Assets)</b>	\$3,228,465,091 (36%)
<b>Average Sworn Balance</b>	\$235,999
<b>Median Sworn Balance</b>	\$125,802

\*This includes only Fire and Police department, about 200 LAFPP participants employed by Airport and Harbor could not be included in the stats based on the dataset.



# Plan Overview – Civilian

	2023 Q2
<b>Total Civilian Plan Participants (Active/Terminated)</b>	38,239 (24,250/13,989)
<b>Total Civilian Plan Participants with a Beneficiary</b>	33,947
<b>Total Civilian Plan Assets (Total % of Plan Assets)</b>	\$5,853,256,249 (64%)
<b>Average Sworn Balance</b>	\$153,070
<b>Median Sworn Balance</b>	\$59,078



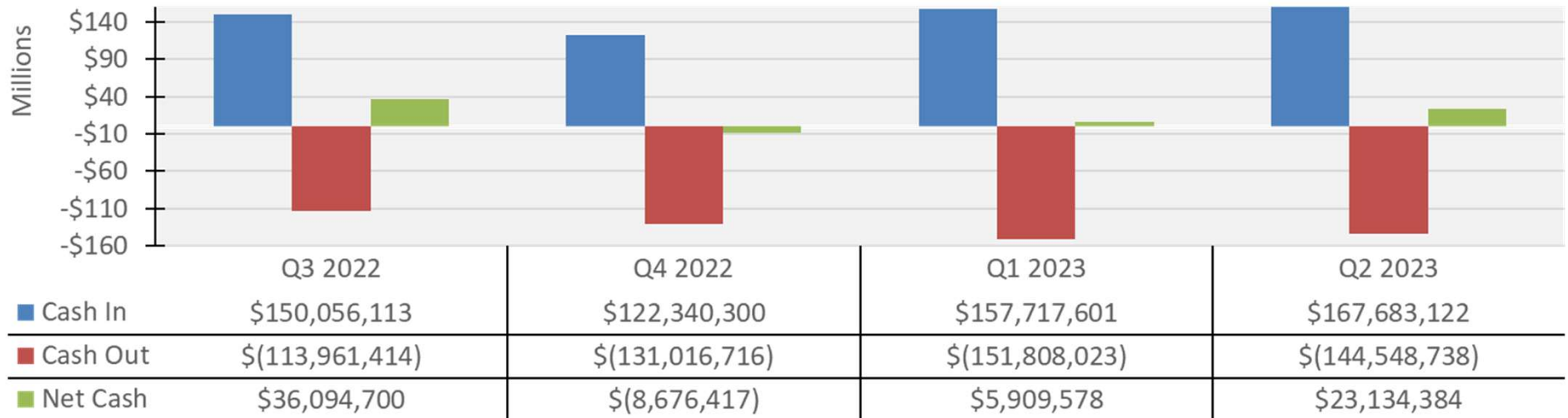
# Cashflow Summary

Cash In	
Pre-tax Contributions	\$75,869,317.84
Roth Contributions	\$18,175,364.13
Rollover Contributions	\$34,845,713.11
Loan Repayments	\$22,417,104.63
Other	\$16,375,622.09
<b>Total Cash In</b>	<b>\$167,683,121.80</b>

Cash Out	
Distributions	(\$53,270,179.81)
Rollovers	(\$50,689,544.58)
Loans Issued	(\$23,129,641.80)
Fees	(\$1,083,749.37)
Other	(\$16,375,622.09)
<b>Total Cash Out</b>	<b>(\$144,548,737.65)</b>

"Other" activity represents all inter-participant transfer activity, which includes decedent/beneficiary activity, QDRO splits and Alternate participant transfers. "Distributions" activity represents withdrawals, installments and termination payments.

**Net Cash Flow** **\$23,134,384.15**



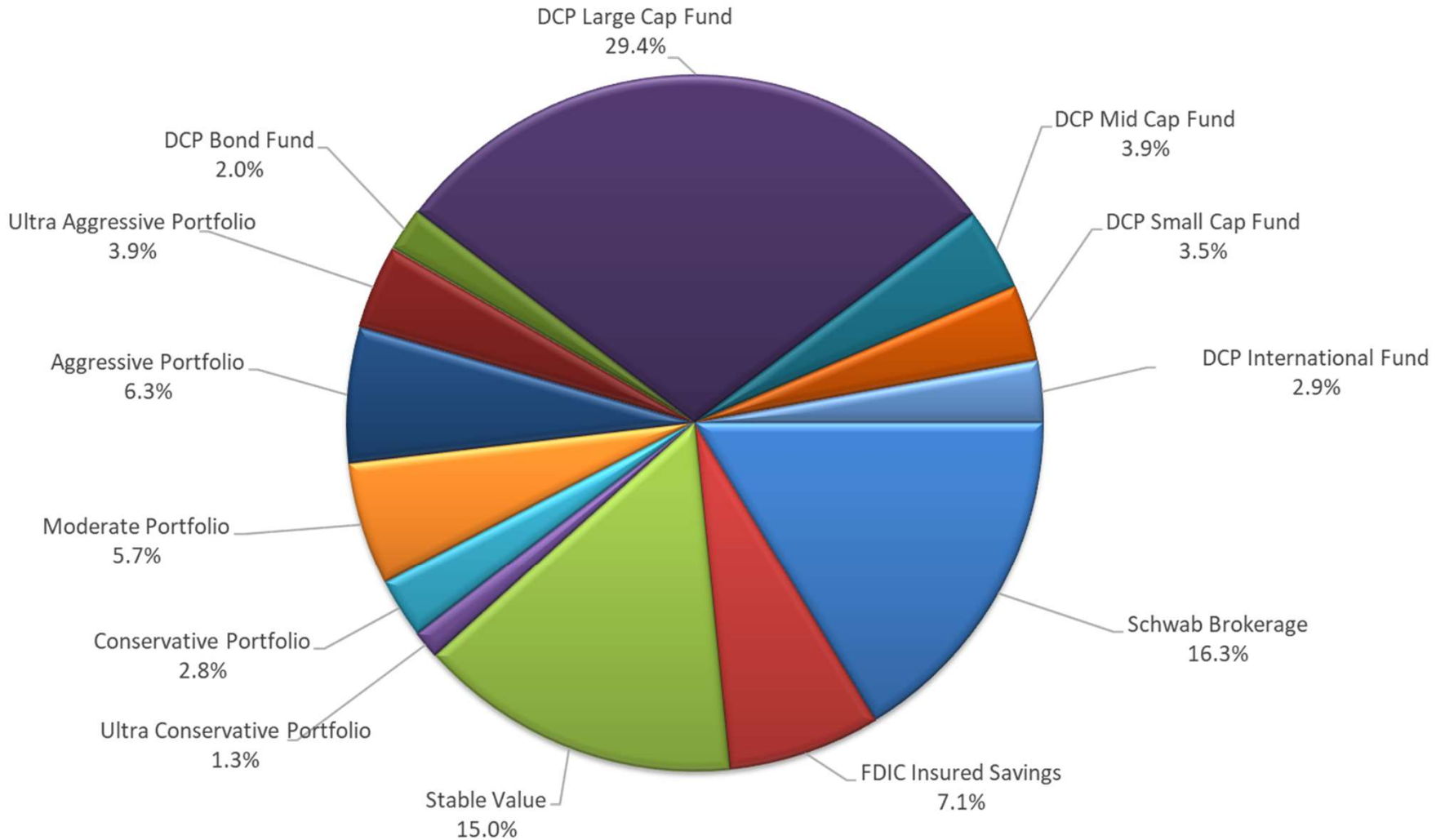
# Balances by Investment

Investment	Investment Balance	Number of Participants	Average Participant Balance	Percentage of Plan Assets
SCHWAB BROKERAGE	\$1,455,289,663.85	7,137	\$203,907.76	16.32%
FDIC INSURED SAVINGS ACCOUNT	\$630,231,433.04	13,240	\$47,600.56	7.07%
STABLE VALUE	\$1,333,188,617.53	13,588	\$98,115.15	14.95%
ULTRA CONSERVATIVE PORTFOLIO	\$116,716,394.15	3,109	\$37,541.46	1.31%
CONSERVATIVE PORTFOLIO	\$247,562,622.29	5,681	\$43,577.30	2.78%
MODERATE PORTFOLIO	\$508,968,024.79	12,344	\$41,232.02	5.71%
AGGRESSIVE PORTFOLIO	\$563,226,839.17	14,552	\$38,704.43	6.31%
ULTRA AGGRESSIVE PORTFOLIO	\$346,591,089.49	11,027	\$31,431.13	3.89%
DCP BOND FUND	\$181,517,648.09	6,763	\$26,839.81	2.04%
DCP LARGE CAP FUND	\$2,622,511,083.41	21,697	\$120,869.76	29.40%
DCP MID CAP FUND	\$344,526,161.62	8,397	\$41,029.67	3.86%
DCP SMALL CAP FUND	\$314,027,079.95	9,308	\$33,737.33	3.52%
DCP INTERNATIONAL FUND	\$254,674,903.58	8,895	\$28,631.24	2.86%
<b>Total Investment Balance:</b>	<b>\$8,919,031,560.96</b>			
<b>Total Outstanding Loans:</b>	<b>\$168,754,491.27</b>			



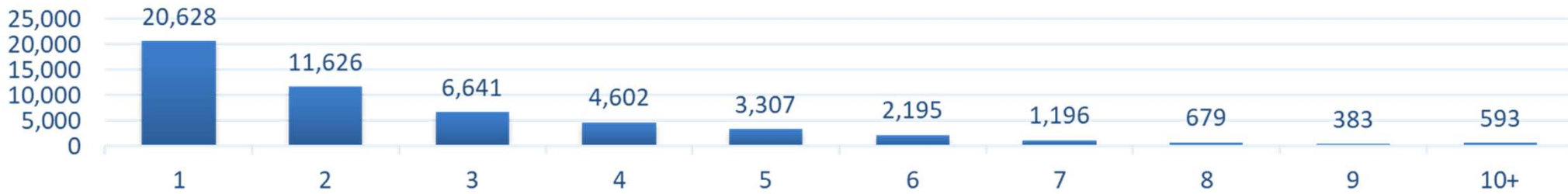


# Percentage of Plan Assets

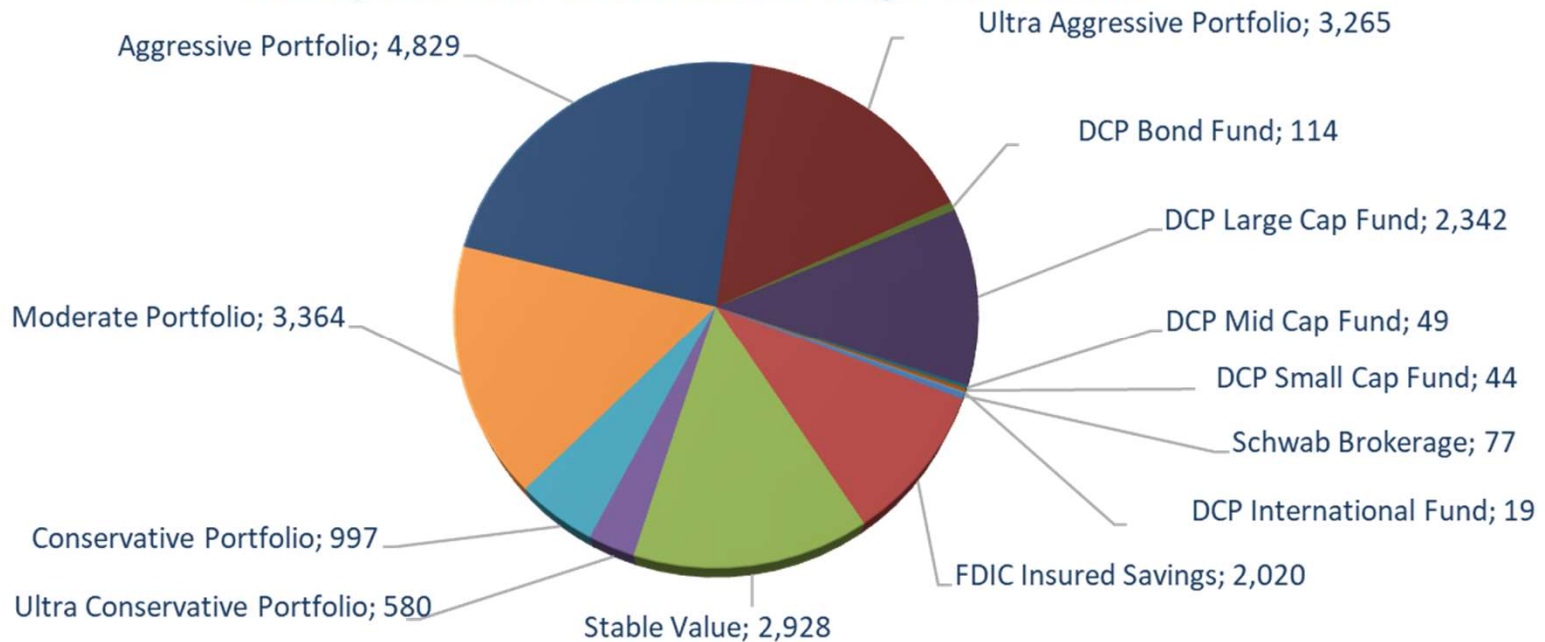


# Diversification – All Investment Options

Participants with Balances by Number of Investments

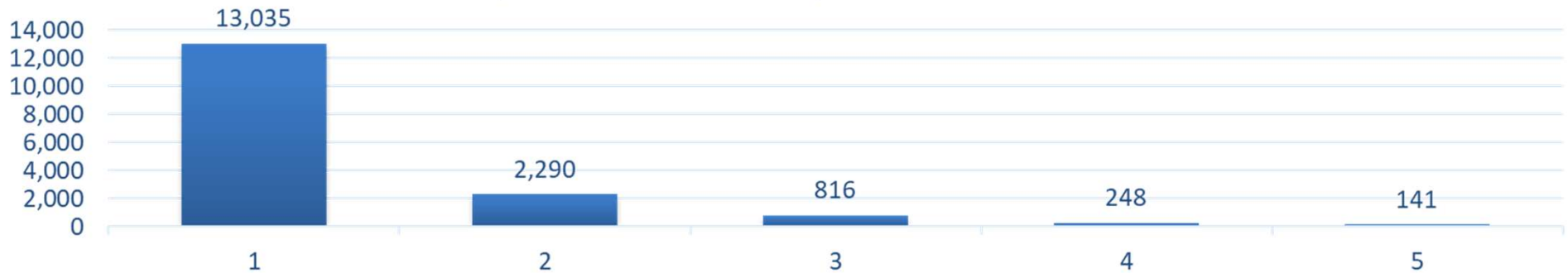


Participants with a Balance in a Single Investment

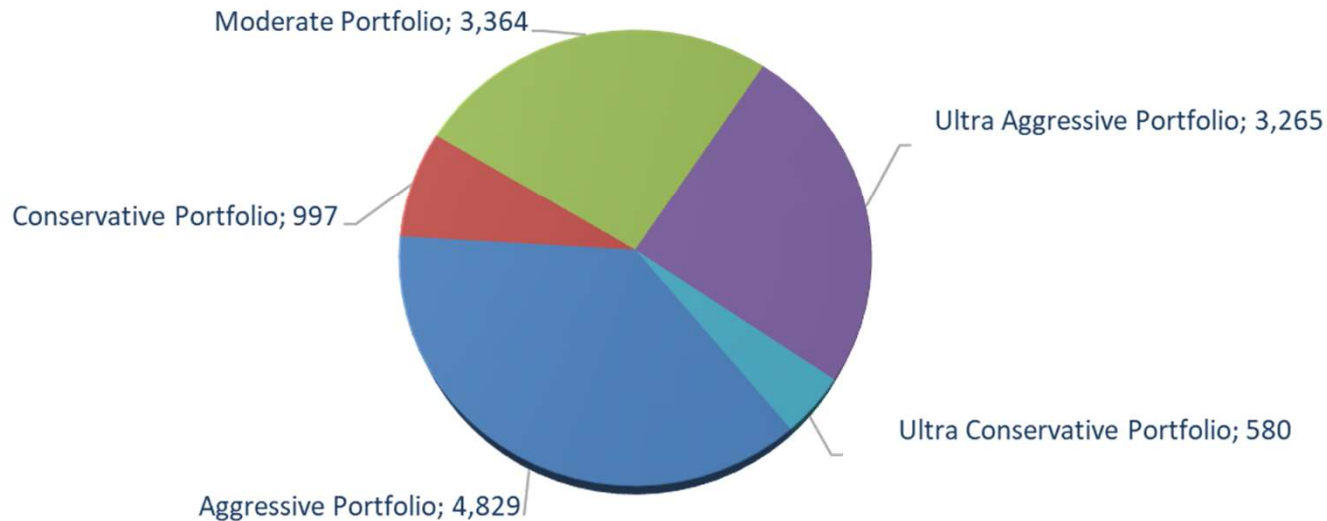


# Diversification – Portfolio Funds Only

Participants with Balances by Number of Investments

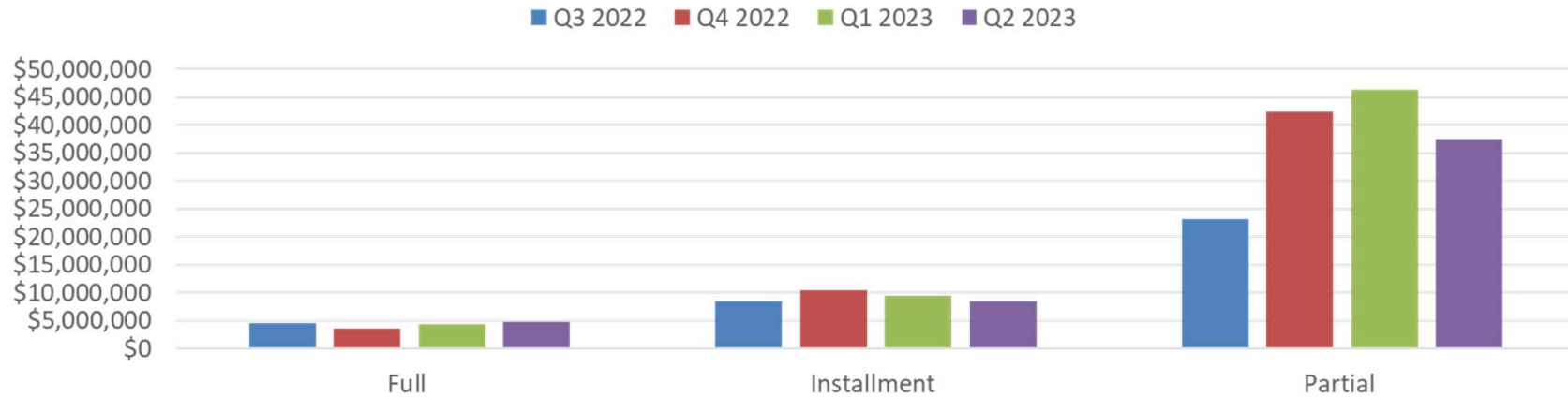


Participants with a Balance in a Single Investment



# Participant Outcomes

## Distribution types by quarter



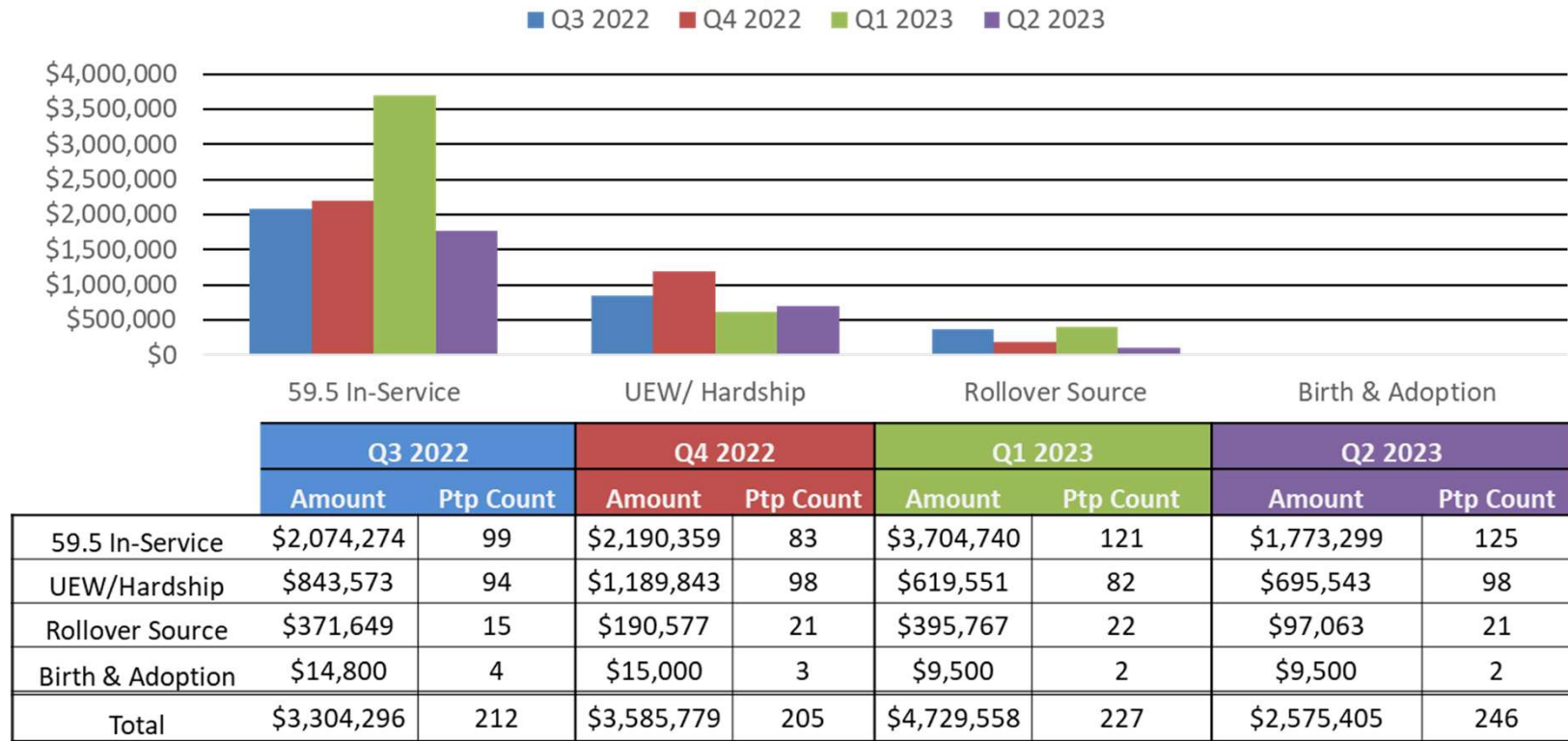
		Q3 2022		Q4 2022		Q1 2023		Q2 2023	
		Amount	Ptp Count	Amount	Ptp Count	Amount	Ptp Count	Amount	Ptp Count
Full	Ptp	\$3,124,259	143	\$2,606,142	122	\$3,697,341	143	\$3,898,683	143
	QDRO	\$396,769	8	\$217,659	7	\$116,506	5	\$204,716	8
	Bene	\$1,001,596	14	\$768,696	19	\$542,261	16	\$591,156	18
Install	Ptp	\$8,121,902	1,565	\$9,967,482	1,858	\$9,041,352	1,608	\$8,157,285	1,617
	Qdro	\$19,796	5	\$24,330	6	\$29,366	5	\$23,992	7
	Bene	\$372,364	64	\$472,641	109	\$329,525	64	\$256,388	65
Partial	Ptp	\$22,124,164	949	\$38,850,183	2,680	\$44,513,445	1,493	\$36,241,112	1,224
	Qdro	\$370,088	27	\$298,009	41	\$524,770	24	\$275,701	16
	Bene	\$705,159	39	\$3,234,181	299	\$1,324,354	57	\$1,045,742	58
Total		\$36,236,094	2,814	\$56,439,323	5,141	\$60,118,920	3,415	\$50,694,775	3,156



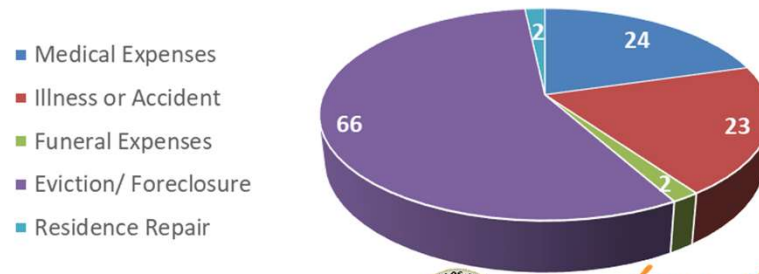


# Participant Outcomes

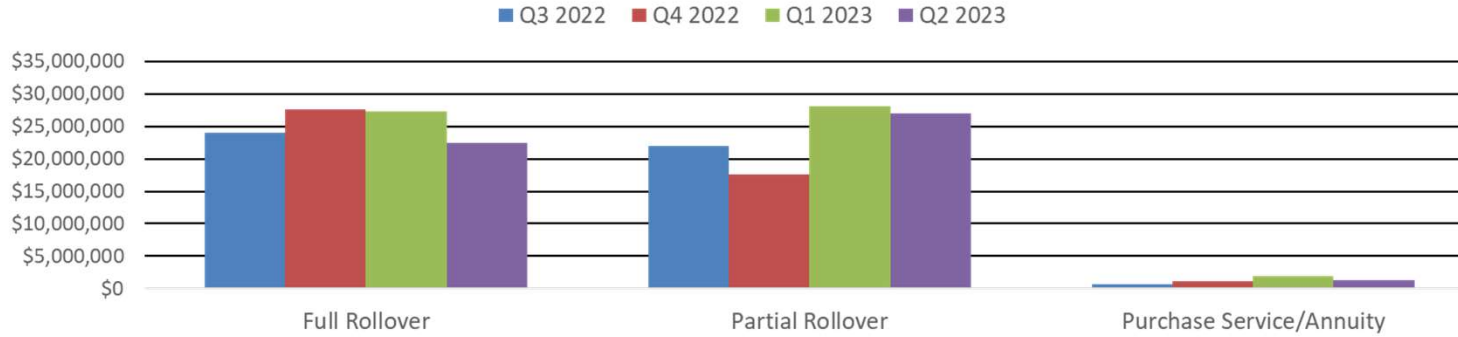
## In-service withdrawals by quarter



Unforeseeable Emergency Withdrawal (UEW) Reasons

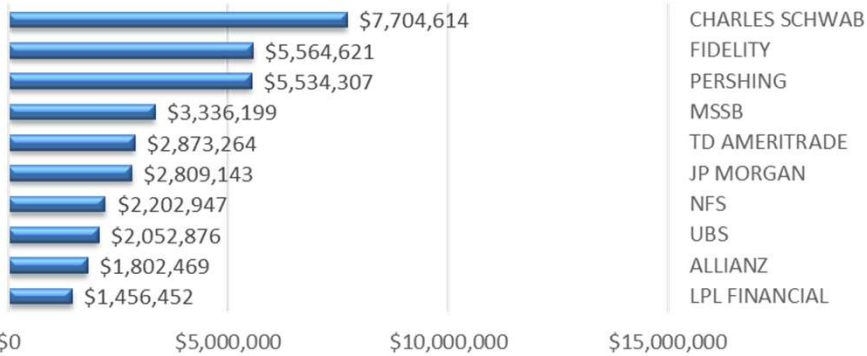


# Participant outcomes – Rollovers

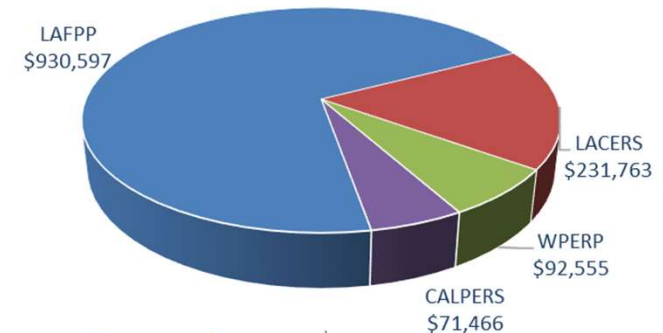


	Q3 2022		Q4 2022		Q1 2023		Q2 2023	
	Amount	Ptp Count	Amount	Ptp Count	Amount	Ptp Count	Amount	Ptp Count
Full Rollover	\$23,930,423	111	\$27,660,757	116	\$27,290,909	128	\$22,468,822	100
Partial Rollover	\$21,994,710	73	\$17,630,983	73	\$28,108,965	96	\$26,894,342	103
Purchase Service/Annuity	\$694,872	84	\$1,141,345	94	\$2,003,920	122	\$1,326,380	122
<b>Total</b>	<b>\$46,620,005</b>	<b>268</b>	<b>\$46,433,085</b>	<b>283</b>	<b>\$57,403,794</b>	<b>346</b>	<b>\$50,689,545</b>	<b>325</b>

Top 10 Rollover Providers by Dollar Amount



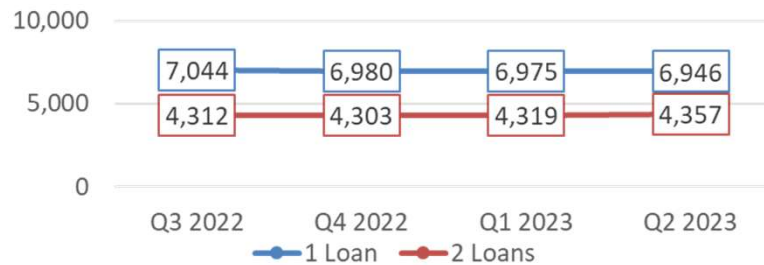
Purchase of Service/Annuity by Provider



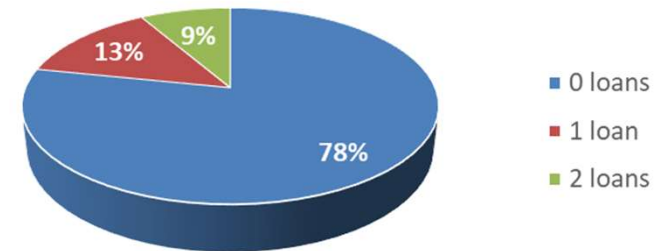
# Loan Trending

	Q3 2022	Q4 2022	Q1 2023	Q2 2023
Total Participants with Loans	11,356	11,283	11,294	11,303
Total Number of Outstanding Loans	15,668	15,586	15,613	15,660
Number of General Loans	14,114	14,055	14,127	14,194
Number of Residential Loans	1,554	1,531	1,486	1,466
Total Outstanding Loan Balance	\$162,342,369	\$158,649,635	\$159,881,530	\$161,601,588
General Loan Balance	\$135,892,892	\$132,962,150	\$135,006,225	\$137,247,288
Residential Loan Balance	\$26,449,477	\$25,687,485	\$24,875,305	\$24,354,300
Average Outstanding Loan Balance per Borrower	\$14,296	\$14,061	\$14,156	\$14,297
Number of Loans Re-amortized	217	148	156	188
Number of Loans in Arrears >30 days	-	-	106	150
Number of Loan Defaults	162	199	212	175
Total New Loans Initiated	1,473	1,252	1,424	1,605
Average Amount of New Loans Initiated	\$13,181	\$13,327	\$14,213	\$14,411
New Loans Active	1,392	1,166	1,335	1,505
New Loans Separated from Service	81	86	89	100

Participant Loan Count, 1 Loan vs 2



Participant Loan Count, Summary





# DCP Communications

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DEFERRED COMPENSATION PLAN





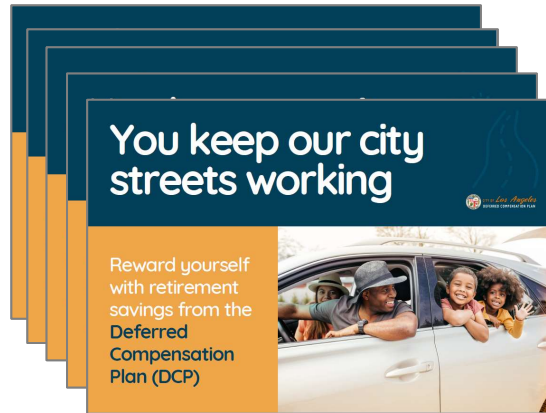
# April 2023 Campaign: Participation

(City Council, Mayor's Office, General Services, Public Works – Streets, Rec and Parks)

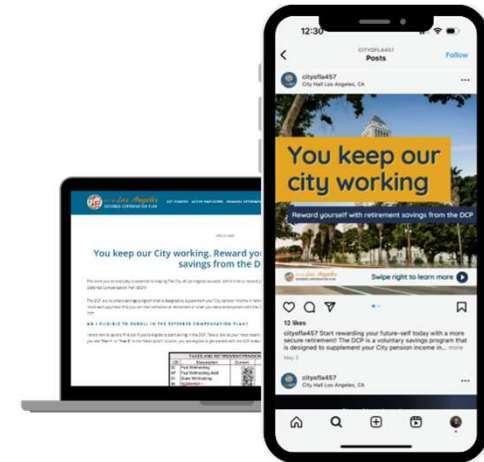
## Email Campaign



## Mailed Postcards



## Web and Socials



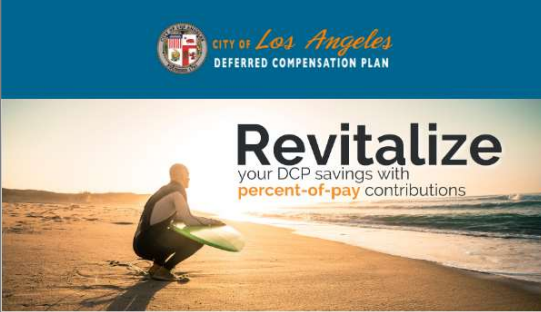
## Key Metrics and Results:

- **1,813** emails sent (5 different departments)
  - Open rate: **68%** (*industry: 27%*)
  - Click-through rate: **5.6%** (*industry: 2.4%*)
- **4,136** postcards sent (5 different departments)
- **4/25– 5/25:** 'Join the DCP' was the **4th** most visited page. Campaign blog post was most viewed blog post.

# May 2023 Campaign: Contributions

(Active participants contributing flat-dollar)

## Email Campaign




**Switching to percent-of-pay contributions in the DCP can breathe new life into your retirement savings strategy**

You may be asking yourself what the difference is between fixed dollar and percent-of-pay contributions. Simply put, percent-of-pay contributions allow you to deduct a percentage of your salary each paycheck (e.g. 5%) versus a fixed dollar amount per paycheck (e.g. \$100). In the DCP, both options are available. However, the advantages of percent-of-pay contributions are increasingly supported by recent studies. In fact, according to a 2021 survey, **69% of employees who contribute a percentage of their salary to their retirement plan feel confident** about their retirement savings compared to only 42% of those who contribute a fixed dollar amount\*. [Learn more on our latest blog post here.](#)

\* 2021 Retirement Confidence Survey<sup>1</sup> by the Employee Benefits Research Institute and Greenwald Research

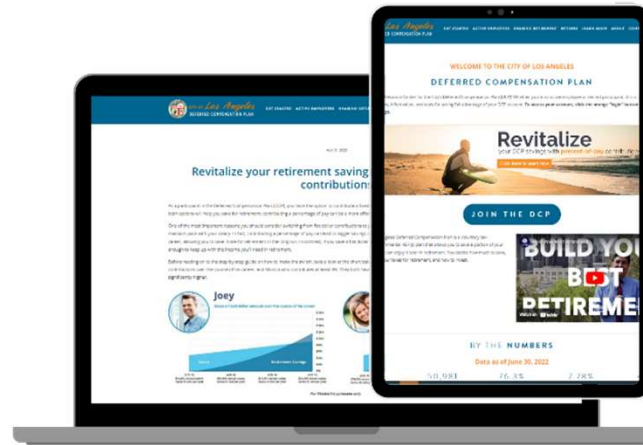
**Ready to revitalize your retirement savings?**

Making the switch to percent-of-pay contributions is easy. First, sign in to your DCP account at [LA457.com](http://LA457.com) using the orange LOGIN button in the upper right corner of the homepage. [Step-by-step instructions](#) once you've signed in can be found [here](#).

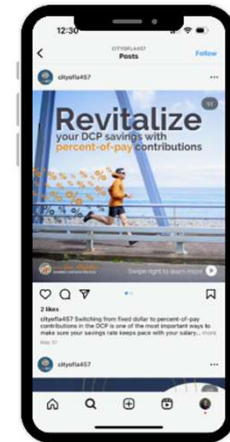


**Sign in and switch**

## Blog and web promotion



## Socials



## Key Metrics and Results:


- **20,173** emails sent
  - Open rate: **43.4%** (industry: 27%)
  - Click-through rate: **3.46%** (industry: 2.4%)
- **5/31– 6/30:** Campaign blog post was most viewed blog post on LA457.com.



# June 2023 Campaign: Asset Retention

(Terminated participants with an account balance of \$5,000+)

## Email Campaign




**stay golden and stay in the plan**

Whether you've reached your golden years or still have a few years to go, you can keep the DCP with you on your retirement journey.


Retiring from the City or pursuing a new endeavor doesn't mean you have to lose the benefits of the Deferred Compensation Plan (DCP). In fact, when you choose to stay invested in the DCP you'll retain the retirement savings tools you know and love. Here are a few reasons why you should consider staying in the DCP even after you've moved on from your career with the City.

**Stay in the plan and enjoy the benefits**

You'll retain special 457 plan benefits, like the exemption from early withdrawal penalties before age 59½, and access to the retired participant loan program. These benefits are lost when your DCP account is rolled over to an outside IRA.



DCP fees are competitive with rollover alternatives. As part of a large group plan with over \$8 billion in assets, the DCP negotiates lower investment and administrative costs, including no sales costs or hidden fees in the core investment options.



The DCP provides diverse investment options to suit

## Mailed Postcard

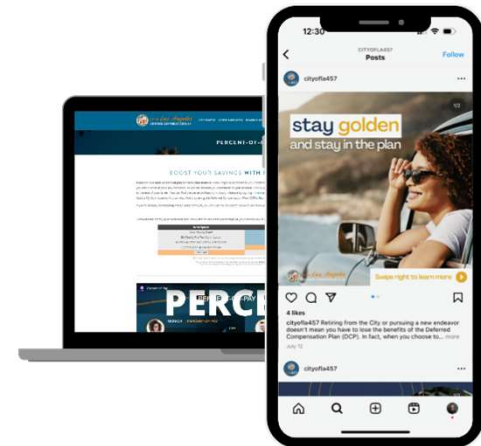


Retain the benefits of the Deferred Compensation Plan (DCP) long after you've left the City.

**stay golden and stay in the plan**

CITY OF Los Angeles DEFERRED COMPENSATION PLAN

## Web and Socials



## Key Metrics and Results:

- **739** emails sent
  - Open rate: **42%** (industry: 27%)
  - Click-through rate: **6.8%** (industry: 2.4%)
- **8,258** postcards sent
- **6/30– 7/11**: 'Stay in the Plan' was 7<sup>th</sup> most visited page on LA457.com



# Additional Q2 Communication Projects

## Election Cancellation (email)

**CITY OF Los Angeles**  
DEFERRED COMPENSATION PLAN

**Notice of Election Cancellation**

**Board of Deferred Compensation Administration**  
**Active Participant LAFPP Representative**

Following the candidate nominating period for the Active Participant Los Angeles Fire and Police Pensions (LAFPP) Representative seat on the Board of Deferred Compensation Administration (DCP Board), no applicants submitted the required materials to qualify for candidacy. Accordingly, the election for the Active Participant LAFPP Representative Board seat scheduled for Friday, May 19, 2023 is **cancelled**. A special election to fill this Board seat will be scheduled and is anticipated to take place during the summer.

Updated information regarding the status of the election will be available on the [DCP website](#).

For any questions about the election, please contact Mindy Lam at (213) 978-1644 or via email at [LA457@lacity.org](mailto:LA457@lacity.org).

[2023 BDCA Election Site](#)

Have any questions?

Give us a call at 213-978-1601

## Special Election (email and “lead gen” page)

**CITY OF Los Angeles**  
DEFERRED COMPENSATION PLAN

**NOTIFICATION OF UPCOMING SPECIAL ELECTION**  
Board of Deferred Compensation Administration

Active Participant LAFPP Representative

**Get your seat at the table**

*Candidate materials due June 8!*

- ✓ Citywide leadership position
- ✓ Influence the future of the DCP
- ✓ Support retirement security
- ✓ Impact DCP features & services

**Representative of the City of Los Angeles**

A special election to fill this Board seat will be scheduled and is anticipated to take place during the summer.

The Board's elected positions are an excellent opportunity for you to have your voice heard on the Board or to represent your general.

**ABOUT THE BOARD OF DEFERRED COMPENSATION ADMINISTRATION**

The Board is responsible for oversight of the DCP. These responsibilities include plan design, vendor selection, investment review, review of participant withdrawal requests, and all related matters affecting administration of the DCP.

Board members attend regular monthly meetings, approximately two hours in length, which are generally held on the third Tuesday of each month. They are also expected to spend approximately 30 minutes each month reviewing materials for these meetings. In addition, the Board may periodically conduct special meetings. There is no compensation provided for serving on the Board.

The City of Los Angeles Administrative Code Section 4.142, the five member Board is comprised of:

- one member designated by LAFPP, LAFFPP, and the Personnel Department;
- three at-large representatives designated through LAFPP/lead gen;
- a local representative appointed by the City's council; and
- an elected representative from each of the DCP's representing groups: active LAFPP members, active LAFFPP members, and retirees.

[CURRENT BOARD MEMBERS](#)



# Employee Engagement

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DEFERRED COMPENSATION PLAN



# Representative activity

Second Quarter 2023

	3Q 2022	4Q 2022	1Q 2023	2Q 2023
Total Site Visits			5	22
Virtual Meetings	31	28	26	17
Meeting Attendees	708	521	1,071	1,301
Call Totals	2,152	2,365	2,532	2,381
Counter Service			61	139
Emails	1,627	1,767	2,210	1,575
Total Participation	4,487	4,653	5,874	5,396
Enrollments	104	62	145	149

- Site visits have increased. There were 22 visits in Q2.
- City Hall visits increased to 139 from 61 visits in the prior quarter.
- The meeting attendees increased to 1,300 due to more site visits and City Hall visits.



# Appendix

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CITY OF *Los Angeles*  
DEFERRED COMPENSATION PLAN

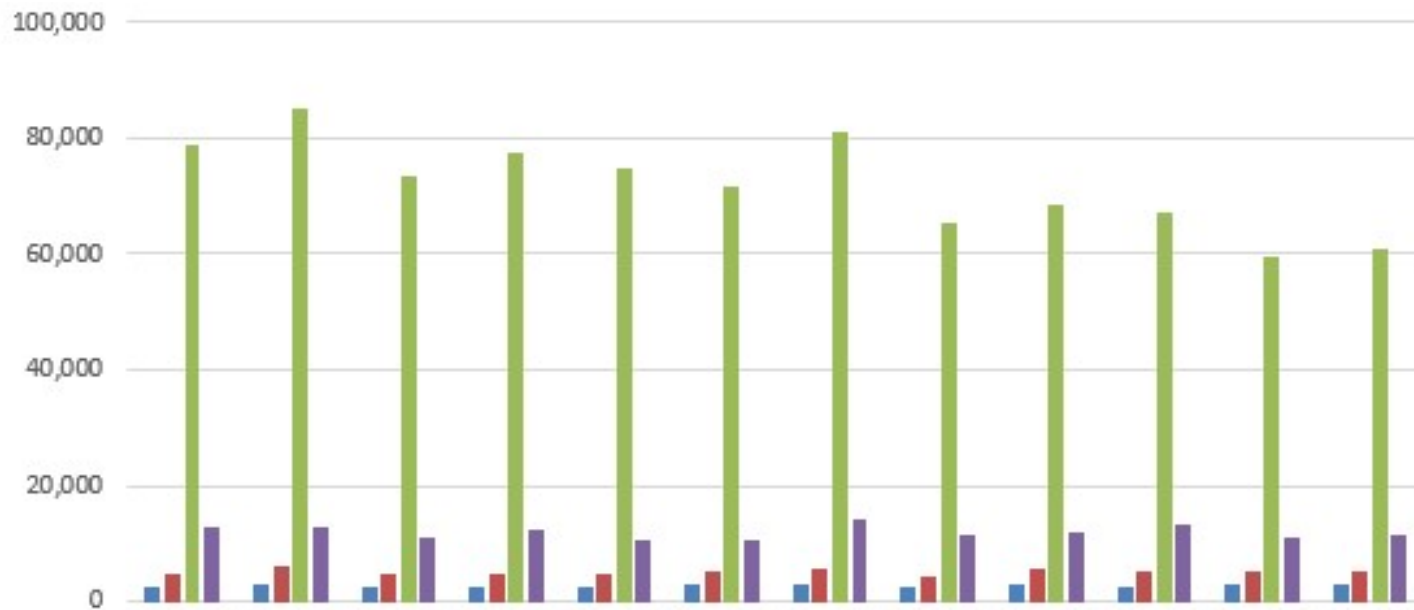


# Transfer activity by investment

Investment Name	Transfers In	Transfers Out	Net
SCHWAB BROKERAGE	\$41,369,668	\$-17,260,889	\$24,108,779
FDIC INSURED SAVINGS ACCOUNT	\$36,013,239	\$-39,317,241	-\$3,304,002
STABLE VALUE	\$26,749,455	\$-51,025,449	-\$24,275,994
ULTRA CONSERVATIVE PORTFOLIO	\$4,843,163	\$-7,738,715	-\$2,895,552
CONSERVATIVE PORTFOLIO	\$9,350,711	\$-7,647,729	\$1,702,982
MODERATE PORTFOLIO	\$11,642,582	\$-9,424,593	\$2,217,988
AGGRESSIVE PORTFOLIO	\$6,186,037	\$-8,579,511	-\$2,393,473
ULTRA AGGRESSIVE PORTFOLIO	\$10,843,254	\$-8,307,437	\$2,535,817
DCP BOND FUND	\$8,482,165	\$-6,411,152	\$2,071,012
DCP LARGE CAP FUND	\$47,816,008	\$-38,919,017	\$8,896,991
DCP MID CAP FUND	\$5,124,346	\$-11,730,475	-\$6,606,129
DCP SMALL CAP FUND	\$7,708,301	\$-16,515,327	-\$8,807,025
DCP INTERNATIONAL FUND	\$11,960,365	\$-5,144,300	\$6,816,065



# 2023 Participant Contact Summary

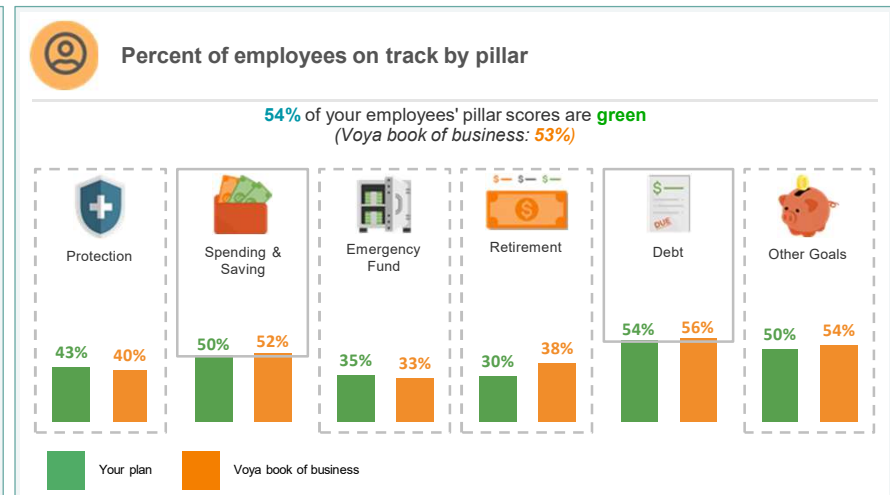
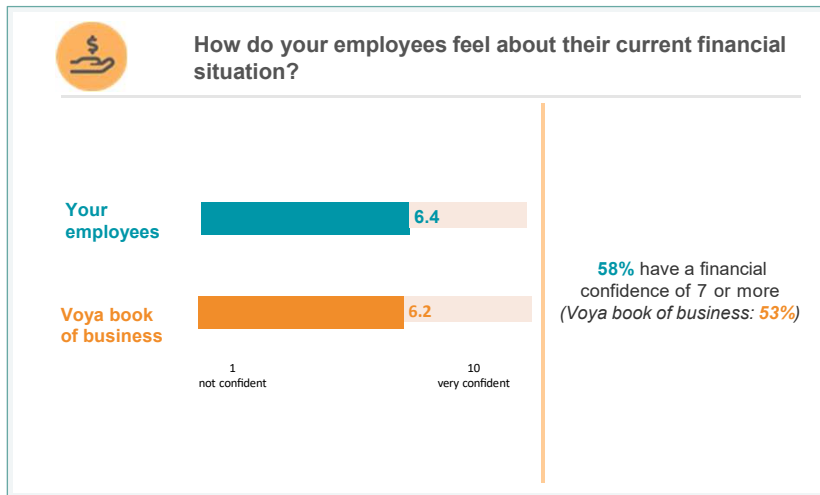


	Jul-22	Aug-22	Sep-22	Oct-22	Nov-22	Dec-22	Jan-23	Feb-23	Mar-23	Apr-23	May-23	Jun-23
Total PSR Calls	2,281	3,104	2,525	2,520	2,604	2,780	2,863	2,636	3,067	2,563	2,797	2,767
Total IVR Calls	4,587	6,172	4,912	4,706	4,885	5,389	5,652	4,330	5,578	5,032	5,159	5,314
Total Web Visits	78,777	85,152	73,337	77,684	74,935	71,593	81,239	65,333	68,457	67,238	59,500	61,110
Total Unique Web Visits	12,644	12,855	10,992	12,561	10,426	10,598	13,993	11,614	11,881	13,128	11,096	11,566



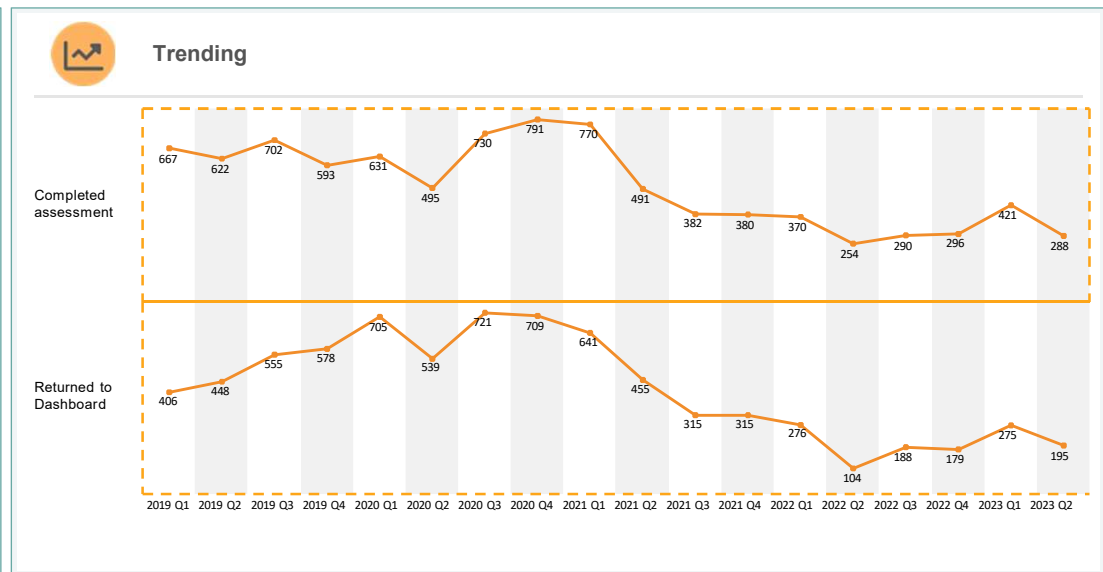
# Financial Wellness

06/30/2023

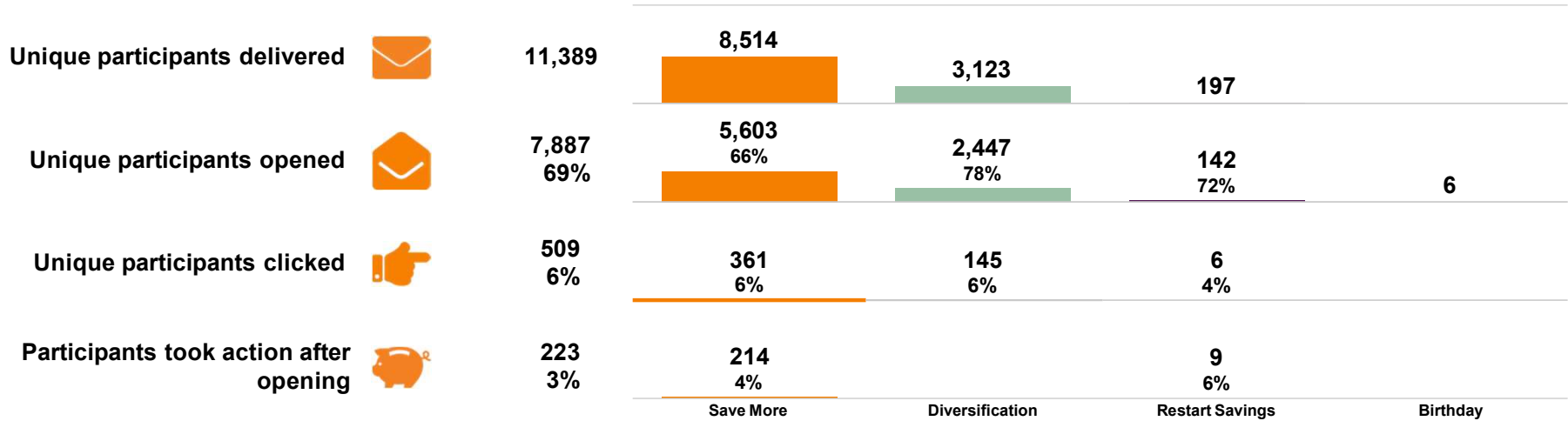


### Engagement

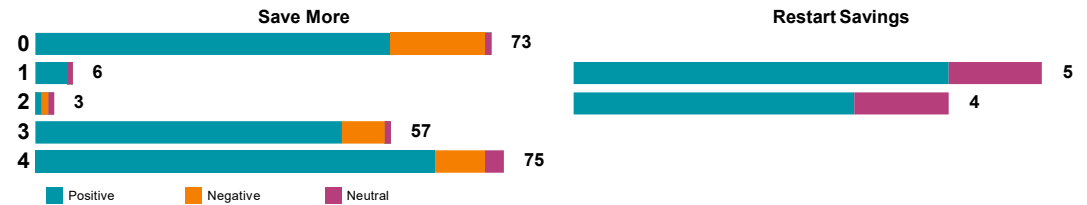
	# of participants	% of participants	Voya Book of Business
Started Financial Wellness assessment	6,188	--	--
Completed assessment and viewed results	5,496	89%	88%
Viewed dashboard after completing assessment	4,766	87%	81%



# Personalized Financial Wellness Messaging



## Action details: total actions after email open



## Potential financial impact: (those who changed deferral rate, excludes deferral amt)

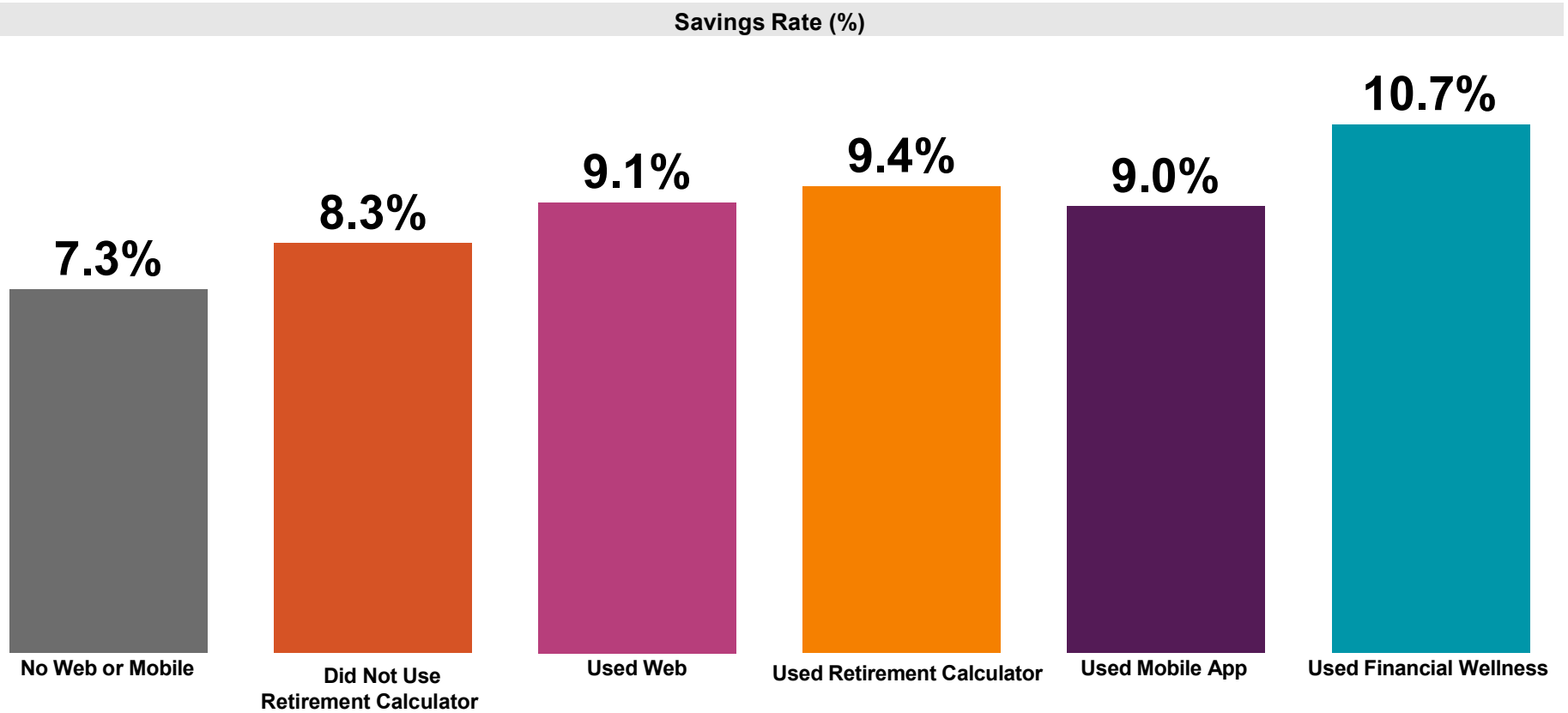
- Save More**      **\$52,771** of additional contributions per year. (57 participants increased their savings rate by 1.0% on average)
- Restart Savings**      **\$23,228** of additional contributions per year. (4 participants increased their savings rate by 6.2% on average)

Data is cumulative as of: 08/10/2023



# Digital Engagement Savings Report

Engagement Outcomes - Savings Rate



Data as of 6/30/2023

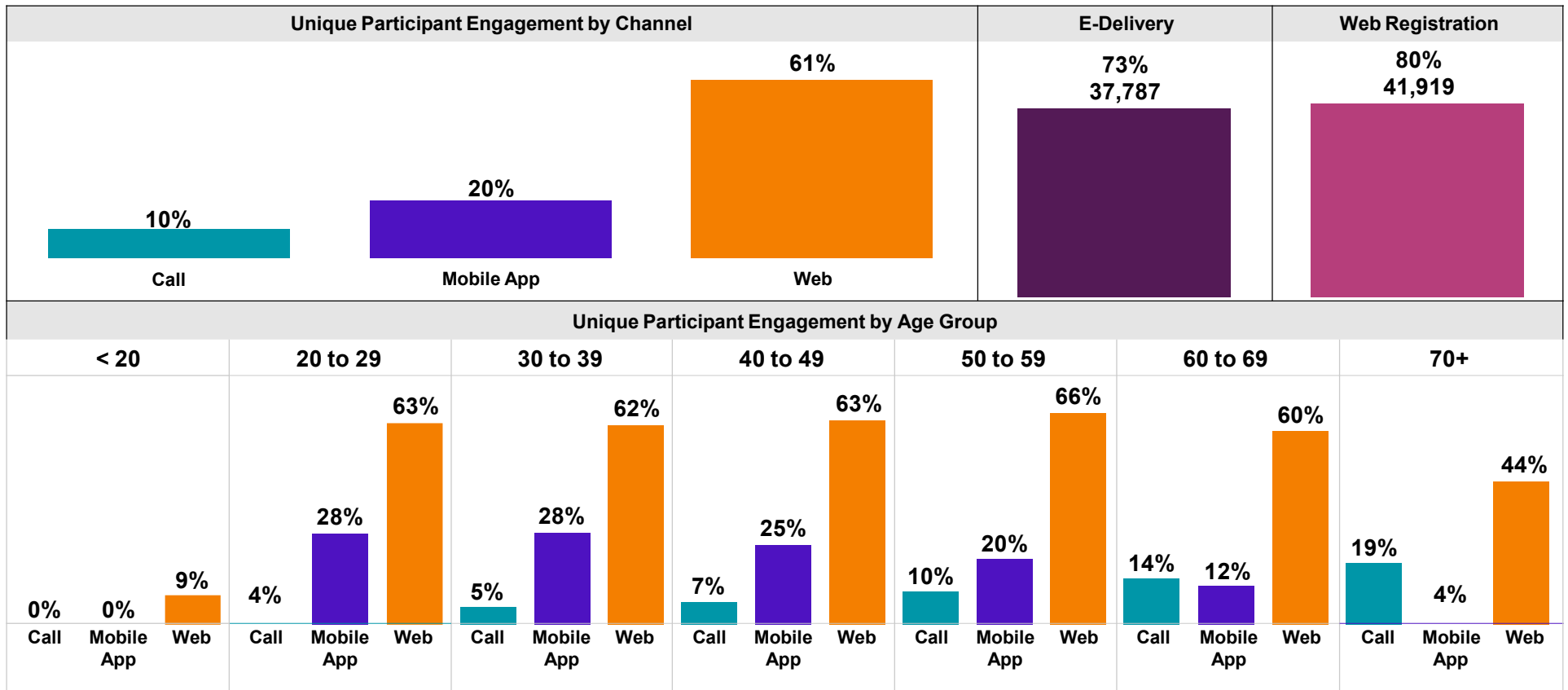




# Digital Engagement Usage

## Engagement

70% of plan participants have engaged (used web, mobile, or called) over the past 12 months  
 61% of plan participants have digitally engaged over the past 12 months



Data as of 6/30/2023

PLAN | INVEST | PROTECT



CITY OF *Los Angeles*  
 DEFERRED COMPENSATION PLAN





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