

# Deferred Compensation Plan

## BOARD REPORT 17-01

Date: January 9, 2017

To: Board of Deferred Compensation Administration

From: Staff

Subject: Third Party Administration Transition Update

*Board of Deferred  
Compensation Administration*  
John R. Mumma, Chairperson  
Michael Amerian, Vice-Chairperson  
Cliff Cannon, First Provisional Chair  
Raymond Ciranna, Second Provisional Chair,  
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### **Recommendation:**

That the Board of Deferred Compensation Administration (a) receive and file this update regarding the Deferred Compensation Plan's Third Party Administrator (TPA) transition; and (b) approve draft communication to plan participants regarding the change in TPA administration.

### **Background**

At the Board's special meeting of September 6, 2016, the Board approved the selection of Voya Institutional Plan Services ("Voya") as the Third Party Administrator (TPA) for the City's Deferred Compensation Plan. At the Board's November 15, 2016 meeting, the Board approved communications to the City Controller and Department of Water and Power requesting assistance in implementing the necessary payroll programming changes related to the transition. Those meetings are in the process of being scheduled and are expected to occur in the month of January. This report addresses a proposed communication to Plan participants regarding the change in Plan administrators and other updates.

### **A. Participant Communication**

As previously discussed with the Board, staff and Voya have adopted a mission statement and key objective for the change in TPA providers, stated as follows:

*The mission of the transition to and ongoing service partner relationship with Voya is to support Plan participants in creating and maintaining their individual retirement income security. In support of this mission, key objectives for the City and Voya include:*

- 1) Incorporating and evolving the most current technology and tools to help participants assess their ongoing progress towards retirement income security;*
- 2) Enhancing participant support by further developing personalized, customer-focused Participant Advocate resources;*
- 3) Streamlining and simplifying administrative and operational processes to support participants in effectively executing desired transactions;*
- 4) Ongoing development of innovative engagement campaigns and communication materials to assist participants in interpreting and acting on relevant information in support of their retirement income security; and*

- 5) *Incorporating a broad success framework of goals, strategies and measured results for ongoing assessment of the Plan's success in supporting its participants.*

Voya has advised that typically announcements regarding changes in service providers occur much closer to an implementation date. However, as discussed at the Board's November 15, 2016 meeting, staff recommends that a communication be issued to Plan participants regarding the change in service providers, and that the communication incorporate two crucial elements:

- Announce the basis for the change and the mission/objectives for the transition as well as ongoing administration of the Plan; and
- Invite participant feedback as part of the transition process so that participants are aware the Board and the Personnel Department welcome feedback and suggestions as the Plan continues to evolve and improve services both leading into the transition and beyond.

Staff and Voya have developed a draft communication (**Attachment A**). The communication meets both of the core objectives by providing a basis for change and providing a mechanism for participants to provide feedback and be included in the process of the change. As noted previously, the City's Plan has built a substantial reservoir of trust and credibility with its participants, and it is important to continue engaging in partnership with participants to most successfully support and enhance the retirement income security of the City's workforce.

## **B. Contract Extension Update**

With assistance from the City Attorney, a draft amendment to extend the contract with Empower has been developed and submitted to the Mayor. At the Mayor's request, the City Administrative Officer (CAO) is preparing to take the amendment and request for contract extension to the City Council at the next available meeting date of the Personnel and Animal Welfare (PAW) Committee. The Board Chairperson and Vice-Chairperson will be asked to attend, but all Board members will be advised of that meeting date once it is scheduled and all are welcome to attend.

Submitted by: \_\_\_\_\_  
Steven Montagna