

Deferred Compensation Plan BOARD REPORT 16-22

Date: May 6, 2016
To: Board of Deferred Compensation Administration
From: Staff
Subject: Staff Report – Projects & Activity Report

*Board of Deferred
Compensation Administration
John R. Mumma, Chairperson
Michael Amerian, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Raymond Ciranna, Second Provisional Chair,
Wendy G. Macy, Third Provisional Chair
Linda P. Le
Thomas Moutes
Robert Schoonover
Don Thomas*

Recommendation:

That the Board of Deferred Compensation Administration receive and file staff's update on Plan projects and activities during April 2016.

Discussion

This report provides updates and informational items relative to the following:

A. CURRENT/UPCOMING PROJECTS & BOARD MEETING CALENDAR

Projects – Personnel Department staff are responsible for four primary functions relative to executing the City's Deferred Compensation Plan: communications, operations, administration, and governance. Below are certain key projects that staff have been working on:

Communications

- *1Q Newsletter & Statements:* The newsletter and statement for 1st Quarter 2016 were distributed to participants.
- *New Employee Welcome Packet:* Staff and Empower are discussing the logistics of providing a Deferred Compensation Plan packet to new City employees. Staff is currently revising communications that will be included, and are working through the pricing structures of printing, mailing, and providing a business return envelope to new employees. New employee information will be provided from data already collected by the Benefits Division.
- *Targeted E-mail Beneficiary Campaign:* Empower has offered to coordinate a pilot targeted email campaign related to updating beneficiary designations. Empower indicates it is working on its capability to send out emails targeted to Plan participants; in this case, to those who do not have a beneficiary designated and who have indicated an email address. The City agreed to be a pilot user of this service to see what type of response will be received. Staff is currently working to ensure Empower's email address will be "white-listed" with the City email system (so City email recipients will not automatically reject the email as spam). Empower is currently drafting the text and developing the design of the email to be distributed.

- *Retirement Income Replacement Calculator:* Staff has had discussion with Empower and the programming firm that provides support for the calculator. Staff is currently working through different pricing scenarios for an appropriately updated version of the calculator.
- *Personnel Department Website Redesign Focus Group:* Staff recently participated in a department focus group related to the redesign of the Personnel Department's webpage, which will impact how employees experience or are directed to the Benefits page and the Deferred Compensation Board page.

Operations

- *Participant Services:* The Plan saw a significant increase in participants retiring from DWP on April 1st, related to a change to their defined benefit calculation. Staff continues to assist participants with questions and issues related to loan administration, distributions, contributions, special catch-up enrollment, and accrued leave deferrals.

Administration

- *Third-Party Administrator Request for Proposals (TPA RFP):* As per Board request, Esther Chang will serve as the third rater on the Plan's TPA RFP evaluation panel, in addition to Steven Montagna and Plan consultant Wendy Young Carter. Performance examinations are expected to be scheduled for the week of May 23rd. Rating panel recommendations will be presented at the Board's June meeting.
- *NAGDCA Benchmarking Survey:* Staff has been working to complete the first NAGDCA Benchmarking Survey. The response is due by May 16, 2016.
- *New Staff Coordination:* Staff spent significant time coordinating access to appropriate systems and providing orientation and training for new staff members.
- *Staffing Update:* Staff member Alexandra Castillo will be leaving the Employee Benefits Division effective May 27, 2016. The Personnel Department has initiated a selection process to fill the position.

A summary of all completed and upcoming projects for Division staff is provided as Attachment A.

Meeting Calendar – Staff maintains a calendar of upcoming Board meetings and proposed topics. This calendar includes the annual meeting plan and will be refined and updated as the Board meets and objectives/assignments are refined for the coming year. The current calendar is provided as Attachment B.

B. STAFFING AND COMMITTEE ASSIGNMENTS

Staffing Summary –Following is a summary of staff positions supporting the Deferred Compensation Plan:

Position Authority	Incumbent Class	Function	Est. Percent Reimbursed by DCP	Staff Member
Personnel				
Chief Personnel Analyst	Chief Personnel Analyst	Division Chief	20%	Steven Montagna
Senior Personnel Analyst II	Senior Personnel Analyst II	Plan Manager	60%	Alexandra Castillo
Senior Personnel Analyst I	Senior Management Analyst I	Administration	100%	Esther Chang
Management Analyst II	Management Analyst II	Operations	90%	Matthew Vong
Management Analyst II	Management Assistant	Communications	90%	Daniel Powell
Benefits Specialist	Sr. Administrative Clerk	Participant Services	90%	Claudia Guevara
City Attorney				
Assistant City Attorney	Assistant City Attorney	Board Counsel	25%	Curt Kidder
Legal Assistant	Legal Assistant	Participant Legal Services	40%	Vicky Williams

Committee Membership – Following is the new committee roster as designated by the Board Chairperson, effective July 20, 2015:

Plan Governance & Administrative Issues Committee
John R. Mumma, Chair
Cliff Cannon
Linda P. Le
Michael Amerian

Investments Committee
Raymond Ciranna, Chair
Thomas Moutes
Michael Amerian
Don Thomas

C. OTHER ITEMS

Steel Peak Update

The Plan sent a communication to Steel Peak Financial Services in March 2016 requesting the firm cease solicitations to Plan participants. The Plan received a response from Steel Peak in April (see attached). Staff is reviewing this response with the City Attorney's Office to develop options for further action.

Submitted by: _____
Esther Chang

Approved by: _____
Steven Montagna

DEFERED COMPENSATION						
	Legend:					
	G = Governance					
	C = Communications					
	O = Operations					
	A = Administration					
COMPLETED PROJECTS: APRIL 2016						
#	STATUS		PROJECT	DUE DATE	COMPLETED?	NOTES
1	Completed	G	Board Report - Minutes	04/30/16	Y	For March
2	Completed	G	Board Report - Staff Report	04/30/16	Y	For March
3	Completed	G	Board Report - TPA RFP Review Panel	04/30/16	Y	
4	Completed	G	Board - Coordination of Investment Mgr Presentation & Mercer	04/30/16	Y	
5	Completed	A	Stable Value - Finalize Galliard Contract	04/30/16	Y	Executed 4/13/16
6	Completed	A	2015 Annual Report	04/30/16	Y	
7	Completed	C	1Q Newsletter - Finalize for Print & Distribution	04/30/16	Y	
8	Completed	O	Plan Payroll & Transaction Processing	04/30/16	Y	
9	Completed	O	Participant & Payroll Issues Resolution	04/30/16	Y	
PENDING PROJECTS						
MAY 2016						
1	PENDING	G	Board Report - Minutes	05/31/16		For April
2	PENDING	G	Board Report - Staff Report	05/31/16		For April
3	PENDING	G	Board Report - DCP Annual Report - 2015	05/31/16		Pending
4	PENDING	G	Board Report: 2016-17 Training Program Preferences	05/31/16		Pending
5	PENDING	G	Board Report: Extension of Steptoe Contract	05/31/16		Pending
6	PENDING	A	Union Bank - Contract Review by Vendor	05/31/16		Pending
7	PENDING	A	Union Bank - Trading Agreement with Empower	05/31/16		Pending

8	PENDING	A	PSP TPA RFP - Posting	05/31/16		Pending
9	PENDING	C	Targeted Beneficiary Email Project - Development	05/31/16		Pending
10	PENDING	C	New Employee Welcome Packet - Development	05/31/16		Pending
11	PENDING	C	Responses to NAGDCA Benchmarking Survey	05/31/16		Pending
12	PENDING	C	2Q 2016 Newsletter - Article Development	05/31/16		Pending
13	PENDING	C	2Q 2016 Newsletter - Formatting & Layout Review	05/31/16		Pending
14	PENDING	C	Revise Pension Savings Plan Highlights	05/31/16		Pending
15	PENDING	O	Catch Up Unused Bucket - To fix amounts reset at 2015 end.	05/31/16		Pending. SOS Ticket #767404
16	PENDING	O	Loan Default Reversal - Hold Harmless	05/31/16		Pending
17	PENDING	O	Plan Payroll & Transaction Processing	05/31/16		Ongoing
18	PENDING	O	Participant & Payroll Issues Resolution	05/31/16		Ongoing
JUNE 2016						
19	PENDING	G	Board Report - Minutes	06/30/16		For May
20	PENDING	G	Board Report - Staff Report	06/30/16		For May
21	PENDING	G	Board Report - DCP TPA RFP Selection Recommendation	06/30/16		Pending
22	PENDING	G	Board Report - Quarterly Reimbursements, 1Q 2016	06/30/16		Pending
23	PENDING	A	Union Bank - Contract Review by City Attorney	06/30/16		Pending
24	PENDING	A	Union Bank - Contract & Requirements Review by Personnel Admin. Services	06/30/16		Pending
25	PENDING	A	Union Bank - 1022 Review Request	06/30/16		Pending
26	PENDING	A	Governance Documents Review	06/30/16		Plan Document, Bylaws, Travel Policy - review of Board's authority, etc.
27	PENDING	C	2Q 2016 Newsletter - Empower Editor & Compliance Reviews	06/30/16		Pending
28	PENDING	C	Investment Performance Document - Revisions	06/30/16		FNs to be updated for FDIC; review for other fund changes as well.
29	PENDING	C	Calculator Revisions	06/30/16		Remove Tier 2, add Tier 3 for LACERS
30	PENDING	C	Fee Disclosure Flyer	06/30/16		Pending

31	PENDING	C	New Brand Style Guide	06/30/16		Pending
32	PENDING	C	Accrued Leave - Flier and Form Revisions	06/30/16		Pending
33	PENDING	C	Catch Up - Form revisions	06/30/16		Pending
34	PENDING	C	Distribution Options Guide - Tax and Loan revisions	06/30/16		Pending
35	PENDING	O	Plan Payroll & Transaction Processing	06/30/16		Ongoing
36	PENDING	O	Participant & Payroll Issues Resolution	06/30/16		Ongoing
JULY 2016						
37	PENDING	G	Board Report - Minutes	07/31/16		For June
38	PENDING	G	Board Report - Staff Report	07/31/16		For June
39	PENDING	G	Board Report - Travel Policy	07/31/16		Pending
40	PENDING	G	Board Report - Plan Governance Documents Review Schedule	07/31/16		Pending
41	PENDING	G	Board Report - Investment Issues Review Schedule	07/31/16		Pending
42	PENDING	G	Board Report - 2016 National Retirement Security Week Campaign Proposal	07/31/16		Pending
43	PENDING	G	Board Report - Participation & Communications	07/31/16		Pending
44	PENDING	A	Union Bank - Contract Approval from CAO/Mayor	07/31/16		Pending
45	PENDING	A	Union Bank - Contract Execution	07/31/16		Pending
46	PENDING	C	2Q 2016 Newsletter - Investment Performance Document Review	07/31/16		Pending
47	PENDING	C	2Q 2016 Newsletter - Mail & Print	07/31/16		Pending
48	PENDING	C	FDIC - Fund Sheet Revision	07/31/16		Pending
49	PENDING	C	FDIC - Web Banner Design	07/31/16		Pending
50	PENDING	C	FDIC - Web Banner Announcement	07/31/16		Pending
51	PENDING	O	Plan Payroll & Transaction Processing	07/31/16		Ongoing
52	PENDING	O	Participant & Payroll Issues Resolution	07/31/16		Ongoing
UPCOMING						
53	PENDING	G	Board Report - Beneficiary Campaign Summary	TBD		Pending
54	PENDING	G	Board Report - Distributions & Contributions - Retirees who return to work	TBD		Pending

55	PENDING	G	Report back recapping presentation on Financial Wellness from Strategic Planning Meeting	TBD		Pending
56	PENDING	G	Letter to City Council re 10% Early Distribution Penalty	TBD		Pending
57	PENDING	G	Board Report - Proxy Share Voting	TBD		To add to Gov Review
58	PENDING	G	PSP Program Review - Proposal for Terminated Accounts	TBD		Pending
59	PENDING	G	Loan Policy Document	TBD		Pending
60	PENDING	G	Board Report - Historical Contribution History	TBD		Pending
61	PENDING	G	Board Report - SAS Form	TBD		Pending
62	PENDING	G	Review of CA Governmental Plan - Demographic Files	TBD		Pending
63	PENDING	G	Board Report - Contractor Evaluation Policy	TBD		Pending
64	PENDING	G	Board Report - Retirement/Pension System Retired Loan Payments	TBD		Pending
65	PENDING	G	Investments Committee Meeting: Investment Policy Review - Termination	TBD		Pending
66	PENDING	G	Research adding other Plan type in order to increase savings opportunities (from 8/21/12 BDCA meeting)	TBD		Pending
67	PENDING	G	Deemed IRA	TBD		Pending
68	PENDING	G	Auto-Glide Investment Allocations	TBD		Pending
69	PENDING	G	Board Report - Transition Manager Procurement	TBD		Pending
70	PENDING	G	Revisit Plan Audit	TBD		Pending
71	PENDING	G	Board Report - 2014 PSP Annual Report	TBD		Pending
72	PENDING	C	Research - Video Content Development & Social Media Capabilities	TBD		Pending
73	PENDING	C	Website Tutorial/Education Videos	TBD		Pending
74	PENDING	C	Letter Notification to Participants RE: Catch-Up Eligibility ("Attained Age Letters")	TBD		Pending
75	PENDING	C	EZ Enrollment Form	TBD		Pending
76	PENDING	C	Enrollment Guide Revision	TBD		Pending
77		C	DROP Options Guide update-revisions	TBD		Pending
78	PENDING	C	Enrollment Form Revision Phase 2 (Auto escalation & PSP Rollover addition)	TBD		Pending
79	PENDING	C	DROP participant fee comparison graphic flier	TBD		Pending
80	PENDING	C	Roth 457 Intro Guide Revise/Redesign	TBD		Pending

81	PENDING	C	DCP Glossary	TBD		Pending
82	PENDING	C	Communications Plan: List of alternative DC publications and outlets (LACERS, Pensions, Union pubs, etc.)	TBD		Pending
83	PENDING	A	Budget procedural revisions	TBD		Pending
84		O	Catch Up Contribution changes allowed online	TBD		Pending
85	PENDING	O	PSP Account Consolidation	TBD		Pending
86	PENDING	O	Domestic Partners Research and Review with City Attorney and California Peers	TBD		Pending
87	PENDING	O	Online Enrollment Functionality	TBD		Pending
88	PENDING	O	Pre-Audit Testing - Phase II	TBD		Pending
89	PENDING	O	PST Retroactive Adjustments - Meeting w/ LACERS & Controller	TBD		Pending
90	PENDING	O	DCP Workprocesses Review & Documentation	Ongoing		Pending

BDCA UPCOMING AGENDA TOPICS

	Administrative Issues	Presentations/Training
June 2016	TPA RFP - Board Selection	TPA/Plan Statistics Review (1Q 2016)
	Quarterly Reimbursements, 1Q 2016	
July 2016	DCP Committees - Issues & Schedule	
	DCP Travel Policy Update	
	Proposal - National Ret. Security Campaign 2016	
Aug. 2016	DCP Proposed Metrics	Quarterly Investment & Economic Review (2Q 2016)
	Plan Participation & Communications Strategy	Fund Manager Presentation (Galliard, Vanguard)
	Quarterly Reimbursements, 2Q 2016	
Sep. 2016	Proposed DCP Training Program, FY 17-18	TPA/Plan Statistics Review (2Q 2016)
Oct. 2016	2016 NAGDCA Conference Update	
Nov. 2016	Quarterly Reimbursements, 3Q 2016	Quarterly Investment & Economic Review (3Q 2016)
		Fund Manager Presentation (FDIC Banks)
Dec. 2016	NRSW Campaign Follow Up	TPA/Plan Statistics Review (3Q 2016)
Jan. 2017	2016 Meeting Attendance	
	2017 Plan Year Budget	
	2017 Board Elections - Overview	
Feb. 2017	Quarterly Reimbursements, 4Q 2016	Quarterly Investment & Economic Review (4Q 2016)
		Fund Manager Presentation (DFA, Brandes, MFS)
Mar. 2017		TPA/Plan Statistics Review (4Q 2016)
Apr. 2017	2017 Board Elections - Update	
	2016 Annual Report	

BOARD OF DEFERRED
COMPENSATION
ADMINISTRATION

JOHN R. MUMMA
CHAIRPERSON

MICHAEL AMERIAN
VICE-CHAIRPERSON

CLIFFORD CANNON
RAYMOND CIRANNA
LINDA P. LE
WENDY G. MACY
THOMAS MOUTES
ROBERT SCHOONOVER
DON THOMAS

CITY OF LOS ANGELES
CALIFORNIA



ERIC GARCETTI
MAYOR

PERSONNEL DEPARTMENT
EMPLOYEE BENEFITS DIVISION
200 NORTH SPRING STREET, ROOM 867
LOS ANGELES, CA 90012
(213) 978-1621

March 15, 2016

Reza Zamani/Maziar Esmailbeigi/Ali Zamani
Senior Partners
Steel Peak Wealth Management, LLC
21650 Oxnard Street, Suite 2300
Woodland Hills, CA 91367

CITY OF LOS ANGELES DEFERRED COMPENSATION PLAN

I am writing to you in my capacity as Chairperson of the Board of Deferred Compensation Administration for the City of Los Angeles Deferred Compensation Plan. It has come to our attention that a representative of your firm has been issuing emails to employees of the City of Los Angeles, via their official City email, regarding the financial planning and investment advisory services offered by your firm. The solicitation was specifically focused on marketing services related to the City's Deferred Compensation Plan Self-Directed Brokerage Option (SDBO).

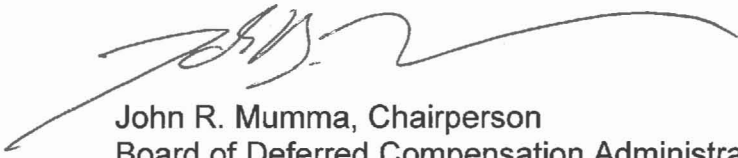
We have several serious concerns regarding this communication:

- The email states that, *"We partner with two of the largest and most reputable third-party custodians in the industry: Charles Schwab and TD Ameritrade,"* but then states in apparent contradiction, *"We are not affiliated or employed by these custodians in any way."* Although the latter statement is made, the email does not make clear that your firm is not affiliated with the City's Plan, either as a direct service provider or through a relationship with our other service providers (e.g. our Third-Party-Administrator).
- The email states your firm has *"assisted many of your colleagues in determining whether or not this option is the right fit,"* which creates the impression that you are providing an ongoing service to the Plan and thereby implies an existing relationship.
- The email states *"you can then compare our recommendations with what you currently have in place to see for yourself if the PCRA option is right for you."* By representing your firm as an authority on a specific investment option in the City's Plan, you once again create an impression that you are affiliated with the City's Plan.
- Finally, the email indicates that, *"For more information on our services and to download a brochure, please visit this link: [City of LA 457 Plan Option](#)."* By creating a

link branded specifically to the City's Plan, you create the impression that you are affiliated with the City's Plan.

The content of your email is confusing at best and misleading at worst. Unsurprisingly, our staff have been contacted by a number of Plan participants expressing concern and confusion as to (a) whether your firm is affiliated with or endorsed by the City's Plan, and/or (b) how you were able to acquire their contact information, and asking if the Plan or its service providers released that contact information to you (which we of course have not and would never do).

As a result, I am requesting that you immediately cease sending these misleading emails. In addition, I am hereby requesting that you provide us a listing of all the City email addresses to which this communication was sent by no later than March 21, 2016, so that we can communicate directly with those individuals and clarify with them that your services are not endorsed by the City and the Plan did not supply contact information to your firm. If you fail to do so, the City's Plan and this Board will consider any available remedies or actions to protect the interests of our participants.

A handwritten signature in black ink, appearing to read 'J. Mumma', with a long, sweeping horizontal line extending to the right.

John R. Mumma, Chairperson
Board of Deferred Compensation Administration

c: Members of the Board of Deferred Compensation Administration
 Legal Counsel, Board of Deferred Compensation Administration



April 4, 2016

John.Mumma@lacity.org and U.S. Mail

John R. Mumma, Chairperson
Board of Deferred Compensation Administration
City of Los Angeles
200 North Spring Street, Room 867
Los Angeles, CA 90012

Re: City of Los Angeles Deferred Compensation Plan

Dear Mr. Mumma:

We are counsel for Steel Peak Wealth Management, LLC, and write in response to your letter of March 15, 2016. Please be advised that Steel Peak has taken great care to make clear in each of its written communications that it is *not* endorsed by the City of Los Angeles Deferred Compensation Plan ("Plan"). Specifically, in the very first portion of the correspondence which you quote, Steel Peak provides: "We are not affiliated or employed by the city or these custodians in any way." In your letter you omit the phrase "by the city" then complain of its absence. As such, your assertions that Steel Peak is stating anything to the contrary are confusing and seemingly baseless.

The individuals receiving letters from Steel Peak have been identified using only publicly available resources. The email communication makes individuals aware of their choice under the Plan, and links to the relevant explanation offered by the Plan itself, so in fact they may gather that information first hand from the Plan, rather than Steel Peak providing that information. The email invites these individuals to obtain individualized recommendations for their deferred compensation from Steel Peak, allowing them to compare Steel Peak's recommendations with what they currently have in place, to provide them with the opportunity to see if there are any potential inefficiencies within their current investment strategy that can be improved.

Based on the foregoing, we write to confirm that Steel Peak has not, and will not in the



future, state or imply that it has been selected or endorsed by the Plan.

Very truly yours,
HAMBURGER LAW FIRM, LLC

By: _____

Sharron E. Ash

A handwritten signature in blue ink, appearing to be "Sharron E. Ash", written over a horizontal line.