

Deferred Compensation Plan

BOARD REPORT 18-11

Date: March 20, 2018

To: Board of Deferred Compensation Administration

From: Staff

Subject: Automatic Enrollment Program

*Board of Deferred
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Recommendation:

That the Board of Deferred Compensation Administration receive and file staff update regarding pilot implementation of the Deferred Compensation Plan's Auto-Enrollment Program (AEP).

Discussion:

This report provides an update regarding pilot implementation of the Deferred Compensation Plan's Auto-Enrollment Program (AEP) with the Los Angeles Police Protective League (LAPPL). The Plan's AEP is currently designed to be independently administered by the Plan's Third-Party Administrator (TPA), Voya. On a biweekly basis, the City securely transmits to Voya an eligibility file containing employee demographic information. Under normal operating procedure, if administering auto-enrollment for a particular employee labor organization, Voya will interpret specific data points within the eligibility file in order to: (1) confirm that an employee is appearing in the eligibility file for the first time, (2) validate that the new employee belongs to a bargaining unit that has opted into the AEP, and (3) place the new employee on an AEP track.

When a new employee is placed on the AEP track, written notice must be provided to the employee informing him or her of impending enrollment. This first communication includes important notifications regarding AEP features as well the window of time in which a new employee may opt out of the program, both prior to and following the time the first contribution is taken.

As previously reported to the Board, for confidentiality reasons, the eligibility file does not contain address information for sworn Police and Fire personnel, so the TPA does not have the information to execute the first communication step in the AEP process. Staff is initiating discussions with LAPPL and Voya to explore a custom approach. Three options have been identified and are being investigated:

- (1) Offering newly eligible LAPPL members a form-driven process to place themselves on the AEP track
- (2) Sending a separate transmittal file with address information for those employees graduating from Police/Fire trainee classes

- (3) Establishing an electronic mechanism for graduates to voluntarily provide address information and invite communications regarding the AEP without having to elect the AEP.

Once these three options have been evaluated from both an administrative and regulatory perspective, staff will meet further with LAPPL to discuss. LAPPL representatives may propose additional options as part of ongoing discussions. An update will be provided at the Board's March 20, 2018 meeting.

Submitted by: _____
Matthew Vong

Approved by: _____
Steven Montagna