

2022



Legislative Reference Bureau

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DEFERRED COMPENSATION



2022 Proposed Plan and Executive Budget Review

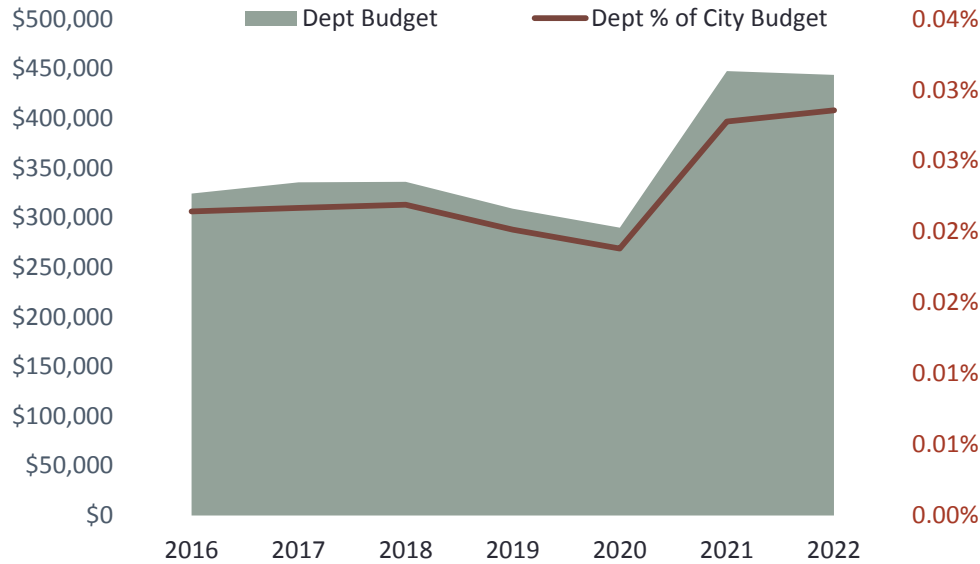
Prepared by: Alex Highley, Legislative Fiscal Analyst
Budget Hearing: 1:30 pm on Wednesday, October 6, 2021



\$443,766
Proposed 2022 Budget

-\$3,816
Change in Proposed Budget

-0.9%
% Change in Proposed Budget



Departmental Budget Impact

This department is self-funded through Plan participants and invested assets and therefore does not have an impact on the Tax Levy or General Budget.

Departmental Budget Appropriation Category



Salaries/Wages Fringe Benefits Operations Equipment Special Funds

\$	\$204,223	\$93,943	\$67,600	\$3,000	\$75,000
%	46%	21%	15%	1%	17%
Δ	-1.3%	-1.3%	0.0%	0.0%	0.0%

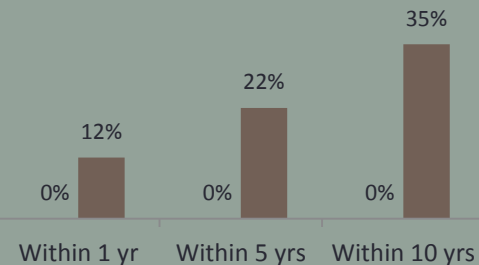
-\$2,614

Decrease in Salaries and Wages for the department, down 1.3% from the amount allocated in 2021.

\$75,000

Contingency Special Fund – Reserve of Plan funds to cover any unexpected expenses. Funds can only be expended upon Deferred Compensation Board approval.

Retirement Eligible ■ Dept ■ Citywide



0

Change in Positions

0.0%

% Change in Positions

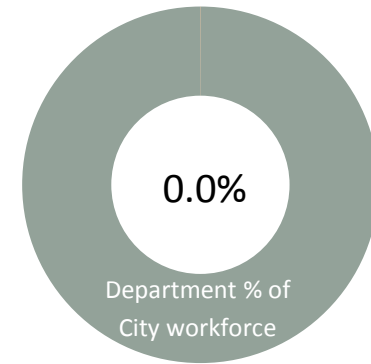
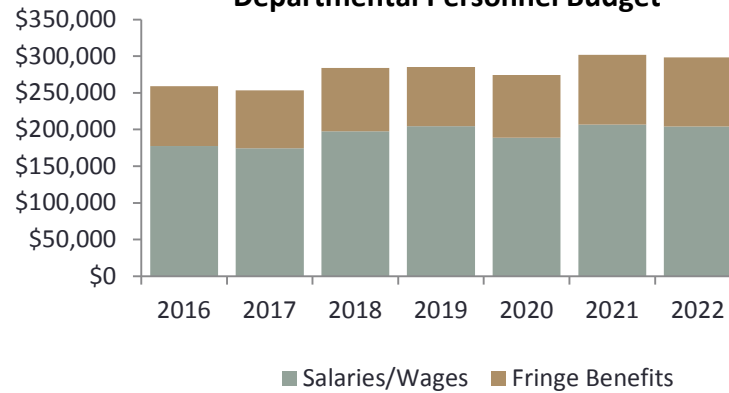
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Current Vacancies

1

Voluntary Separations

Departmental Personnel Budget



Staffing Vacancy

The Administrative Assistant II is being trained to underfill the Program Coordinator position as a Program Analyst.

The office will seek candidates for Administrative Assistant II when the position becomes vacant in the coming months.

Staffing Update

No staffing changes are proposed in 2022.



**Department Positions
2016-2022**

9,255

Total active and retired Deferred Compensation Plan participants as of December 31, 2020.

86% vs 88%

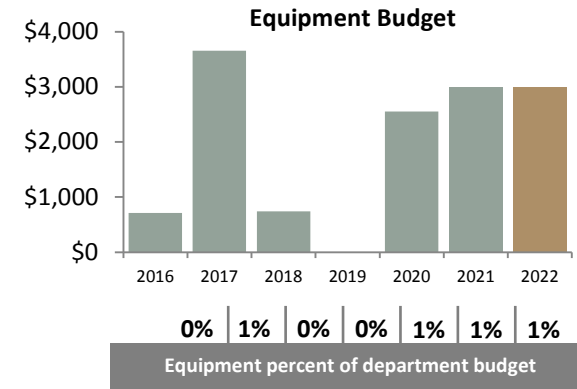
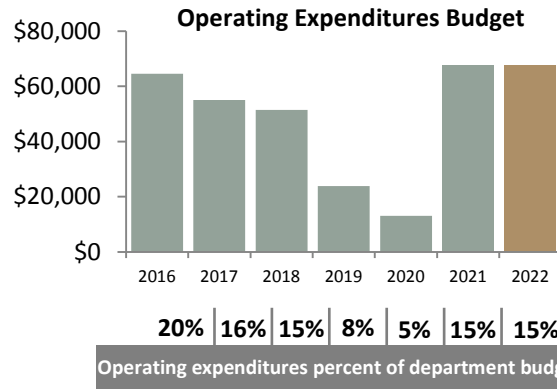
2019 and 2020 Plan participation rates, respectively. Prior to implementing the "Opt-Out" participation strategy in Fall 2016, the participation rate was 65%.

\$1,092,676,803

Plan assets as of December 31, 2020, a 9% increase (from 1,002,058,420) from 2019.

3%

Default percentage of wages for contributions unless participants choose to "Opt Out." The "Opt Out" option is provided through both auto-enrollment for new hires and re-enrollment.



Revenue

Revenues are expected to be \$443,766 in 2022, a 0.85% decrease from 2021. Department revenues match total department expenditures.

Department expenditures, including salaries and operating, are paid for through the Plan and participant fees. There is no City tax-levy support.

Special Purpose Accounts

There are no special purpose accounts for this department.

Grants

This department receives no grant funding.

Capital Requests

There are no capital requests for this department.

5

Number of years the Deferred Compensation Plan Board has been in contract with Voya.

The current 5-year contract will be renewed for an additional five years, beginning October 2021.

16

Investment options available within the Deferred Compensation Plan, including ten (10) age-specific Target Date funds, five (5) Core funds, and the Self-Directed Brokerage Account option.

1,246

Plan participant loans from individual accounts as of December 31, 2020. This was a decrease of 103, or 7.6%, from 2019.

Auto-Enrollment and Re-Enrollment

The Plan strives to provide a comprehensive education and notification campaign for anyone subject to the annual re-enrollment process. Participants have choice and control throughout the process, even after the enrollment has taken place.

Financial Wellness

The Board and the Deferred Compensation Office continually work on efforts to increase Plan enrollment and contributions through outreach efforts. This includes financial wellness education and one-on-one consultations with local Voya representatives, both of which are incentivized via the City's Healthy Rewards program.

Recent Achievements

- Awarded Pensions & Investments' 2020 Eddy Award, in recognition for the plan's integration with the City's Wellness Program.
- Implemented the fourth year of automatic enrollment for new hires.
- Conducted a fifth annual re-enrollment campaign.
- Annual members' contribution increased to 3% of their wages if they contributed less than 3%, unless they opted out. Members were placed in an age-appropriate investment plan, unless they opted out.
- Sixth consecutive year of decreases in plan operating expenses.

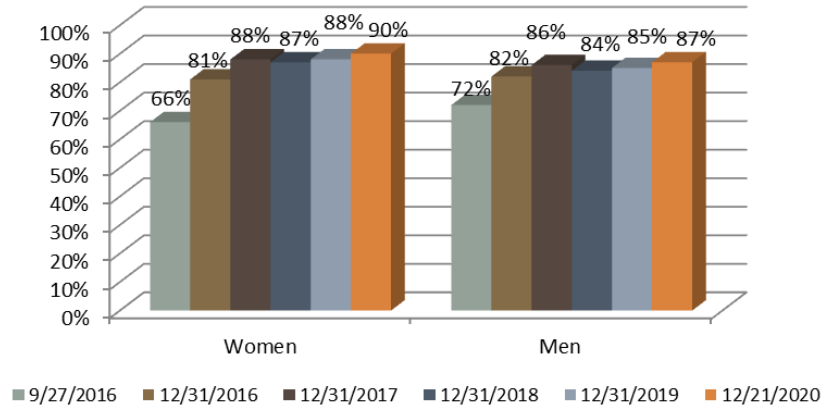
New Management Strategy for Target Date Funds

Beginning January 1, 2020, Plan participants' investments in Target Date Funds, which are a combination of investments in over 15 underlying funds, were automatically adjusted to create a balance between active and passive management of various stocks and bonds. The change is intended to secure a smoother path to retirement by lowering fees associated with a fully active fund.

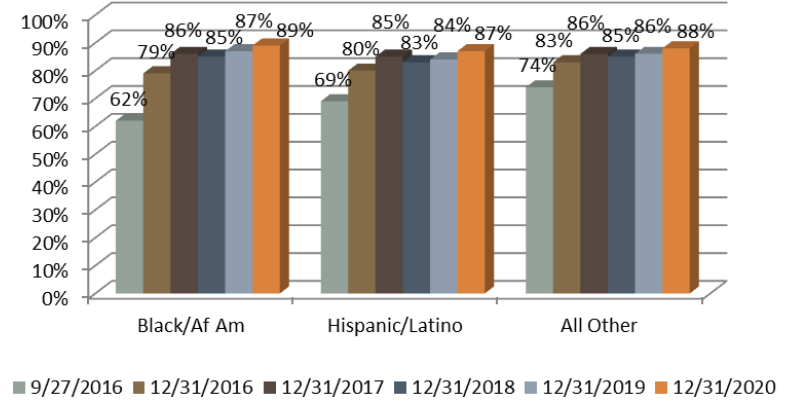
Plan Operating Expenses

The Deferred Compensation Plan does not impact the City's property tax levy. Plan operating expenses are paid entirely by Plan participants through payroll and rollover contributions, as well as fees specific to each investment option. Fees are monitored on an on-going basis and reductions take place through a variety of efforts, including contract negotiations and "going to market" for vendor expenses at contract renewals.

Participation Rate - by Gender



Participation Rate - by Race



Participation Rate - by Age

