



City of Milwaukee

## **Deferred Compensation Plan**

**Financial independence. It starts today.**

2018 Budget Overview  
Finance & Personnel Committee  
October 9, 2017

# Mission Statement

“To assist City employees in saving assets adequate and appropriate to enable them to retire at the desired time, to retire with dignity, and to enjoy sufficient income throughout retirement.”

Adopted 2014

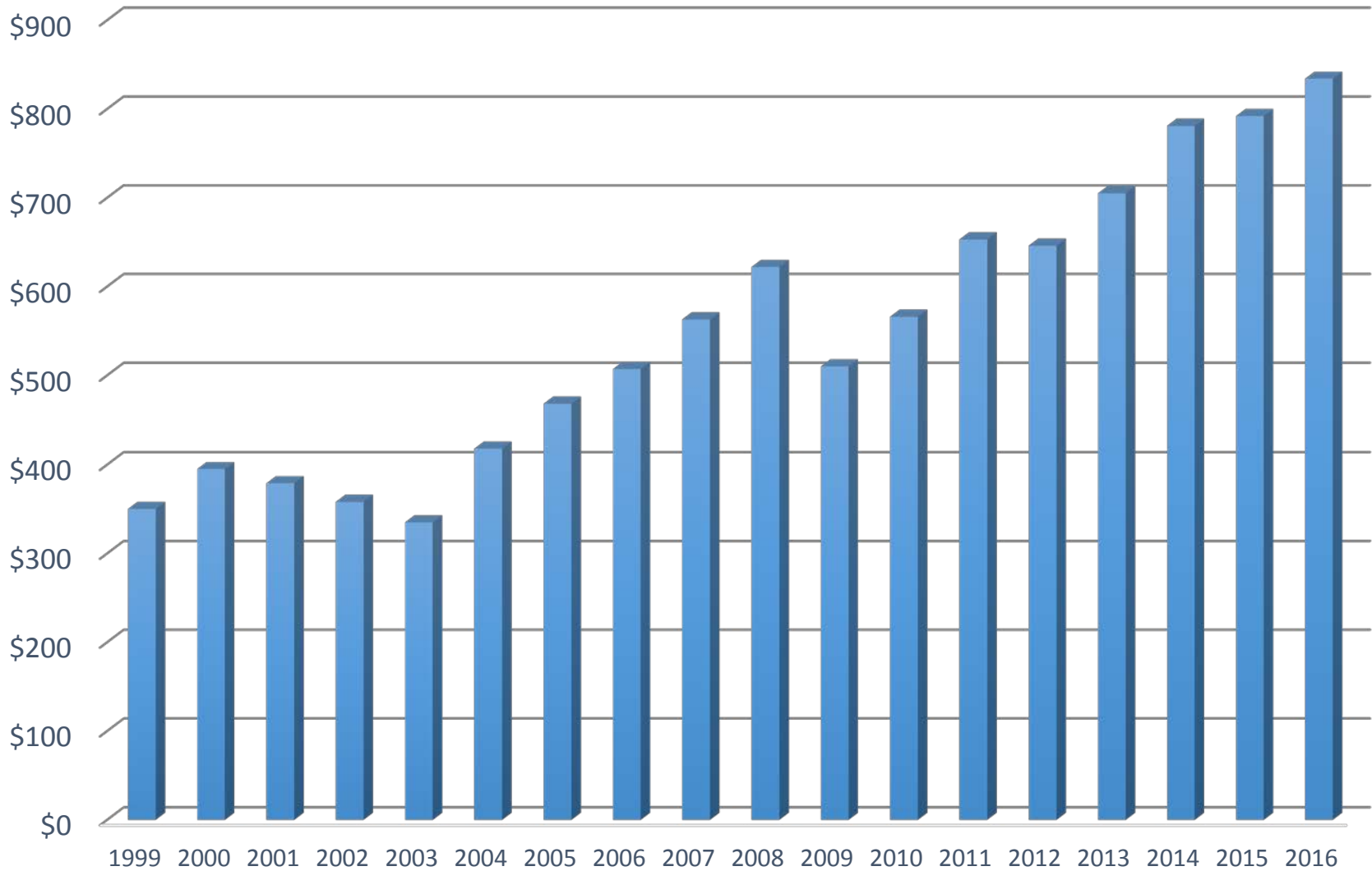
# Objectives & Strategies of the DCP

- ❑ Provide a range of tax deferred investment options responsive to employee-participant demographics, risk tolerances, time horizons, and retirement needs
- ❑ Support well-informed investment and retirement planning decisions made by employees/participants
- ❑ Utilize industry best practices to consistently improve the Plan's investment line-up, performance analysis, and employee participation and savings rates
- ❑ Monitor investment management and administrative fees and clearly disclose same to participants on an annual basis
- ❑ ZERO tax levy impact

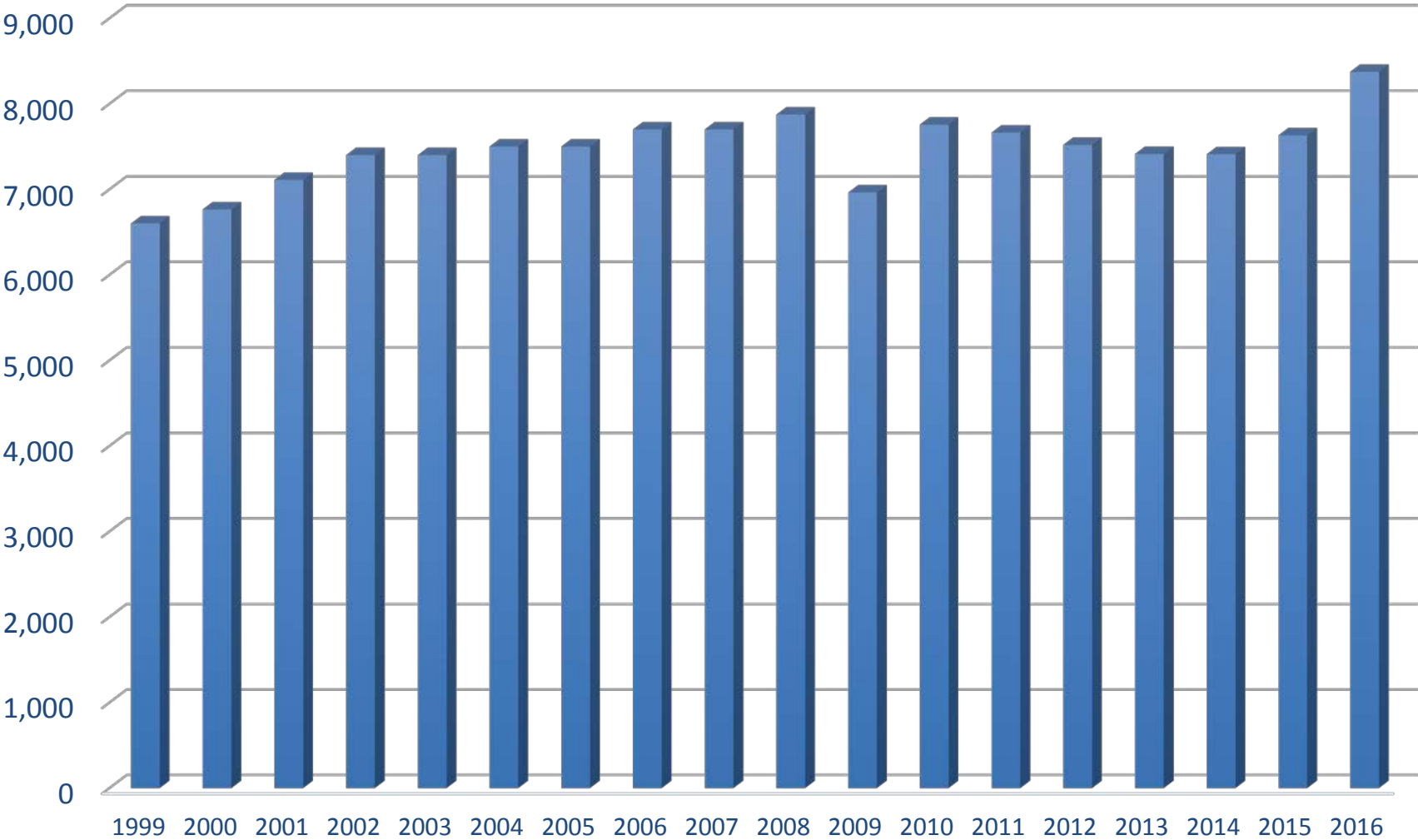
# 2018 Budget Summary

	2017 ADOPTED BUDGET	2018 PROPOSED BUDGET	DIFFERENCE (amount, %)
<b>FTEs – O&amp;M</b>	2	3	1
<b>FTEs - Other</b>	0	0	0
<b>Salaries &amp; Wages</b>	\$170,608	\$192,989	\$22,381 (13%)
<b>Fringe Benefits</b>	76,774	88,775	\$12,001 (16%)
<b>Operating Expenditures</b>	37,985	116,000	\$78,015 (205%)
<b>Equipment</b>	5,000	5,000	\$0 (0%)
<b>Special Funds</b>	75,000	75,000	\$0 (0%)
<b>TOTAL</b>	\$365,367	\$477,764	\$112,397 (31%)

# Deferred Compensation Plan Assets in Millions



# Deferred Compensation Plan Participants



# Summary Plan Data

	June 30, 2015 (NRS)	June 30, 2016 (NRS)	June 30, 2017 (Voya)	2016 Vs. 2017 % Change
Total Participants	7,544	7,696	8,255	7%
Employee Participants	4,627	4,665	5,637	21%
Retiree / Termed Participants	2,917	3,031	2,618	-14%
Plan Assets	\$809,894,658	\$803,962,361	\$882,705,719	10%

# Recent Accomplishments

- Successful transition to Voya Financial, Plan record-keeper
- Successful onboard of a new investment line-up and managers, including target date funds
- Implementation of the annual enrollment/elections program
- Expansion of the Financial Wellness component in the City's Wellness Program
- Compilation and circulation of a clear and comprehensive annual fee disclosure
- Received Leadership Award from the National Association of Government Defined Contribution Administrators for Plan Design and Administration



# Financial Wellness Seminars

## Retirement Readiness with myOrangeMoney

Closing your income gap



VOYA

Help participants understand how MDCP works with Social Security and CMERS to close the retirement income gap

## Retirement Planning for Women

Why it's different for women

Women face some challenges...

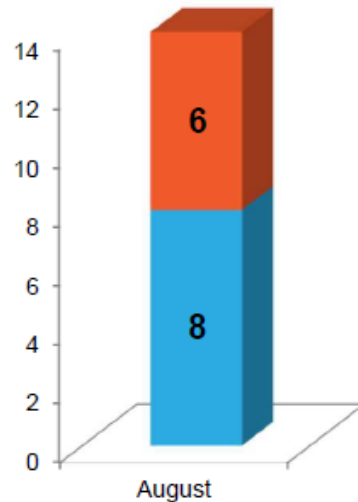
Women live longer  
Despite gains, women add more loss  
Some women have invested too conservatively  
Women have saved less for retirement



VOYA

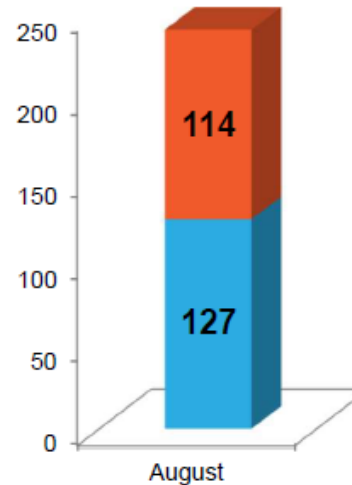
Assist women with their unique needs in saving for retirement

### # of Seminars



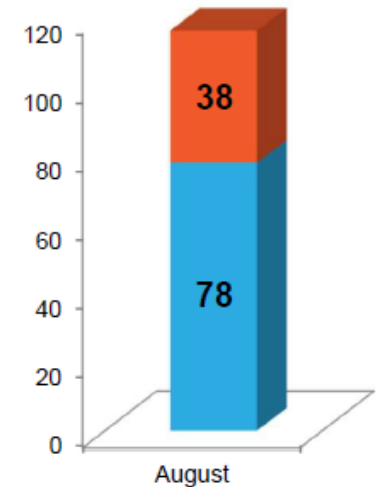
myOM  
Planning for Women

### # of Attendees



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Planning for Women

### # of Appointments



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Planning for Women

# Recipient of 2017 National Leadership Award for Plan Design and Administration

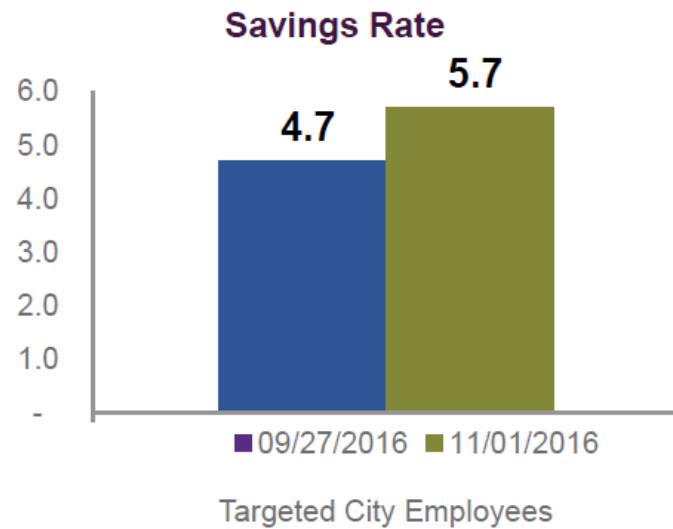
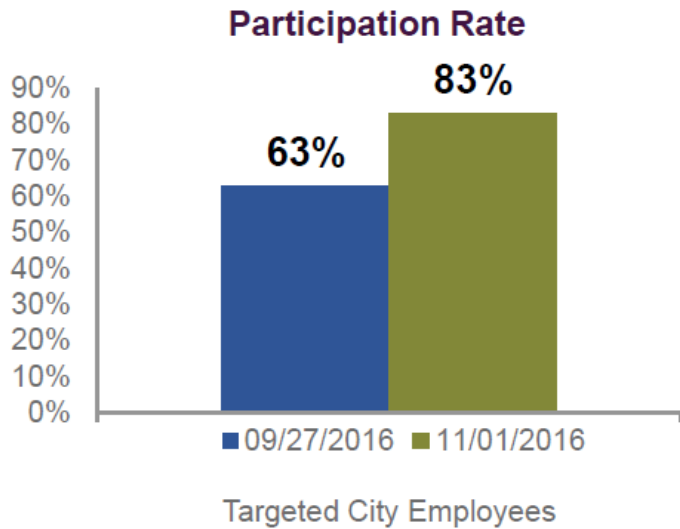


# Review of Plan Design Changes

- ❑ Enrollment\*
  - Default enrollment for new employees at 3%
  - Default enrollment annually of unenrolled
  - Boost savings rate to 3% for all each year
  - Optional automatic increase
  - 1-time re-enrollment (sweep to TDFs)
  
- ❑ Remove risk-managed funds, move to TDFs

\* Excludes protective service union employees

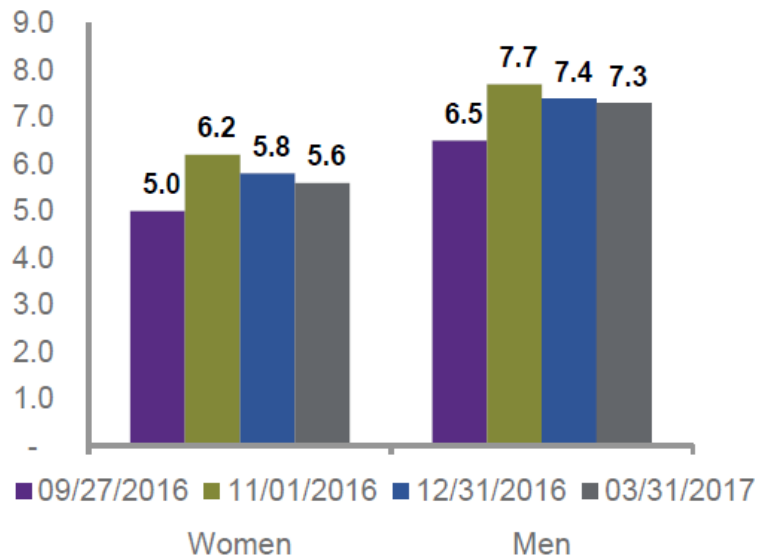
# Measuring Results: Participation and Savings Rate Impact



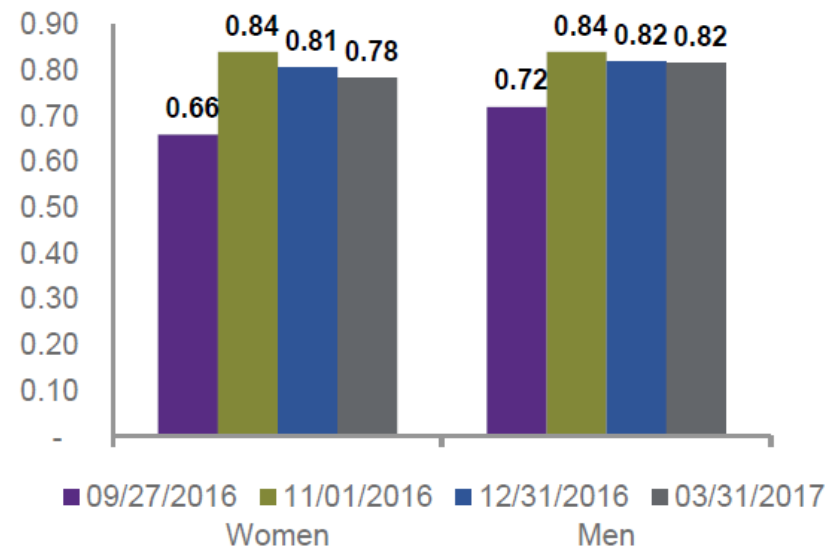
Note: Targeted City Employees: City Employees subject to default enrollment (i.e. excluding union employees)

# Measuring Results: Gender Analysis

### Average Savings Rate – by Gender



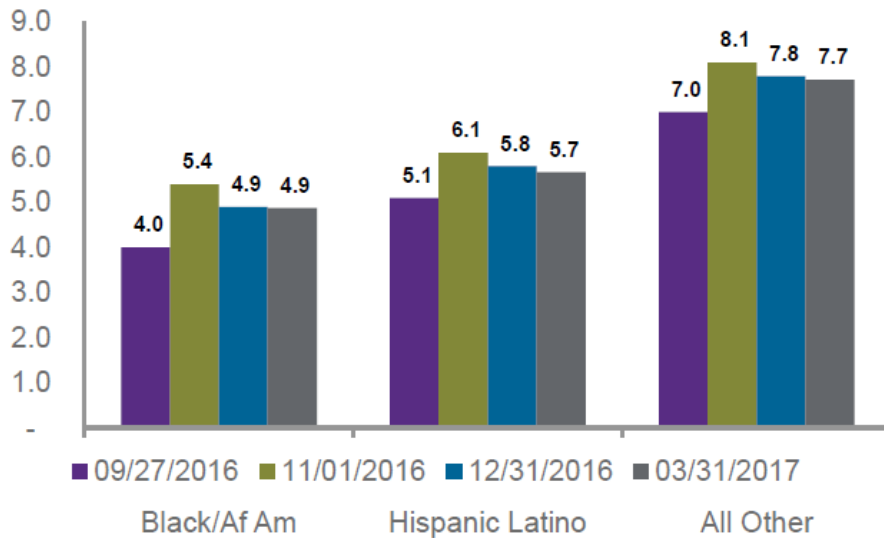
### Participation Rate – by Gender



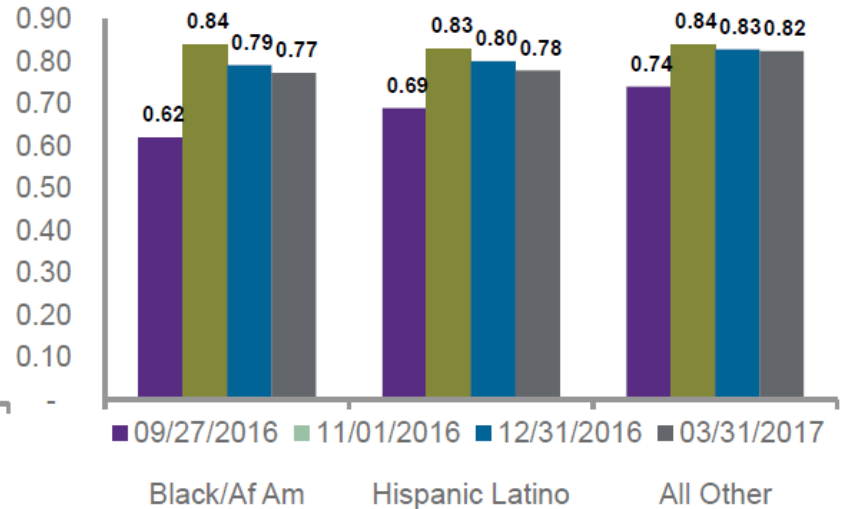
Note: Counts and analysis excludes HACM and WCD employees, as well as all part-time, seasonal, and less than half time employees

# Measuring Results: Race Analysis

### Average Savings Rate – by Race



### Participation Rate – by Race

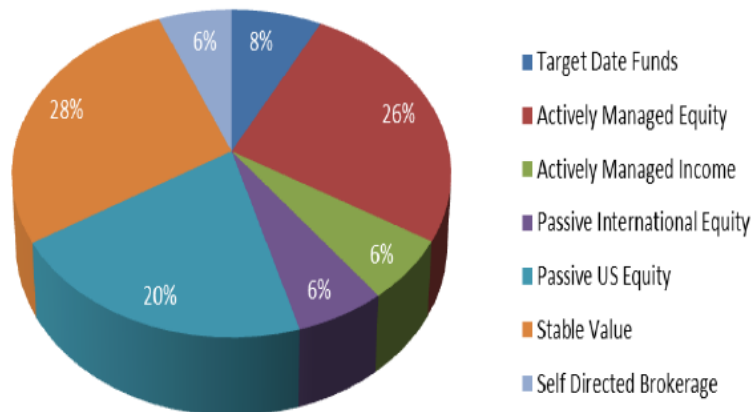


Note: Counts and analysis excludes HACM and WCD employees, as well as all part-time, seasonal, and less than half time employees

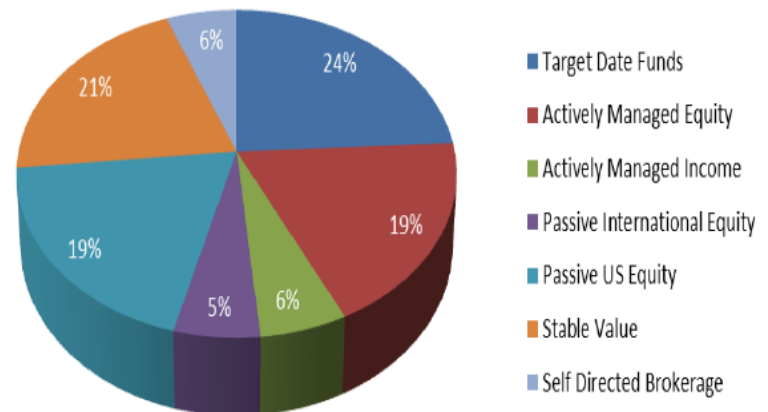
# Measuring Results: Asset Allocation Impact

- Target date funds were the default investment for those who did not make an active investment election.
- Target date fund assets as a percentage of total plan assets consequently increased from 8% to 24% since the initial implementation.

**As of 10/3/16**



**As of 3/31/17**





# 2018 Plan Goals

- ❑ Continue to benchmark comprehensive data analysis (particularly focused on results of enrollment/election program)
- ❑ Continued communications program and outreach
- ❑ Review of distribution / lifetime income product offerings for retirees
- ❑ Continue partnering with the City's Wellness Program to promote and offer Financial Wellness learning opportunities
- ❑ Complete a successful elections/enrollment program in 2018, including review of defaults
- ❑ Continued cost/expense controls