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# 2017 Overview:



City of Milwaukee

**Deferred Compensation Plan**

**Financial independence. It starts today.**

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Finance & Personnel Committee

October 7, 2016

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# Mission Statement

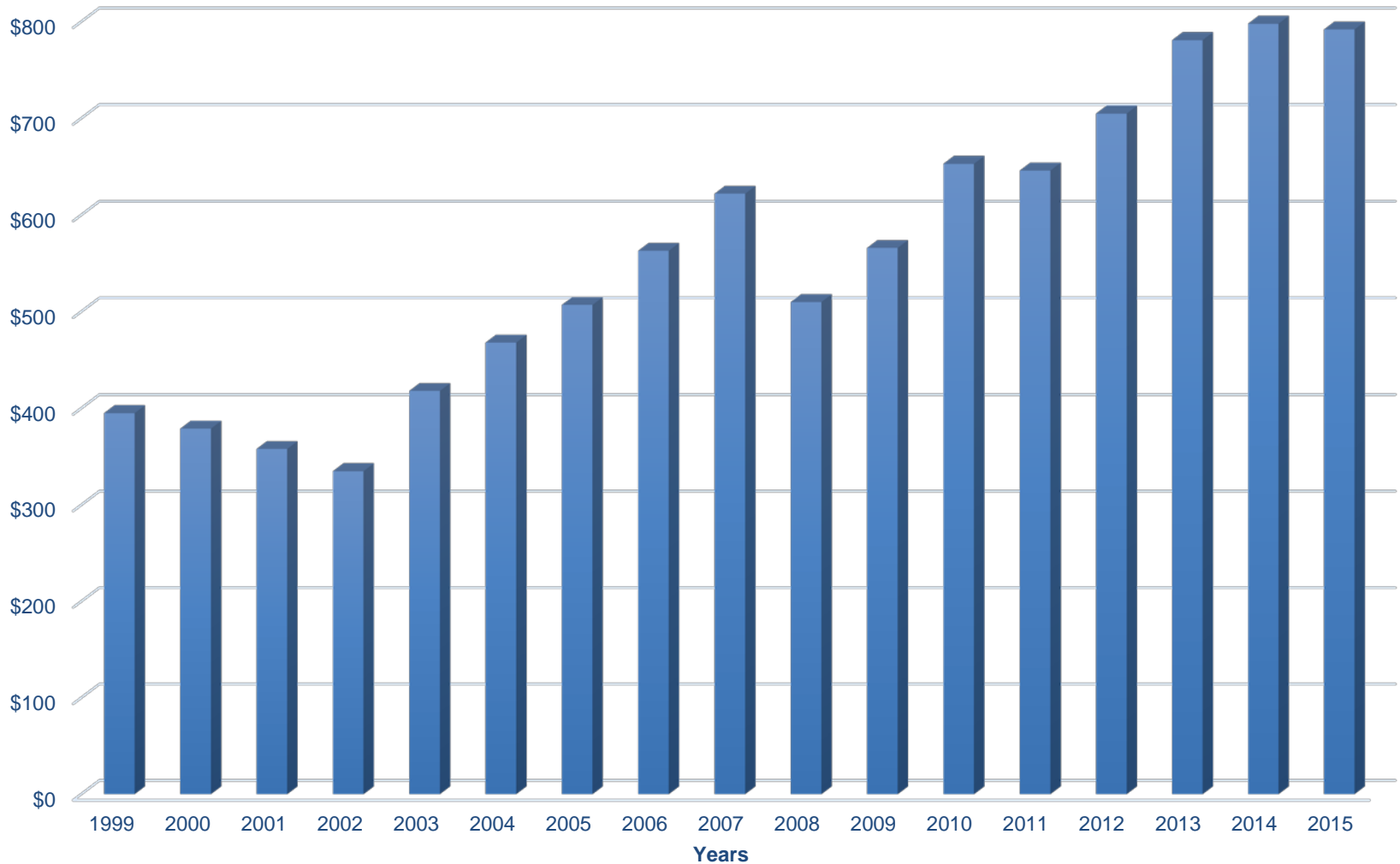
To assist City employees in saving assets adequate and appropriate to enable them to retire at the desired time, to retire with dignity, and to enjoy sufficient income throughout retirement.

Adopted 2014

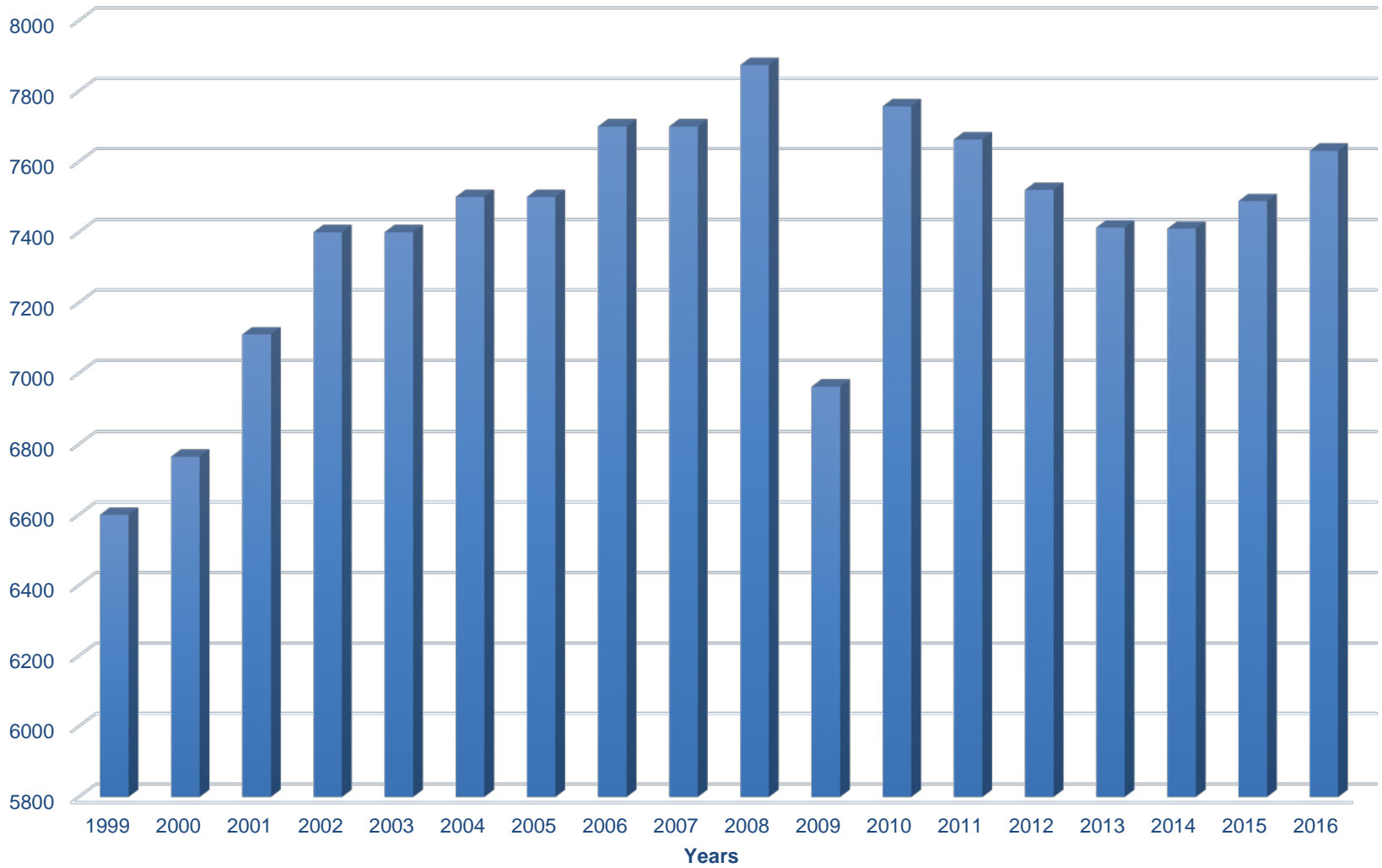
# Objectives & Strategies of the DCP

- 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 by employee 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

## Deferred Compensation Plan Assets in Millions



## Deferred Compensation Plan Participants



# Summary Plan Data

	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>%Change</u>
Total Participants	7,544	7,696	2.0%
Employee Participants	4,627	4,665	0.8%
Retiree/Termed Participants	2,917	3,031	3.9%
Plan Assets	\$809,894,658	\$803,962,361	-0.7%

# 2017 Budget Summary

	2016 ADOPTED BUDGET	2017 PROPOSED BUDGET	DIFFERENCE (amount, %)
<b>FTEs – O&amp;M</b>	2	2	(0%)
<b>FTEs - Other</b>	0	0	0
<b>Salaries &amp; Wages</b>	\$170,608	\$170,608	\$0 (0%)
<b>Fringe Benefits</b>	81,892	76,744	-\$5,118 (-0.067%)
<b>Operating Expenditures</b>	37,985	37,985	-\$0 (0%)
<b>Equipment</b>	5,000	5,000	\$0 (0%)
<b>Special Funds</b>	75,000	75,000	\$0 (0%)
<b>TOTAL</b>	\$370,485	\$365,367	-\$5,118 (-0.014%)

# Budget Snapshot

- Operating expenses continue to be paid directly by the Plan (by allocation to relevant participant accounts), rather than being channeled through City accounts
- Reclassification of Administrative Assistant IV to Plan Coordinator. (Position will be reflected in the adopted budget)
- Likely that DCP will replace IT hardware in conjunction with Comptroller's Office upgrade



# Operating Expense Trends

- Since 2012:
  - appr. 3.3% increase in 2013
  - appr. 4.4% increase in 2014
  - appr. 11.7% increase in 2015
  - appr. 4.2% decrease in 2016
- An additional anticipated decrease of appr. 4.7% in 2017
- Due to streamlined plan + RFP/replacement of nearly all plan vendors since 2013

# 2016 Accomplishments

- Completed RFP and onboard of new recordkeeper
- Completed RFP and onboard of new investment line-up and managers, including new target date funds
- Completed widespread employee outreach program (over 140 meetings Sept-Oct)
- Implementation of new enrollment/elections program
- Completed RFP and onboard of new audit firm
- Restatement/update of all Plan documents
- Comprehensive contract compliance review
- Issued comprehensive new fee disclosure

# Investment Line-Up Changes

Current Investment Line-Up	Changes, If Any
<b>Stable Value</b>	No change (fee of .41%)
<b>Actively Managed Income</b>	Change to underlying management, estimated fee reduction from .56% to .37%
<b>Passively Managed US Equity</b>	Change to underlying manager (.05%)
<b>Passively Managed Int'l Equity</b>	Change to underlying manager, estimated fee reduction from .12% to .09%
<b>Actively Managed Equity</b>	Change to underlying Management, estimated fee reduction from .90% to .36%
<b>Socially Conscious Balanced*</b>	Eliminated
<b>Model Portfolios*</b> (Conservative, Accumulator, Wealth Builder, and Aggressive; fees = .51% to .60%)	Entirely replaced by target date funds (estimated fees = .54% to .67%)
<b>Brokerage Window (Schwab)</b>	Access and trading limits to be implemented soon after transition (go-forward basis only).

# 2017 Plan Goals

- Comprehensive data analysis (particularly focused on results of new enrollment/election program)
- Continued communications program and outreach
- Review of distribution / lifetime income product offerings for retirees
- Continue the newly-implemented regularized review of plan investments, fees, contracts, operations, staff and trustee training, etc.
- Complete a successful elections/enrollment program in 2017, including review of defaults
- Continued cost/expense controls

