



City of Milwaukee

## **Deferred Compensation Plan**

**Financial independence. It starts today.**

2020 Budget Overview  
Finance & Personnel Committee  
October 9, 2019

# 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

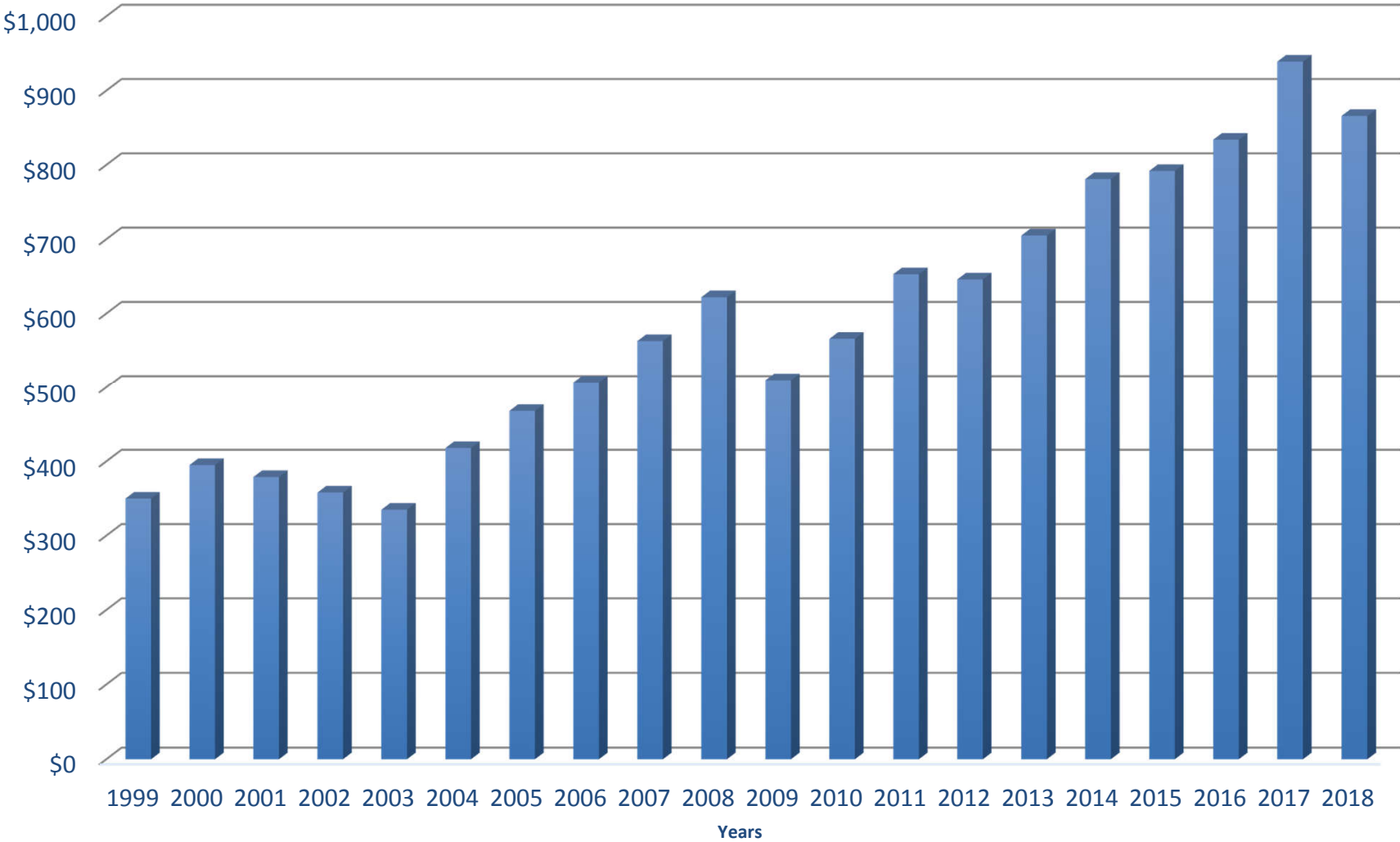
# Objectives & Strategies of the DCP

- ❑ 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

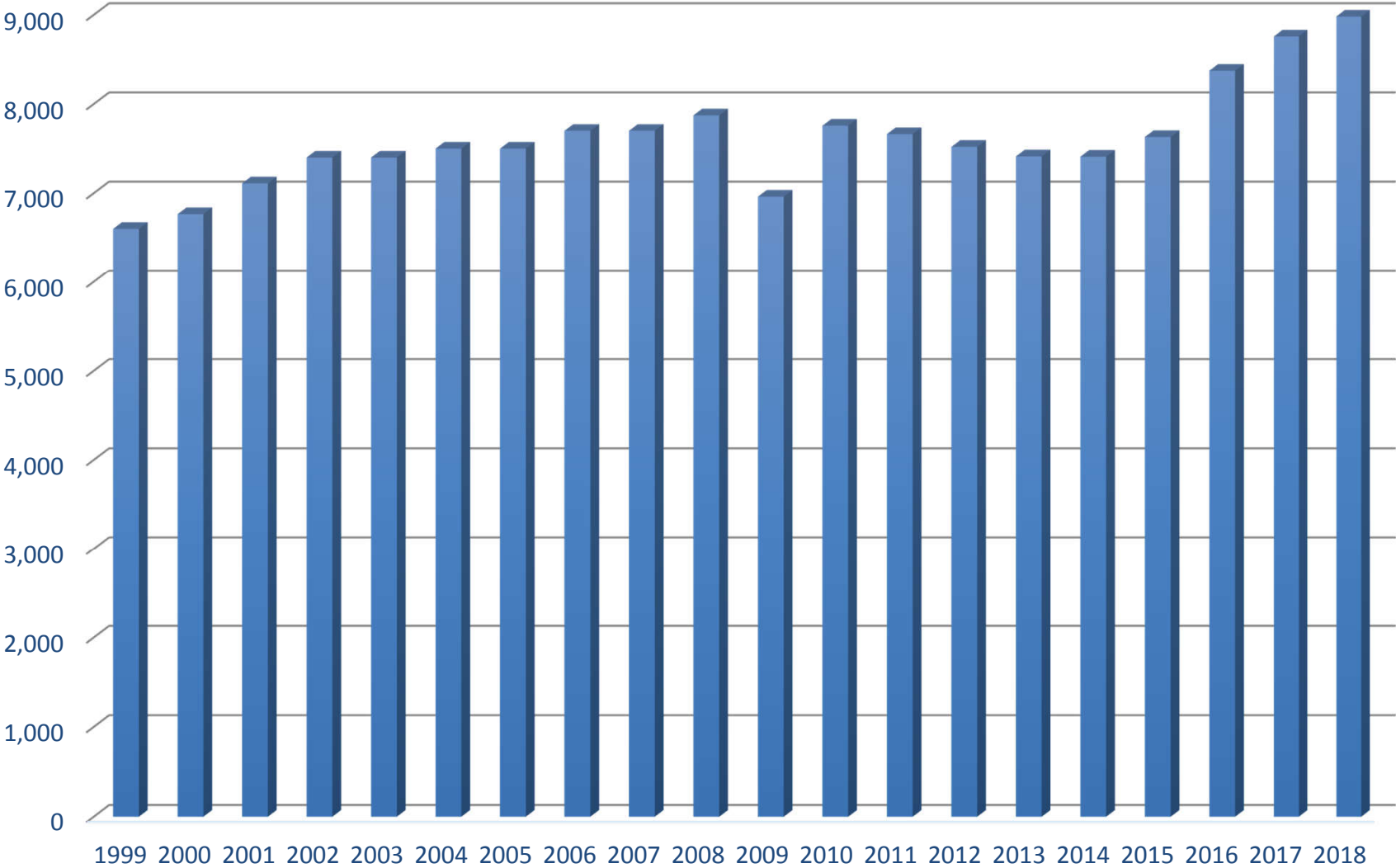
# 2020 Budget Summary

	2019 ADOPTED BUDGET	2020 PROPOSED BUDGET	DIFFERENCE (amount, %)
<b>FTEs – O&amp;M</b>	3	3	0
<b>FTEs - Other</b>	0	0	0
<b>Salaries &amp; Wages</b>	\$195,850	\$202,100	\$6,250
<b>Fringe Benefits</b>	88,133	81,000	-7,133
<b>Operating Expenditures</b>	114,500	112,600	-1,900
<b>Equipment</b>	3,000	3,000	0
<b>Special Funds</b>	75,000	75,000	0
<b>TOTAL</b>	\$476,483	\$473,700	-2,783

# Deferred Compensation Plan Assets in Millions



# Deferred Compensation Plan Participants



# Summary Plan Data

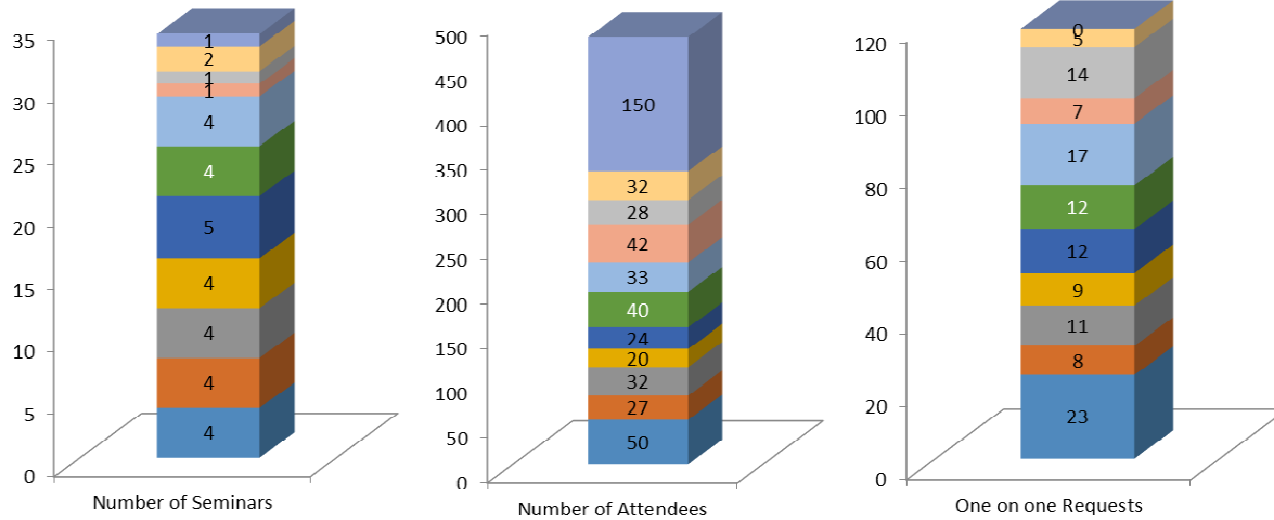
	June 30, 2015 (NRS)	June 30, 2016 (NRS)	June 30, 2017 (Voya)	June 30, 2018 (Voya)	June 30, 2019 (Voya)	2018 vs. 2019 % Change
<b>Total Participants</b>	7,544	7,696	8,255	8,775	8,964	<b>2.15%</b>
<b>Employee Participants</b>	4,627	4,665	5,637	5,890	5,948	<b>0.98%</b>
<b>Retiree / Termed Participants</b>	2,917	3,031	2,618	2,885	3,016	<b>4.54%</b>
<b>Plan Assets</b>	<b>\$809,894,658</b>	<b>\$803,962,361</b>	<b>\$882,705,719</b>	<b>\$930,596,881</b>	<b>\$954,034,033</b>	<b>2.52%</b>

# Recent Accomplishments

- Successful implementation of the annual re-enrollment/elections program
- Compilation and circulation of a clear and comprehensive annual fee disclosure
- Reduction of administrative and investment management fees
- Continued expansion of the Financial Wellness component in the City's Wellness Program
- Recipient of 2019 Leadership Award from the National Association of Government Defined Contribution Administrators for Participation Education & Communication



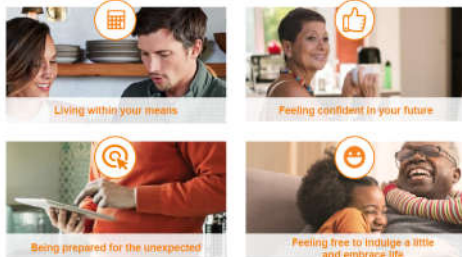
# Financial Wellness Seminars



- Overview of DC Plan (Electrical Services)
- L215 Financial Wellness & Benefits Seminar
- MPA Retirement Workshop
- ERS Retirement Workshop
- Retirement Planning for Women
- Save for your Goals with Smart Budgeting
- Plan for your Someday
- Retirement Readiness with myOrangeMoney
- Investing Concepts
- Small Steps, Great Strides
- Understanding the Benefits of Participating in the COM DCP

## Let's talk about Financial Wellness

What is financial wellness?



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## The earlier, the better



Assumes each account earns an annual tax-deferred rate of return of 4.00% compounded monthly. This illustration is hypothetical, is not guaranteed and is not intended to reflect the performance of any specific investment or security. You should consider your financial ability to continue investing consistently in an up or down market. In addition, these figures do not reflect taxes or any fees, expenses or charges of any investment product. Taxes are generally due upon withdrawal and early withdrawal penalties may apply to withdrawals taken prior to age 59½. You should consult with a tax advisor or the attorney prior to implementing tax based decisions. Legal and tax advice are not offered by Voya Financial and its representatives.

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## 5 step plan

Don't overlook fees



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**Recipient of 2019 National Leadership Award**  
*National Association of Government  
Defined Compensation Administrators, Inc.*



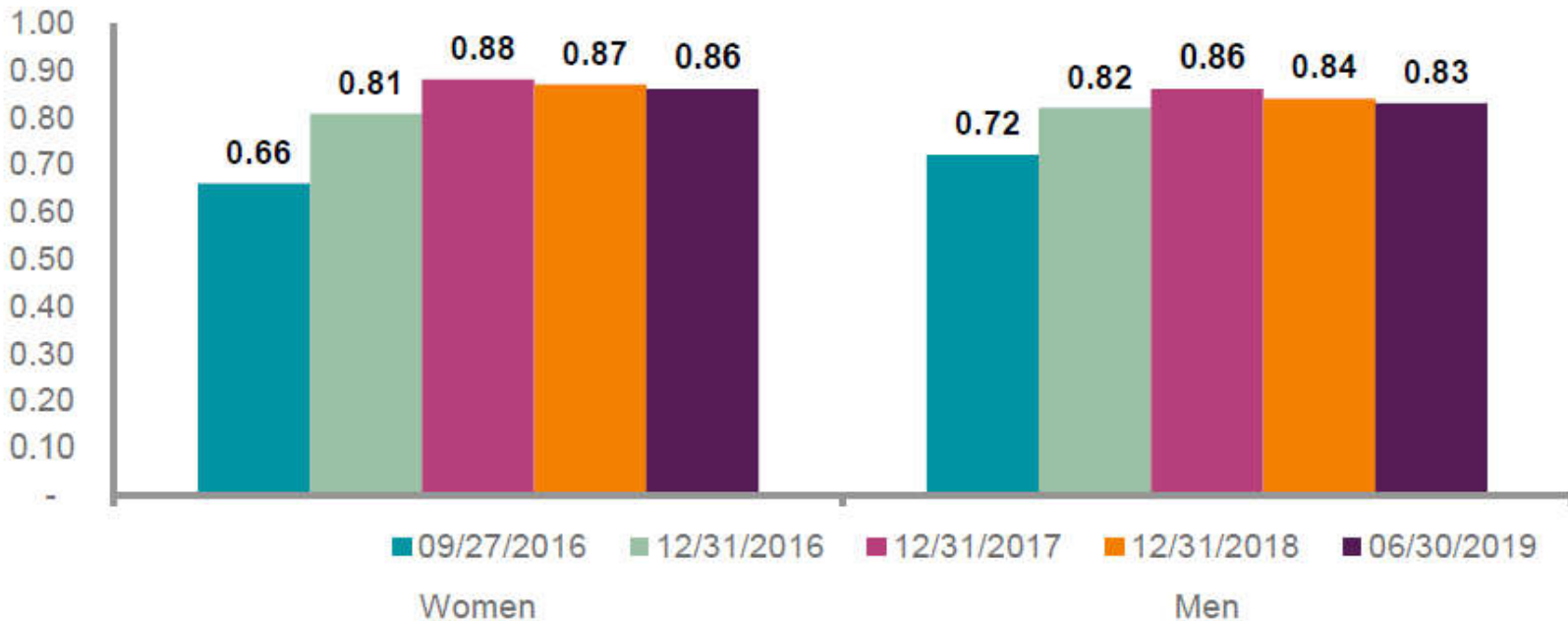
# Review of Plan Design Changes

- ❑ 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: Gender Analysis

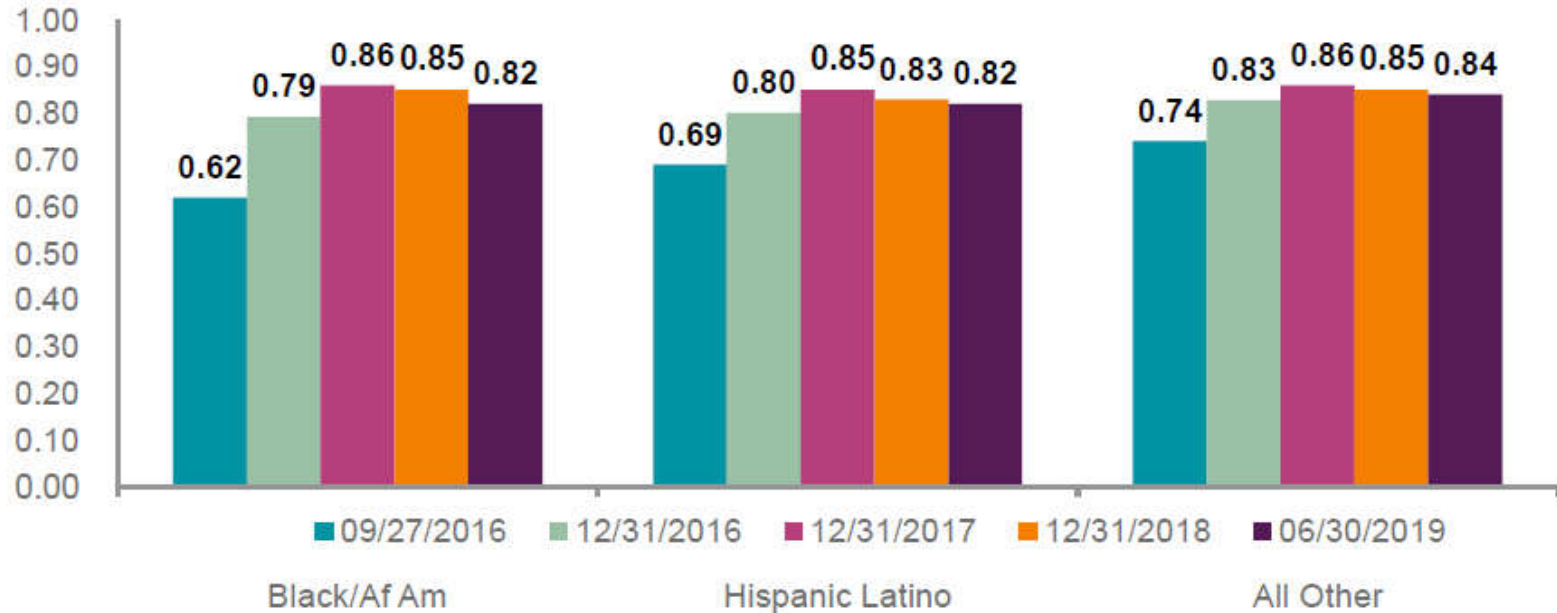
## Participation Rate – by Gender



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

## Participation Rate – by Race



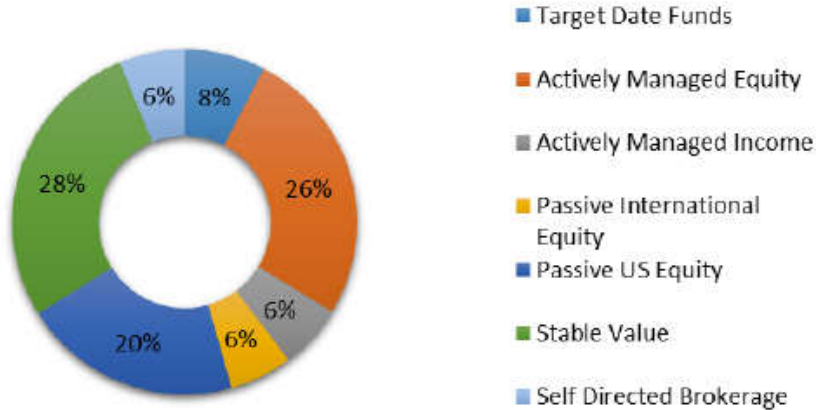
Counts and analysis excludes HACM and WCD employees, as well as all part-time, seasonal, and less than half time employees

# Measuring Results: Asset Allocation Impact

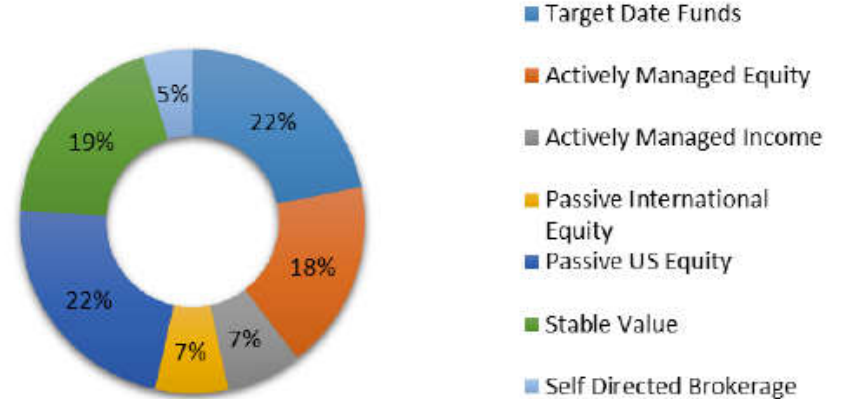
Target date funds were the default investment for participants subject to the default who did not make an active investment election.

Target date fund assets as a percentage of total plan assets consequently increased from 8% to 22% since the initial implementation.

**As of 10/3/16**



**As of 6/30/19**





# 2020 Plan Goals

- ❑ Continue to benchmark comprehensive data analysis (particularly focused on enrollment results, election program and Financial Wellness program outcomes)
- ❑ Continue partnering with the City's Wellness Program to promote and offer Financial Wellness learning opportunities
- ❑ Continue effective communications programming and outreach
- ❑ Review of distribution/lifetime income product offerings for retirees
- ❑ Complete a successful elections/enrollment program in 2020, including review of defaults
- ❑ Continue monitoring cost/expense controls