



City of Milwaukee

## **Deferred Compensation Plan**

**Financial independence. It starts today.**

2019 Budget Overview  
Finance & Personnel Committee  
October 10, 2018

# 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

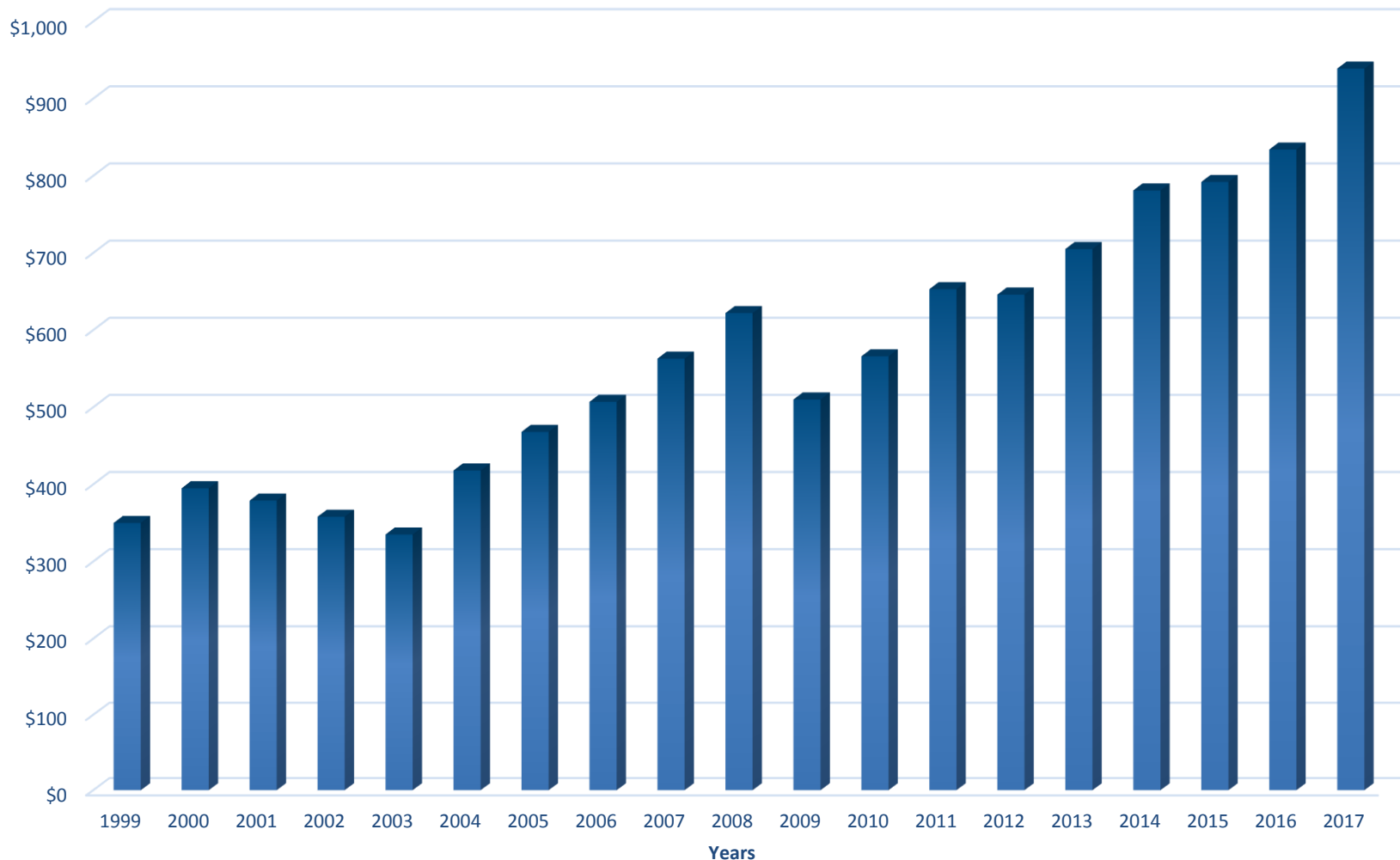
# Objectives & Strategies of the DCP

- ❑ 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

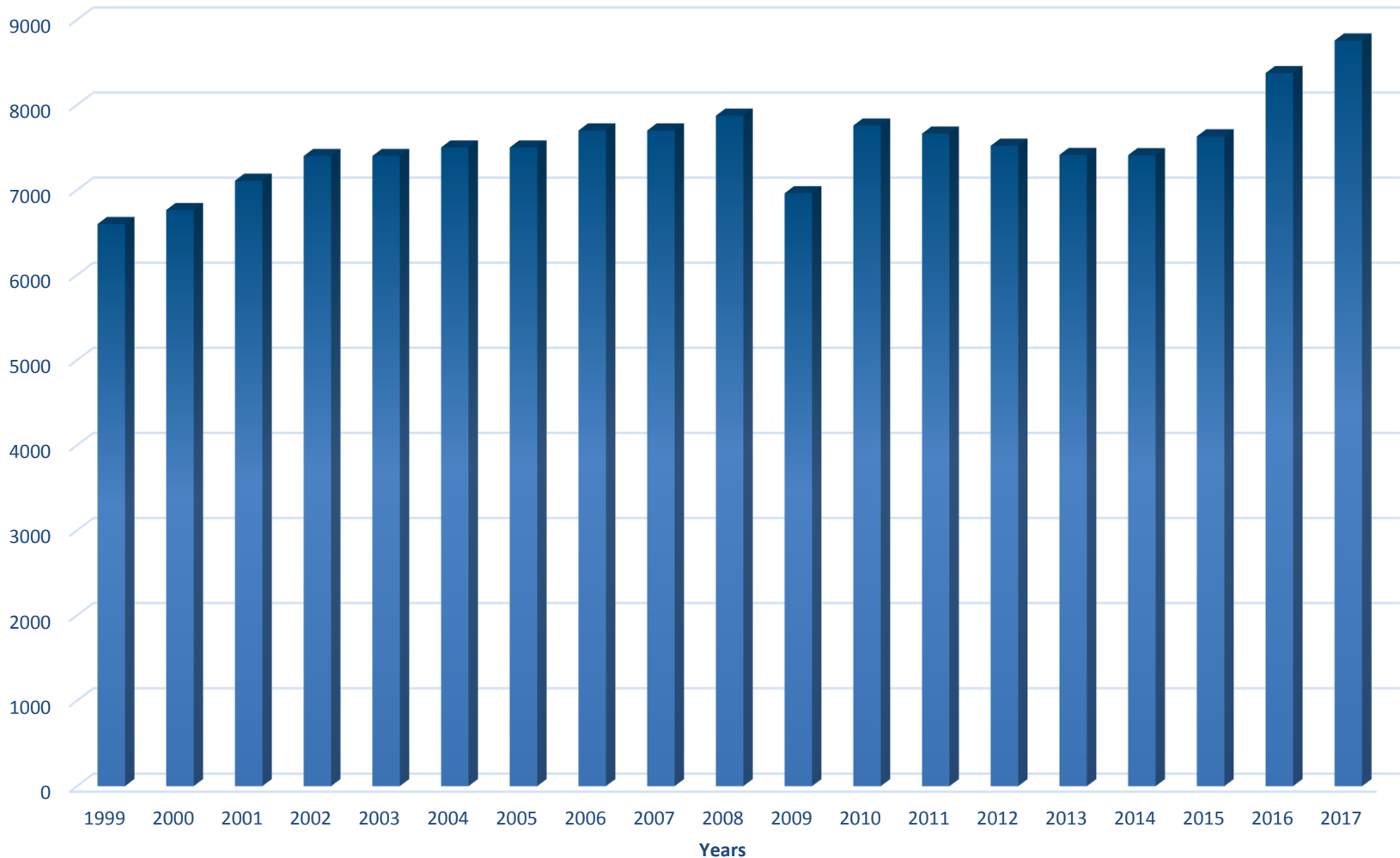
# 2019 Budget Summary

	2018 ADOPTED BUDGET	2019 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>	\$192,989	\$195,850	\$2,861 (1.5%)
<b>Fringe Benefits</b>	88,775	88,133	-\$642 (-0.7%)
<b>Operating Expenditures</b>	116,000	114,500	-\$1,500 (-1.3%)
<b>Equipment</b>	5,000	3,000	-\$2,000 (-60%)
<b>Special Funds</b>	75,000	75,000	\$0 (0%)
<b>TOTAL</b>	\$477,764	\$476,483	-\$981 (-0.3%)

# 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)	2017 vs. 2018 % Change
<b>Total Participants</b>	7,544	7,696	8,255	8,775	<b>6.3%</b>
<b>Employee Participants</b>	4,627	4,665	5,637	5,890	<b>4.5%</b>
<b>Retiree / Termed Participants</b>	2,917	3,031	2,618	2,885	<b>10.2%</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>5.4%</b>

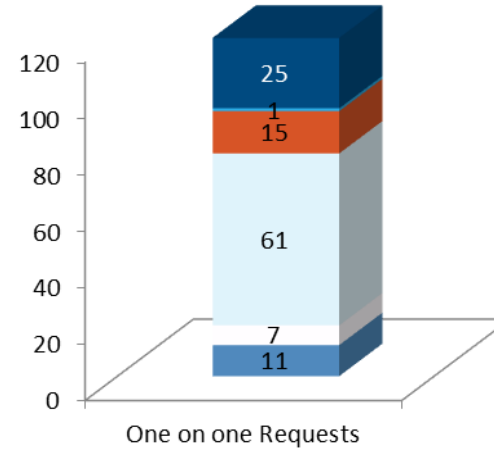
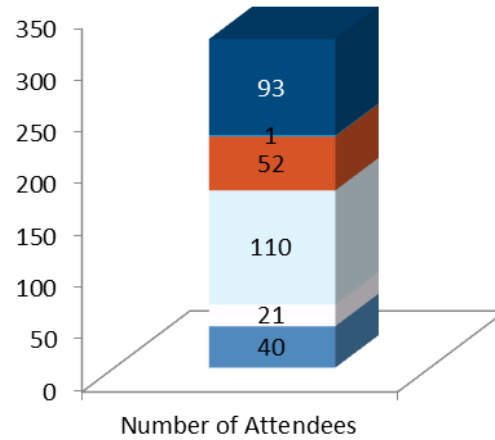
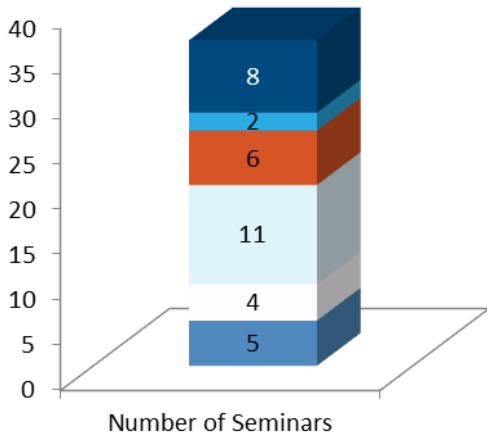
# Recent Accomplishments

- Successful implementation of automatic enrollment
- Implementation of the annual re-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 2018 Leadership Award from the National Association of Government Defined Contribution Administrators for Plan Design and Administration
- Received 2018 Eddy Award from Pensions & Investments for Plan Transitions



# Financial Wellness Seminars

- Save for your Goals with Smart Budgeting
- Retirement Planning for Women
- Retirement Readiness w/myOrangeMoney
- Investing Concepts
- Small Steps, Great Strides
- Plan for your Someday



## A few fundamentals

History says...

**stay  
invested**



Past performance is no guarantee of future results.

PLAN | INVEST | PROTECT

VOYA  
FINANCIAL

## Budgeting 1-2-3



Start to build an  
**emergency fund.**

PLAN | INVEST | PROTECT

VOYA  
FINANCIAL

## Retirement Challenge

See saving for retirement  
in a whole new way.



myOrangeMoney®  
interactive educational experience

PLAN | INVEST | PROTECT

VOYA  
FINANCIAL

# Recipient of 2018 National Leadership Awards (Ntl Assoc of Gov't Deferred Compensation Administrators and Pensions & Investments)



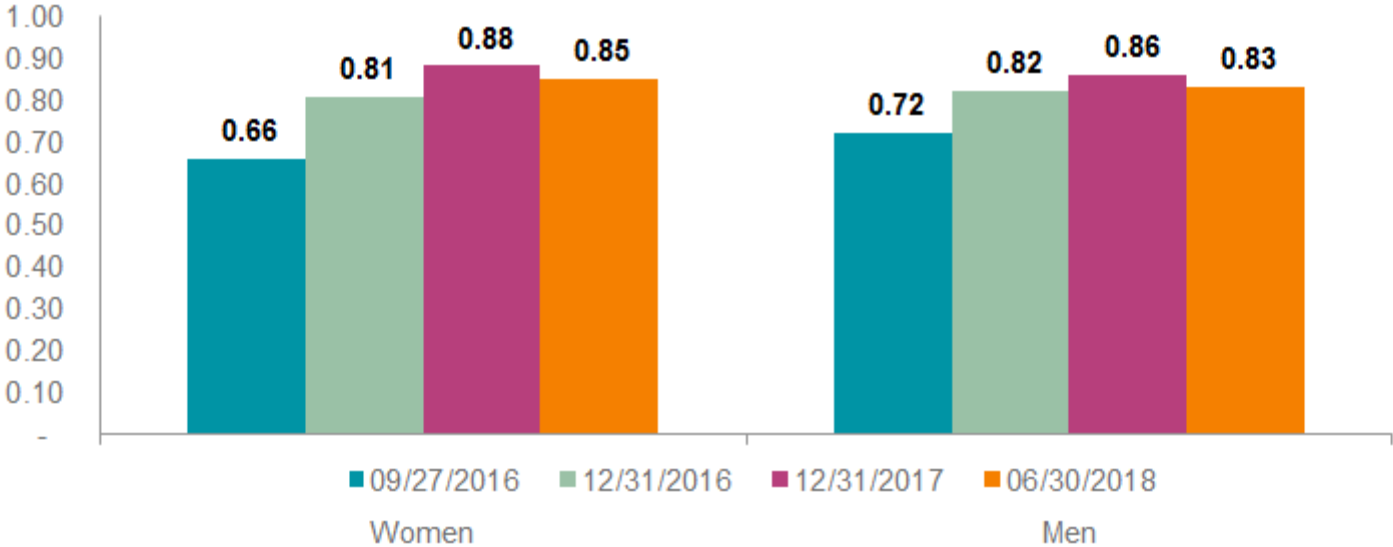
# Review of Plan Design Changes

- ❑ 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

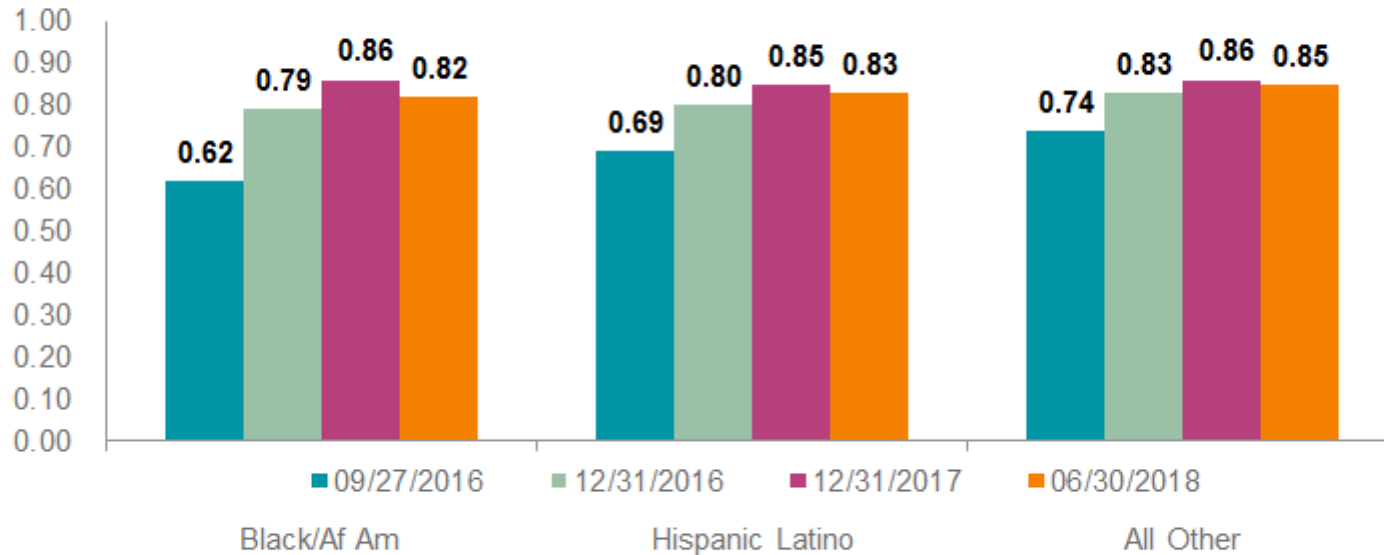
## Participation Rate – by Gender



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



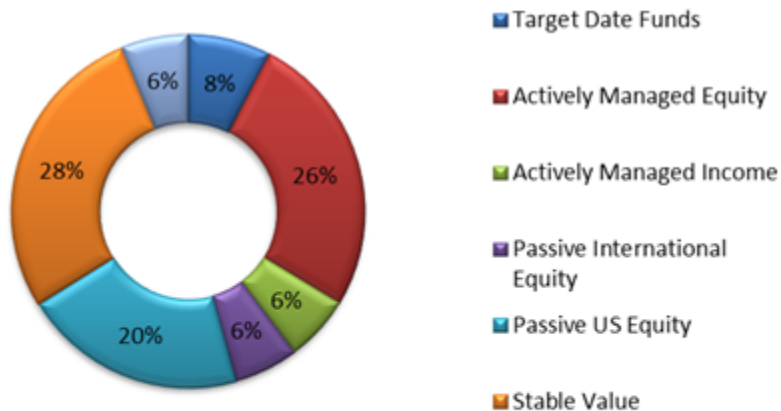
Counts and analysis excludes HACM and WCD employees, as well as all part-time, seasonal, and less than half time employees

# Measuring Results: Asset Allocation Impact

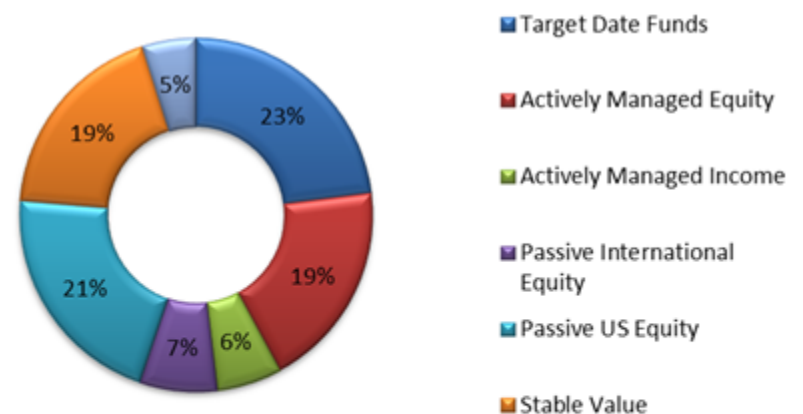
Target date funds were the default investment for participants subject to the default who did not make an active investment election.

Target date fund assets as a percentage of total plan assets consequently increased from 8% to 23% since the initial implementation.

**As of 10/3/16**



**As of 6/30/18**



# 2019 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 2019, including review of defaults
- ❑ Continued cost/expense controls