

2023



Legislative Reference Bureau

www.milwaukee.gov/lrb



DEFERRED COMPENSATION



2023 Proposed Plan and Executive Budget Review

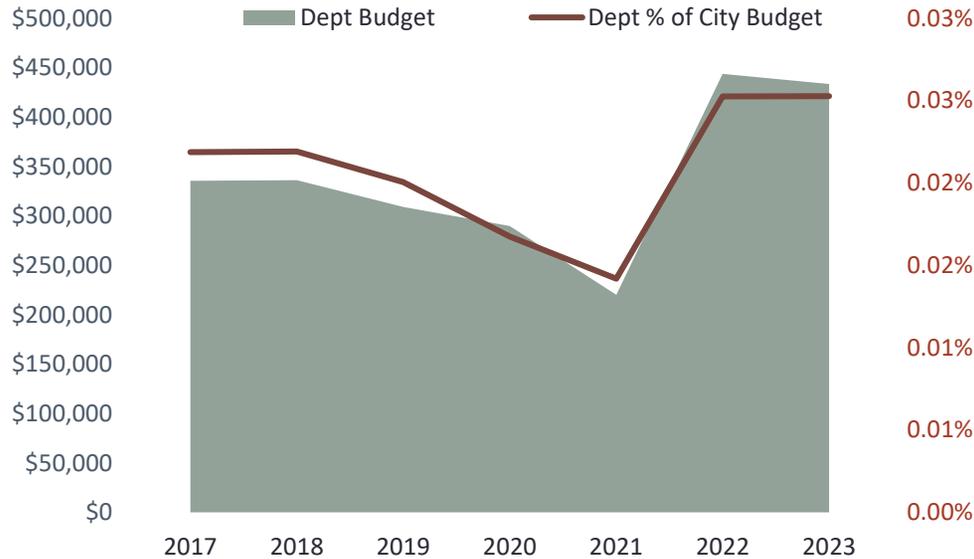
Prepared by: Alex Highley, Legislative Fiscal Analyst
Budget Hearing: 1:00 pm on Wednesday, October 5, 2022



\$433,502
Proposed 2023 Budget

-\$10,264
Change in Proposed Budget

-2.3%
% 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

	Salaries/Wages	Fringe Benefits	Operations	Equipment	Special Funds
\$	\$198,553	\$89,349	\$67,600	\$3,000	\$75,000
%	46%	21%	16%	1%	17%
Δ	-2.8%	-4.9%	0.0%	0.0%	0.0%

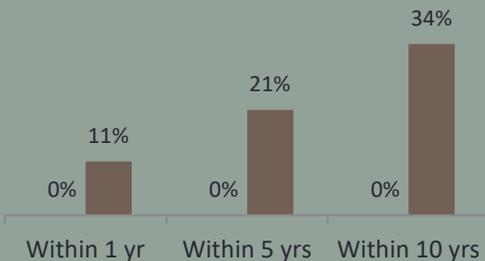
\$433,502

Requested Budget
This is the same amount as the Proposed Budget.

\$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



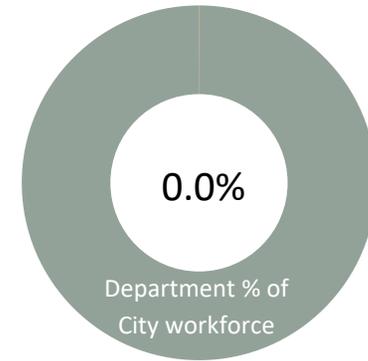
0
Change in Positions

0.0%
% Change in Positions

0
Current Vacancies

0
Voluntary Separations

Departmental Personnel Budget



Staffing Vacancy

There are no staffing vacancies in the department.

Staffing Update

No staffing changes are proposed in 2023.



**Department Positions
2017-2023**

9,258

Total active and retired Deferred Compensation Plan participants as of December 31, 2021.

88% vs 89%

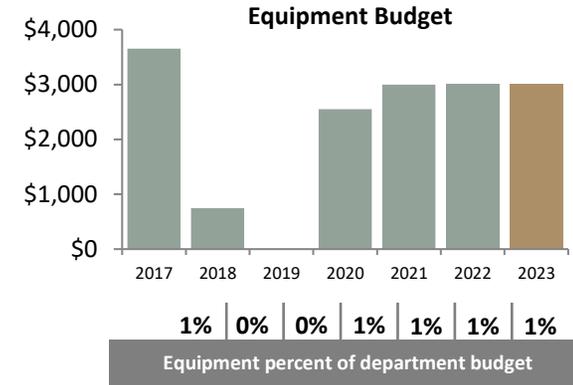
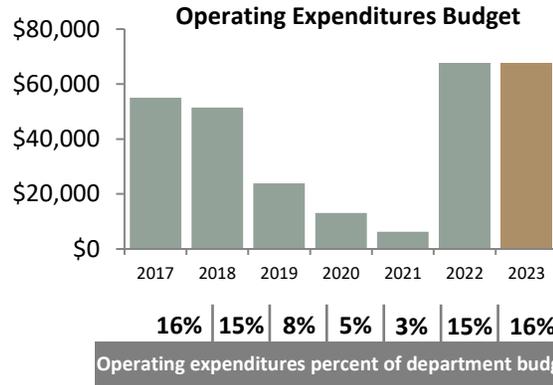
2020 and 2021 Plan participation rates, respectively. Prior to implementing the “Opt-Out” participation strategy in Fall 2016, the participation rate was 65%.

\$1,201,264,506

Plan assets as of December 31, 2021, a 10% increase (from \$1,092,676,803) over 2020.

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 \$443,502 in 2023, a 2.4% decrease from 2022. 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.

6

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

The contract was renewed for an additional 5 years in October 2021.

15

Investment options available within the Deferred Compensation Plan, including 9 age-specific Target Date funds, 5 Core funds, and the Self-Directed Brokerage Account option.

1,179

Plan participant loans from individual accounts as of December 31, 2021. This was a decrease of 67, or 5.3%, from 2020.

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

- Compilation and circulation of a clear and comprehensive annual fee disclosure.
- Seventh consecutive year of decreased plan operating expenses.
- Continued expansion of the Financial Wellness component in the City's Wellness Program.
- Recipient of the PlanSponsor 2022 Plan Sponsor of the Year for Public Defined Contribution Plans.
- Recipient of 2022 National Association of Government Defined Contribution Administrators Leadership Award for COVID-19 Response.

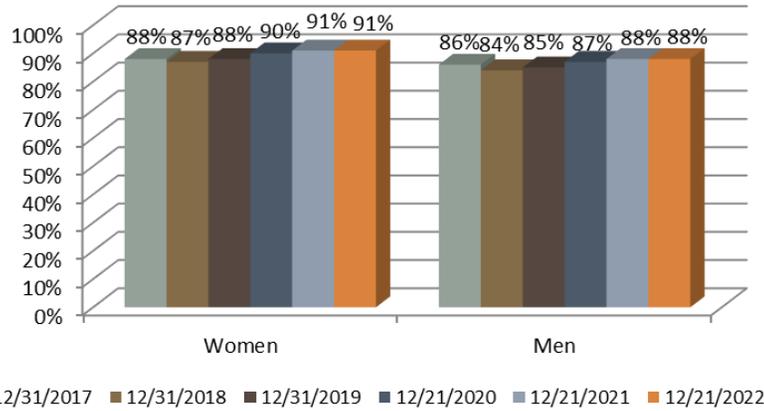
New Management Strategy for Target Date Funds

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.

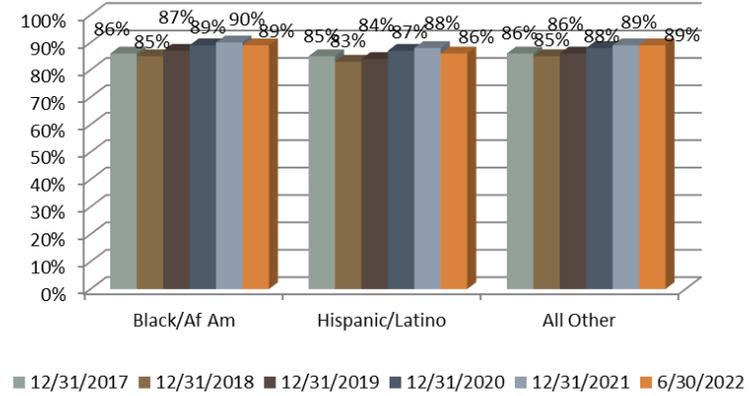
Plan Operating Expenses

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

