



CITY OF *Los Angeles*
DEFERRED COMPENSATION PLAN



City of Los Angeles

Deferred Compensation Plan

Fourth Quarter 2021 Review





For discussion

Updates – News – Trends

Plan Health

Plan Goals

DCP Communications 2021

Employee Engagement



CITY OF *Los Angeles*
DEFERRED COMPENSATION PLAN



Updates – News – Trends





Q4 2021 Plan Summary

- Plan assets grew by \$972 million during the 2021 plan year. At the close of the quarter, DCP's plan assets were over \$9.3 billion.
- The total number of plan participants reached 50,814 by the end of the quarter.
- The fourth quarter experienced negative net cash flow of \$42 million due to increased year-end distributions, which grew from \$41 million in 3Q 2021 to \$101 million in 4Q 2021.
- The top three investment holdings (by balance) were the DCP Large Cap Fund, the Schwab Brokerage option, and the Stable Value Fund.
- The number of participants with loans decreased slightly in Q4. In addition, the average loan balance decreased during the quarter.
- During the fourth quarter, the onsite team had over 6,500 interactions with DCP participants.



Enhanced Electronic Delivery Default Service

Voya will be enhancing our current e-delivery solution to comply with the DOL Final Rule on default electronic disclosure

Voya's solution will:

- Allow Voya to default employees into e-delivery if we have participant email address on file.
- Default participants into e-delivery upon receipt of the email address with ability to opt out.
- Ensure participants are returned to paper delivery via U.S. mail when Notice of Internet Availability (NOIA) emails are undeliverable.
- Continue to use paper delivery via U.S. mail if we do not have an email address on file, either plan sponsor or participant provided.
- **Enhanced e-delivery services will be available in July 2022.**

Plan participants will receive notification regarding the enhanced e-delivery services through several mediums including statement messaging, newsletters, blog posts, emails and postcards.



CITY OF *Los Angeles*
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Plan Health





Plan Overview

	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
Total Plan Participants	50,395	50,532	50,593	50,663	50,814
Total Plan Assets	\$8,035,747,720	\$8,336,053,561	\$8,820,623,760	\$8,820,724,913	\$9,307,962,971
Average Balance	\$159,455	\$164,966	\$174,345	\$174,105	\$183,177
Median Balance	\$60,517	\$62,279	\$66,864	\$65,880	\$69,961





Plan Overview - Loans

	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4
Percentage of Total Loans to Plan Participants	35%	34%	33%	32%	32%
Total Number of Outstanding Loans	17,546	16,987	16,638	16,385	16,107
Average Outstanding Loan Balance	\$14,361	\$14,268	\$14,327	\$14,373	\$14,083





Cash Flow Summary

Cash In

Pre-tax Contributions	63,539,637.09
Roth Contributions	14,003,958.79
Rollover Contributions	14,400,340.36
Loan Repayments	23,456,487.06
Other	12,697,319.76

Total Cash In **\$128,097,743.06**

Cash Out

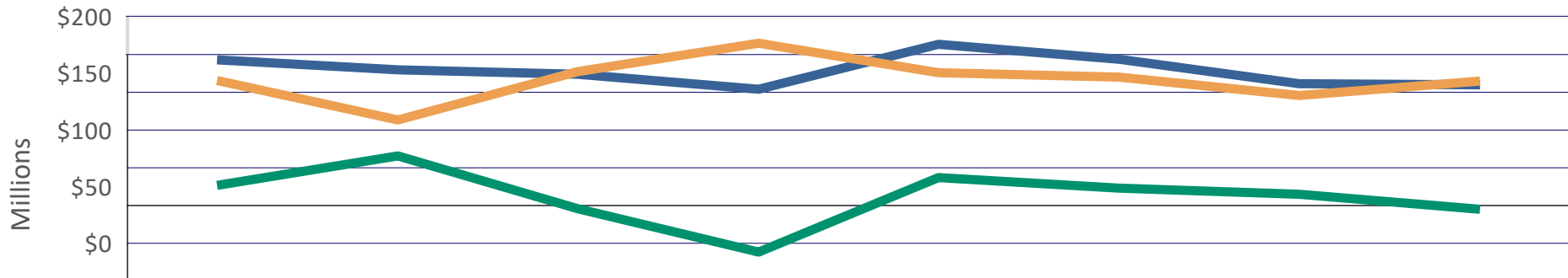
Distributions	101,191,717.22
Rollovers	38,323,202.80
Loans Issued	16,912,012.20
Fees	1,058,248.43
Other	12,697,319.76

Total Cash Out **(\$170,182,500.41)**

"Other" activity represents all inter-participant transfer activity, which includes decedent/beneficiary activity, QDRO splits and Alternate participant transfers.

"Withdrawals" activity represents withdrawals, installments and termination payments.

Net Cash Flow **(\$42,084,757.35)**

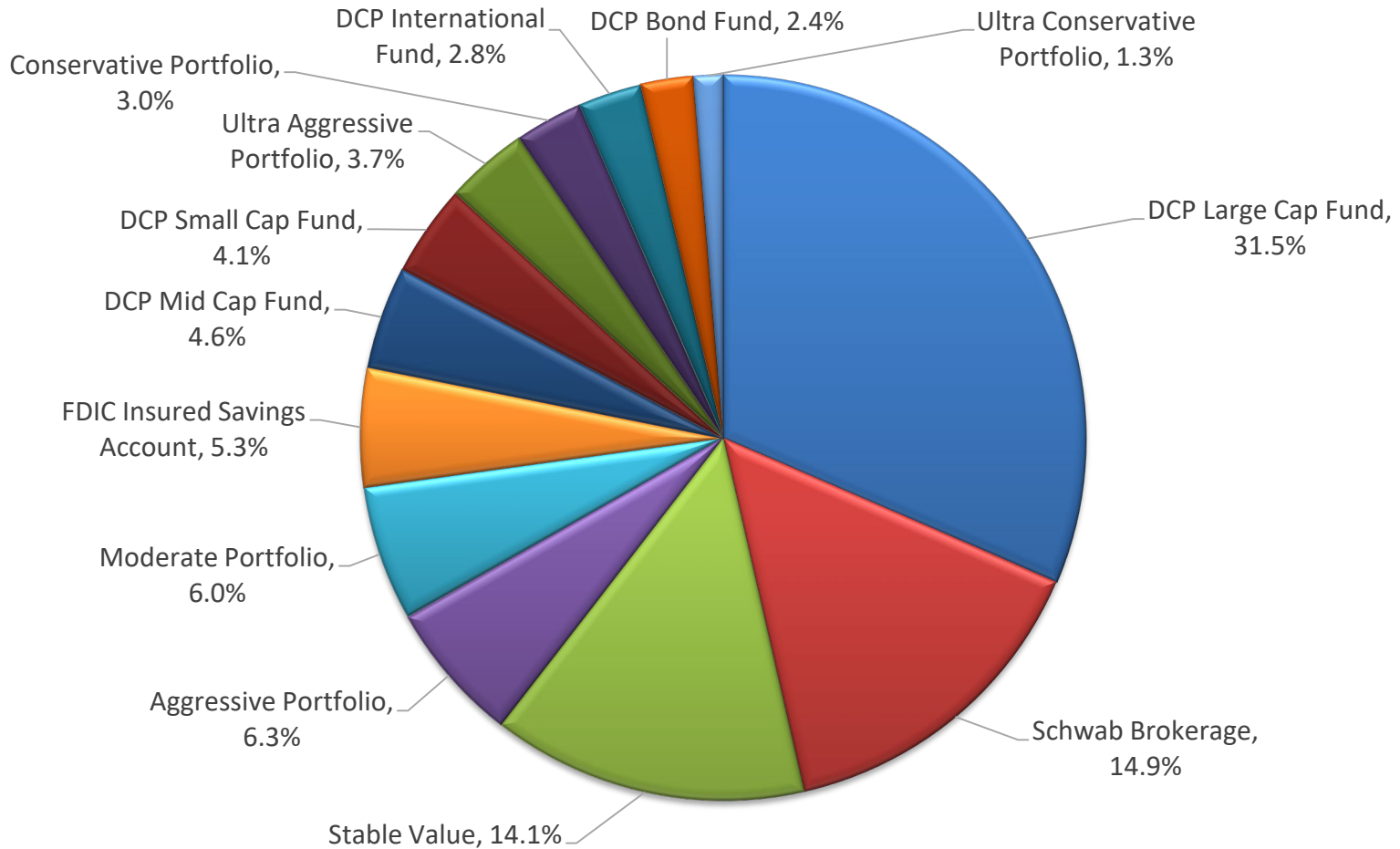


	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Cash In	\$154,495,133	\$143,612,342	\$139,282,469	\$123,134,839	\$170,891,031	\$154,888,365	\$129,144,807	\$128,097,743
Cash Out	\$132,705,843	\$90,897,133	\$142,313,549	\$172,014,325	\$137,391,546	\$135,305,572	\$116,856,418	\$170,182,500
Net Cash	\$21,789,290	\$52,715,209	(\$3,031,080)	(\$48,879,486)	\$33,499,485	\$19,582,793	\$12,288,389	(\$42,084,757)





Percentage of Plan Assets





Balances by Investment

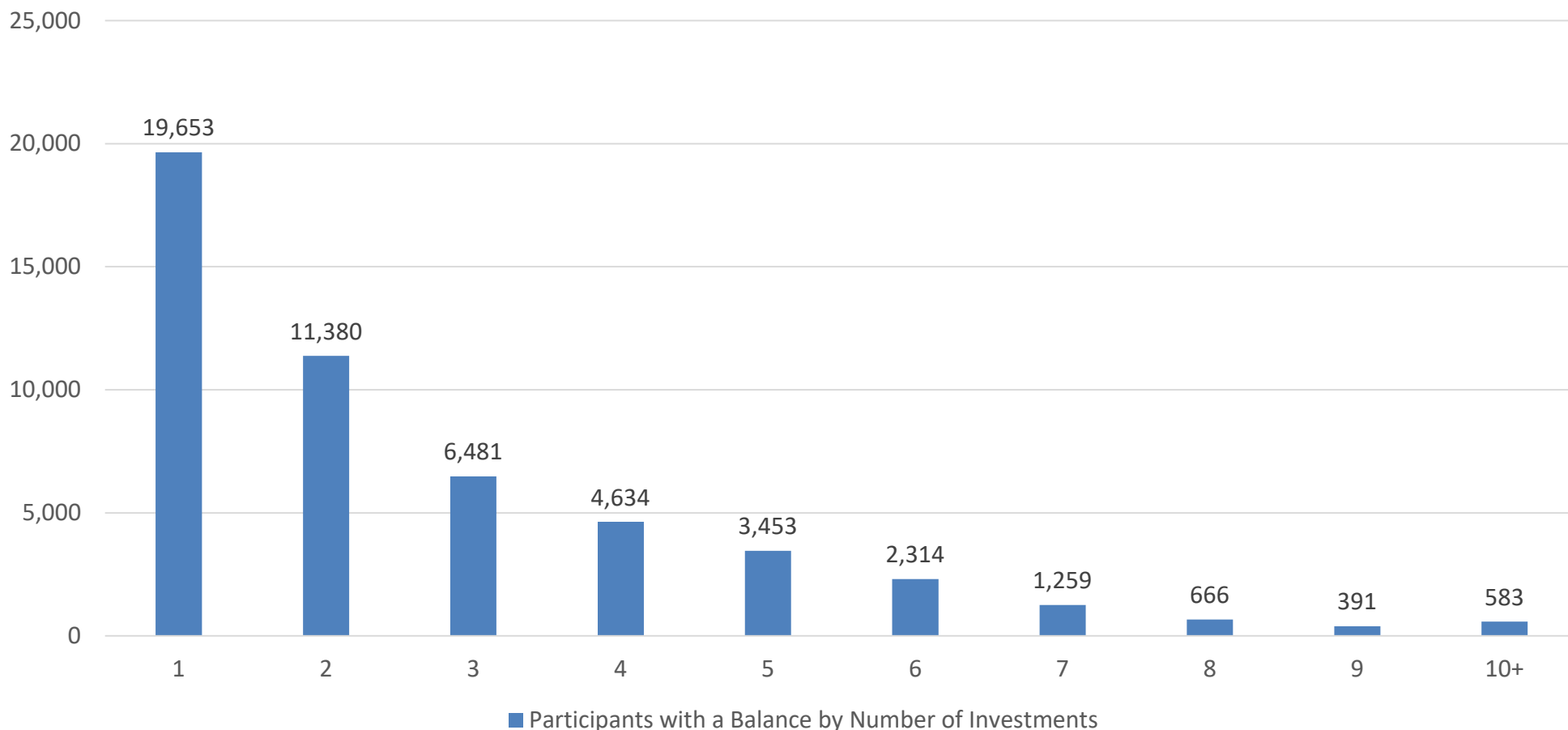
Investment	Investment Balance	Number of Participants	Average Participant	Percentage of Plan Assets
SCHWAB BROKERAGE	\$1,388,395,940.26	6,391	\$217,242.36	14.9%
FDIC INSURED SAVINGS ACCOUNT	\$493,140,539.32	12,575	\$39,215.95	5.3%
STABLE VALUE	\$1,310,864,193.95	13,369	\$98,052.52	14.1%
ULTRA CONSERVATIVE PORTFOLIO	\$121,384,687.97	2,812	\$43,166.67	1.3%
CONSERVATIVE PORTFOLIO	\$281,237,017.24	5,458	\$51,527.49	3.0%
MODERATE PORTFOLIO	\$560,451,412.04	12,182	\$46,006.52	6.0%
AGGRESSIVE PORTFOLIO	\$585,953,289.13	14,579	\$40,191.60	6.3%
ULTRA AGGRESSIVE PORTFOLIO	\$345,459,485.08	10,798	\$31,992.91	3.7%
DCP BOND FUND	\$219,233,480.45	7,136	\$30,722.18	2.4%
DCP LARGE CAP FUND	\$2,931,804,297.48	22,255	\$131,736.88	31.5%
DCP MID CAP FUND	\$426,746,975.87	8,947	\$47,697.21	4.6%
DCP SMALL CAP FUND	\$380,187,111.43	9,986	\$38,072.01	4.1%
DCP INTERNATIONAL FUND	\$263,104,540.95	9,178	\$28,666.87	2.8%
Total Investment Balance:	\$9,307,962,971.17			
Total Loan Fund:	\$147,043,021.47			





Diversification

Participant Investment Option Holdings by Number of Participants

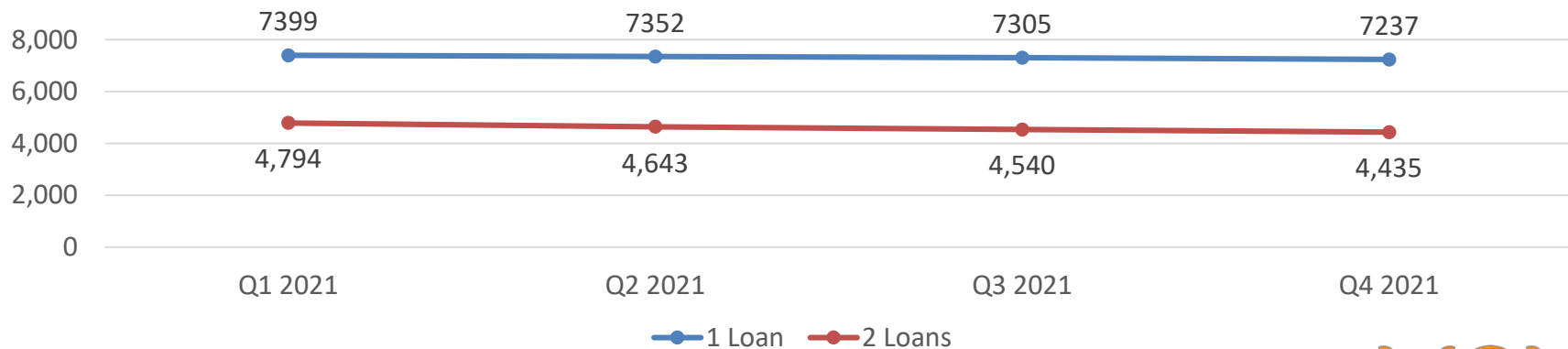




Loan Trending

	Q1 2021	Q2 2021	Q3 2021	Q4 2021
Total Participants with Loans	12,193	11,995	11,845	11,672
Total Number of Outstanding Loans	16,987	16,638	16,385	16,107
Number of General Loans	15,332	14,994	14,748	14,492
Number of Residential Loans	1,655	1,644	1,637	1,615
Total Outstanding Loan Balance	\$174,383,897	\$172,571,913	\$170,251,831.11	\$164,383,821.35
General Loan Balance	\$145,075,804	\$143,448,091	\$141,619,891.97	\$136,368,368.84
Residential Loan Balance	\$29,308,093	\$29,123,822	\$28,631,939.14	\$28,015,452.51
Average Loan Balance per Borrower	\$14,302	\$14,387	\$14,373	\$14,083
Number of Re-amortized	526	404	209	149
Number of Loan Defaults	199	264	260	207
Total New Loans Initiated	1,062	1,350	1,334	1,295
New Loans Active	1,009	1,267	1,276	1,243
New Loans Retirees	48	53	83	52

1 Loan versus 2 loans



The Schwab Personal Choice Retirement Account (PCRA) Quarterly Report

CITY OF LA 457 DEFERRED COMP as of 12/31/2021

Plan Profile Information

Plan Type	457B
Total PCRA Assets	\$1,381,291,509
Total Funded PCRA Accounts	7,468
Total Roth Assets	\$54,146,096
Total Funded Roth Accounts	1,344
Total Advisor Managed PCRA Assets	\$590,293,914
Total Advisor Managed Funded PCRA Accounts	3,159
PCRA Accounts Opened This Quarter	343
PCRA Assets In and Out This Quarter*	\$40,343,393
Average PCRA Account Balance	\$184,961

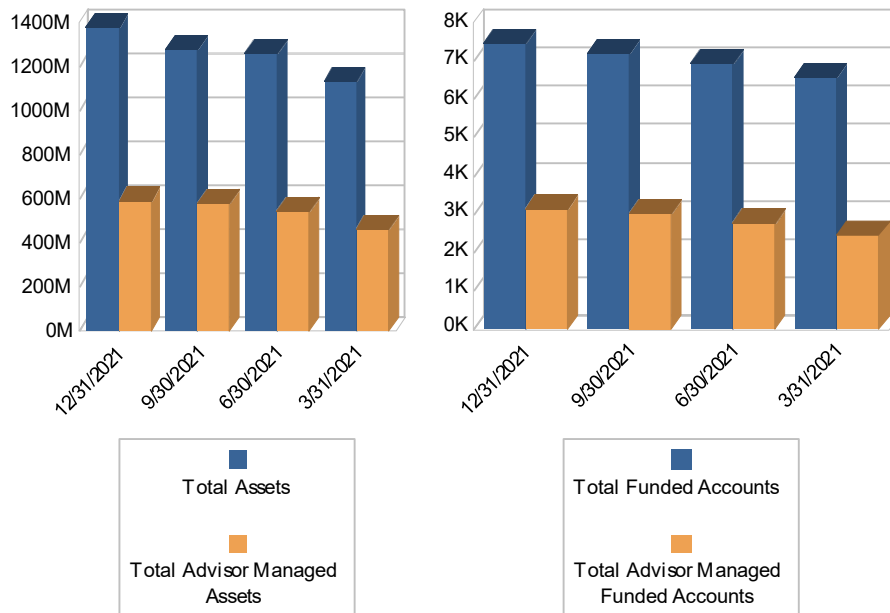
PCRA Participant Profile Information

Average Participant Age	49
Percent Male Participants	83%
Percent Female Participants	17%

Total Assets by Category

Cash Investments	\$137,561,601
Equities	\$635,465,004
ETFs	\$274,666,885
Fixed Income	\$64,608,045
Mutual Funds	\$269,643,304
Other	-\$653,324

Assets and Accounts (Trailing 4 Quarters)



Average Positions Per Account

Cash Investments	1.0
Equities	10.7
ETFs	3.5
Fixed Income	0.3
Mutual Funds	2.0
Other	0.1
Total	17.6

Average Trades Per Account

Equities	10.4
ETFs	2.4
Fixed Income	0.0
Mutual Funds	7.8
Other	0.3
Total	21.0

* Assets In and Out includes contributions and distributions.



CITY OF *Los Angeles*
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Plan Goals

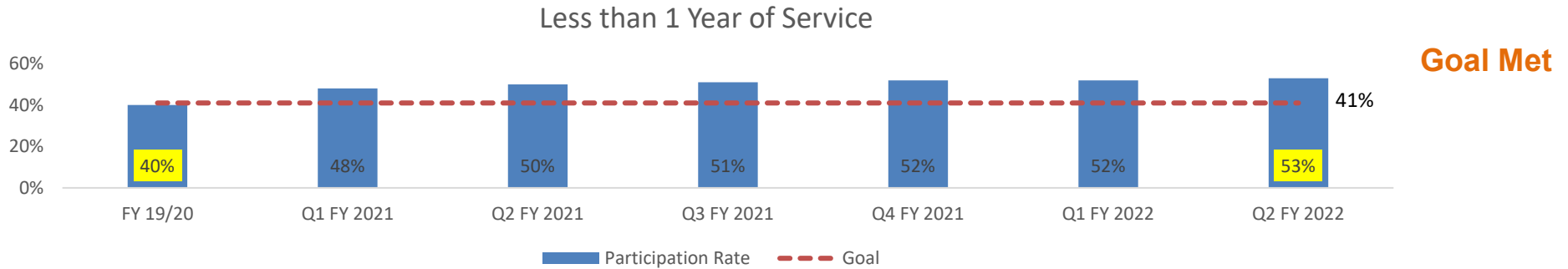




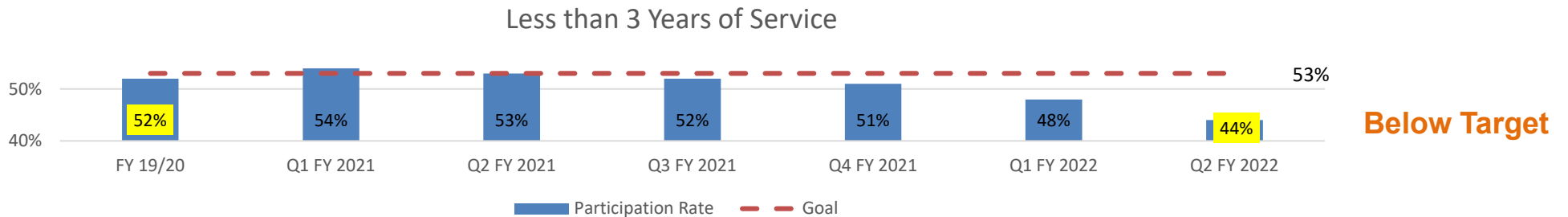
Participant Outcomes: Participation

For the period July 2020 through December 2021, the Board adopted two targeted goals to increase participation for employees with less than three years of City service.

Goal: Increase participation of employees with less than one year of City service by 1%, from 40% to 41%.



Goal: Increase participation of employees with less than three years of City service by 1%, from 52% to 53%. (Note: City staff has advised that the methodology used in calculation of the denominator for this goal will need to be refined).



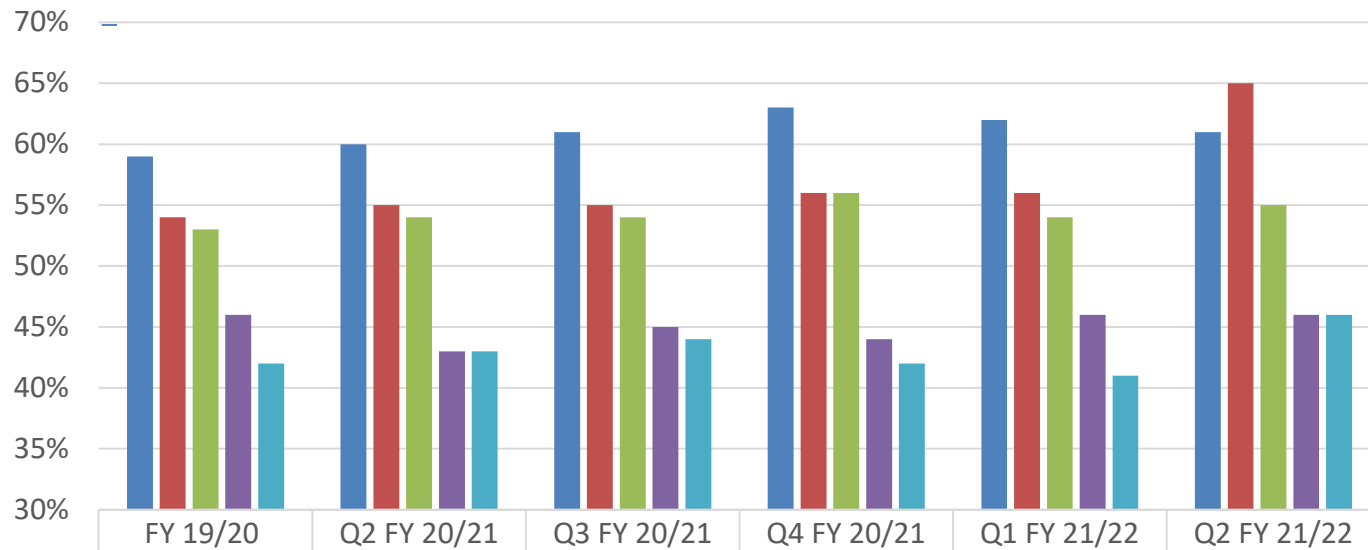
*At its meeting on July 20, 2021, the Board approved the measurement of DCP participant goals on a calendar year basis starting with calendar year 2021. A final report regarding the outcomes of calendar year 2021 participant goals will be presented to the Board in the first quarter of 2022.



Participant Outcomes: Department Participation

For the period July 2020 through December 2021, the Board adopted two targeted goals to increase participation for the lowest participating departments and labor organizations.

Goal: Increase participation of the five departments with the lowest participation by 1%:



■ Recreation & Parks (60%)	59%	60%	61%	63%	62%	61%	Met Goal
■ Public Works - Street Svcs (55%)	54%	55%	55%	56%	56%	65%	Met Goal
■ General Services Division (54%)	53%	54%	54%	56%	54%	55%	Met Goal
■ Council (47%)	46%	43%	45%	44%	46%	46%	Below Target
■ Mayor's Office (43%)	42%	43%	44%	42%	41%	46%	Met Goal

*At its meeting on July 20, 2021, the Board approved the measurement of DCP participant goals on a calendar year basis starting with calendar year 2021. A final report regarding the outcomes of calendar year 2021 participant goals will be presented to the Board in the first quarter of 2022.

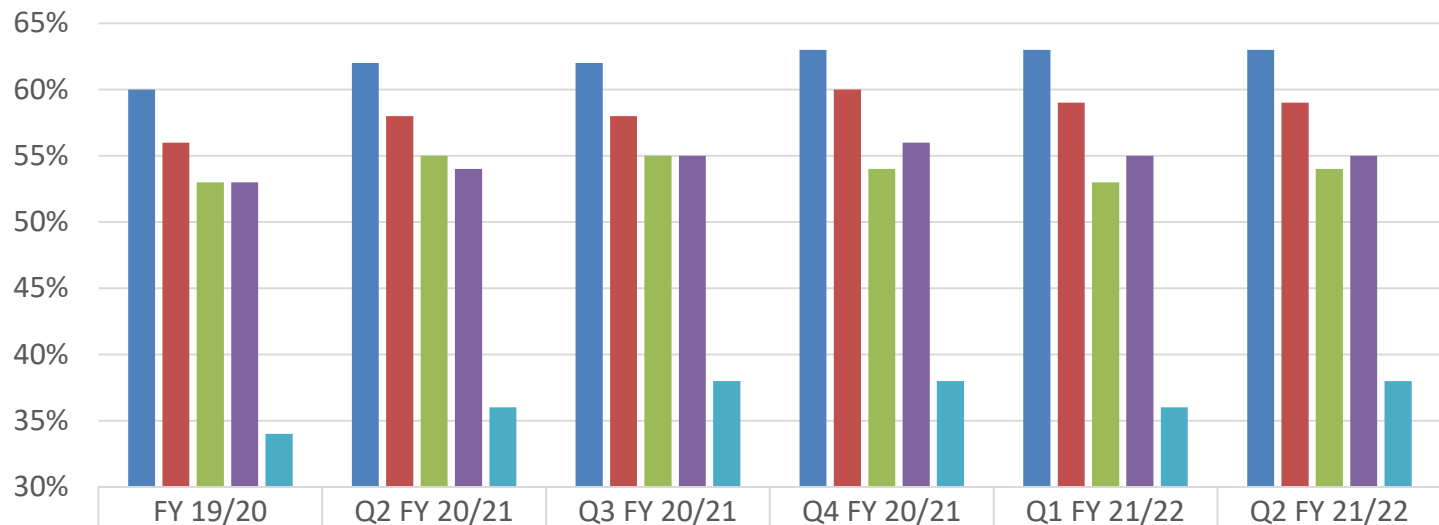




Participant Outcomes: Labor Organization Participation

For the period July 2020 through December 2021, the Board adopted two targeted goals to increase participation for the lowest participating departments and labor organizations.

Goal: Increase participation of the five groups of labor organizations or non-represented employees (greater than 50 full-time employees) with the lowest participation by 1%:



■ MOU 02: Building and Trades (61%)	60%	62%	62%	63%	63%	63%	Met Goal
■ MOU 14: Service and Craft (57%)	56%	58%	58%	60%	59%	59%	Met Goal
■ MOU 00: Non-Represented (54%)	53%	55%	55%	54%	53%	54%	Met Goal
■ MOU 04: Equip. Ops & Labor (54%)	53%	54%	55%	56%	55%	55%	Met Goal
■ MOU 15: Service EE's (35%)	34%	36%	38%	38%	36%	38%	Met Goal

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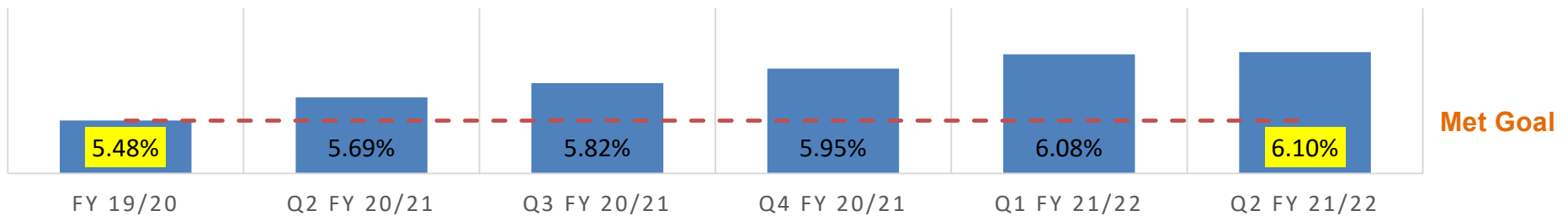


Participant Outcomes: Contributions

For the period July 2020 through December 2021, the Board adopted two goals aimed at maintaining the average employee contribution and increasing participant contributions as a percent-of-pay.

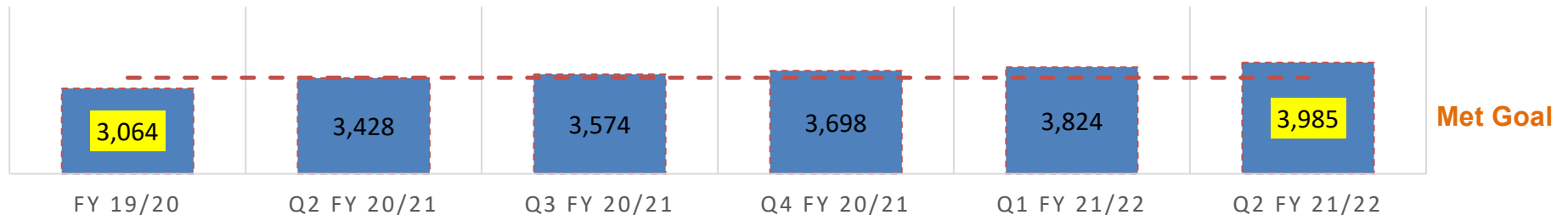
Goal: Maintain average employee contributions at the current 5.48%, calculated to include all full-time employees eligible for the DCP.

Average Employee Contributions



Goal: Increase the number of participants saving as a percent-of-pay from 3,064 (9% of contributing participants) to 3,446 (10% of contributing participants).

Total Number of Contributing Participants Saving as a Percent of Pay



*At its meeting on July 20, 2021, the Board approved the measurement of DCP participant goals on a calendar year basis starting with calendar year 2021. A final report regarding the outcomes of calendar year 2021 participant goals will be presented to the Board in the first quarter of 2022.

Participant Outcomes: Asset Retention

For the period July 2020 through December 2021, the Board adopted two goals aimed at retaining the assets of participants who have separated from City service.

Goal: Maintain the number of participants separated from City service who roll funds out of their account to no more than 4.5% of the separated population (excluding closures of QDRO and beneficiary accounts).

	Q2 FY 20/21	Q3 FY 20/21	Q4 FY 20/21	Q1 FY 21/22	Q2 FY 21/22
Total Number of Retired and Separated from Service Plan Participants	22,709	23,890	25,369	26,166	26,811
Number of Retired and Separated from Service Plan Participants with a Full or Partial Rollover	153	176	120	150	164
Percentage of Retired and Separated from Service Plan Participants with a Rollover	0.7%	0.7%	0.5%	0.6%	0.6%
Annualized %				2.5% Under 4.5%	2.4% Goal Met



Participant Outcomes: Distributions

For the period July 2020 through December 2021, the Board adopted two goals aimed at retaining the assets of participants who have separated from City service.

FY 20/21 Goal: Maintain the number of participants separated from City service who close their accounts to no more than 2.5% of the separated population (excluding closures of QDRO and beneficiary accounts).

Trustee	Count	Cash Total	Quarter	Assets	Separated Service	Separated & Closed Account	Percent of Separated
Charles Schwab	33	\$14,182,796.07	FY 19/20	\$9,638,655			3.3%
Fidelity	19	\$3,922,370.24	Q2 FY 20/21	\$4,478,135	22,799	90	0.4%
TD Ameritrade	16	\$3,608,449.99	Q3 FY 20/21	\$3,479,967	23,890	119	0.5%
Pershing IRA	11	\$2,829,378.66	Q4 FY 20/21	\$3,093,242	25,369	120	0.5%
Raymond James	8	\$2,575,428.16	Q1 FY 21/22	\$3,358,051	26,166	104	0.4%
Vanguard	13	\$1,785,013.05	Q2 FY 21/22	\$33,512,791	26,811	86	0.3%
Edward Jones	6	\$1,403,918.22	Annualized%		Under 2.5% Met Goal		1.7%
Morgan Stanley	5	\$1,196,182.91	Agency		Count	Cash Total	
Allianz	5	\$835,224.24	LACERS		47	\$1,140,495.76	
NFS	5	\$830,115.08	Board of Fire & Police Comm.		90	\$483,213.50	





CITY OF *Los Angeles*
DEFERRED COMPENSATION PLAN



DCP Communications 2021



2021 Insights

How were employees feeling?



They were uneasy

55% of Americans say “These days I feel stuck and unable to make much progress in my life”¹



They wanted to be prepared

Which of the following have become more important in your own personal life since the pandemic began?¹

- 54% being prepared for anything
- 38% Self reliance
- 34% avoiding risk
- 29% resilience



Planning for their future is an important financial priority

- 90% Having a guaranteed source of income in retirement so I don’t outlive my retirement savings²
- 86% Having a long-term view of my investments
- 85% Staying the course during a volatile market environment
- 76% Continuing to make contributions to my retirement plan



They want help

When it comes to personal finances, 87% of employees want help³

How can we help?

Increased engagement

- Specific actions
- Digestible steps
- Breaking down complex topics

To drive outcomes

Individuals who engage with their retirement plan digitally through the web **save 52% more** than those who do not⁴

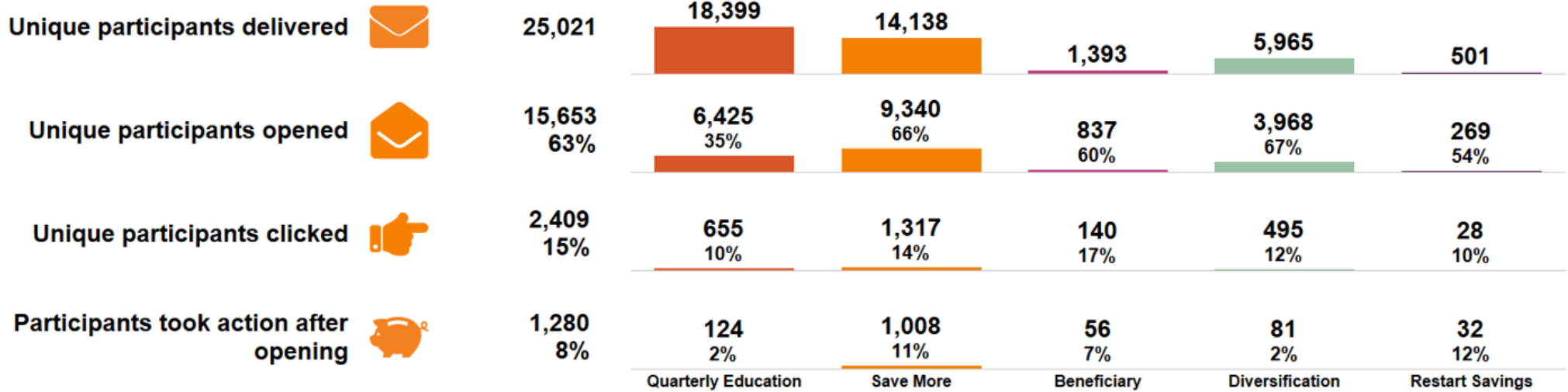
¹ Kantar U.S. Monitor 2021 (October Express Survey) ² Voya Consumer Insights & Research Team, Survey of general U.S. population

³ 2021 PWV Employee Financial Wellness Survey ⁴ Voya Financial plan participant data as of March 31, 2021. Digital engagement is defined as using the web at least once in the past 12 months. For plan sponsor use only. Products and services offered through the Voya® family of companies. CN1909958_1123.

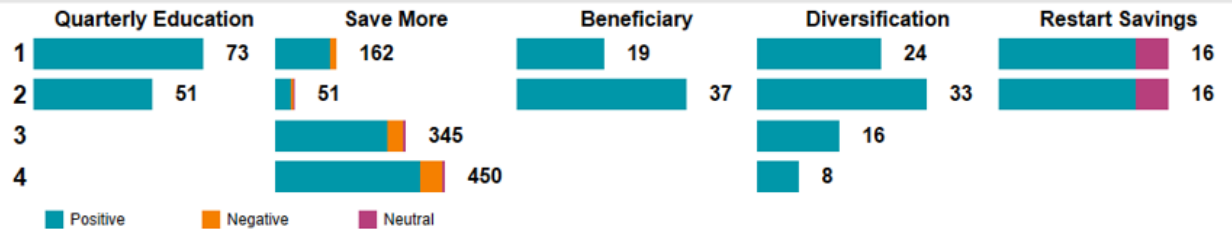
Financial Wellness Journey Results

2021

Personalized Financial Wellness Messaging



Action details: total actions after email open



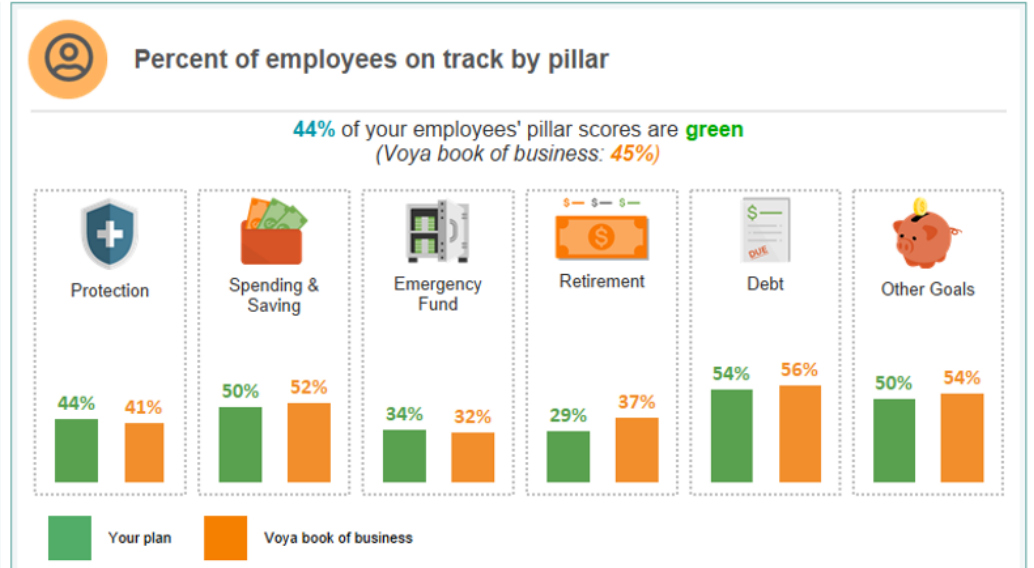
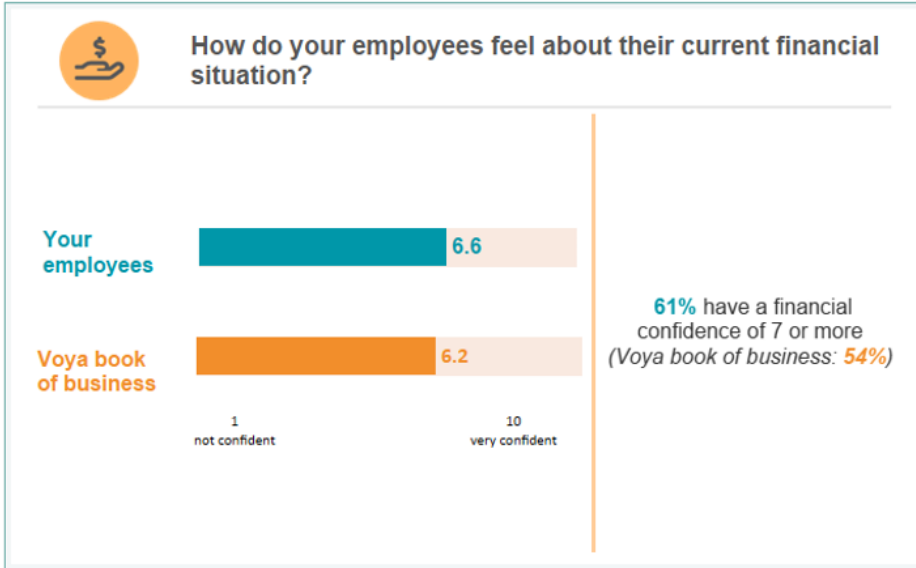
Potential financial impact: (those who changed deferral rate, excludes deferral amt)

Save More \$53,070 of additional contributions per year. (177 participants increased their savings rate by 0.3% on average)

Restart Savings \$30,516 of additional contributions per year. (7 participants increased their savings rate by 4.1% on average)

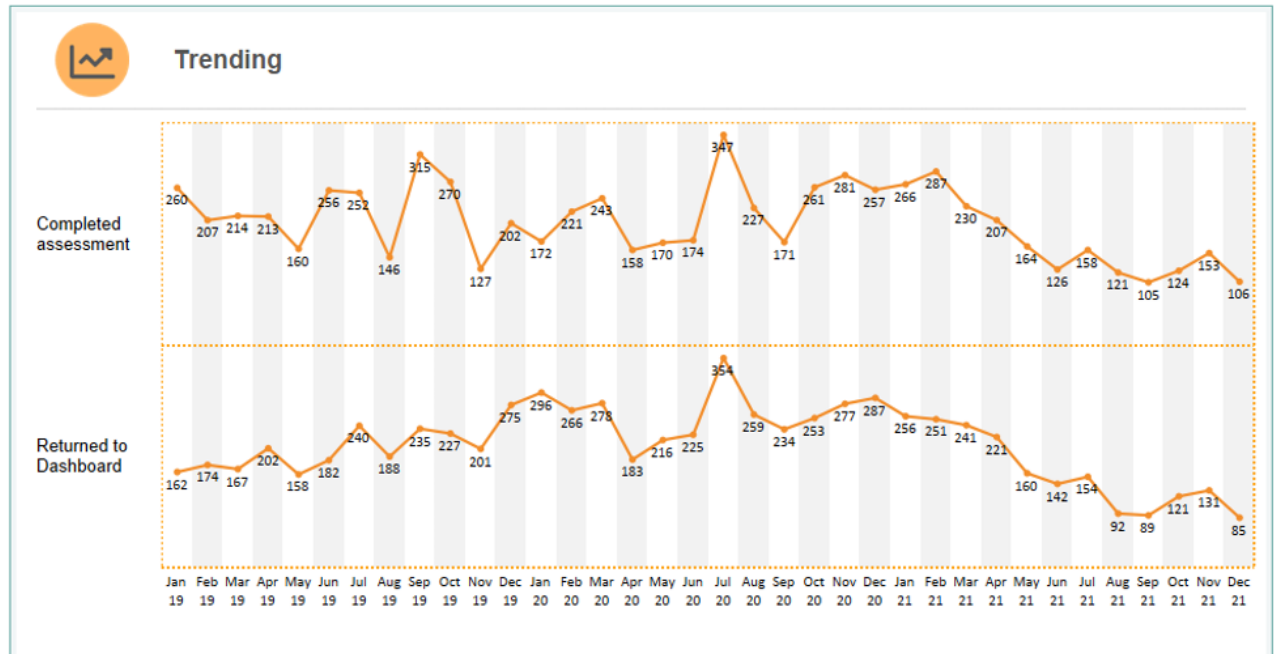
Financial Wellness Journey Results

2021



Engagement

	# of participants	% of participants	Voya Book of Business
Started Financial Wellness assessment	5,598	--	--
Completed assessment and viewed results	4,988	89%	89%
Viewed dashboard after completing assessment	4,360	87%	84%

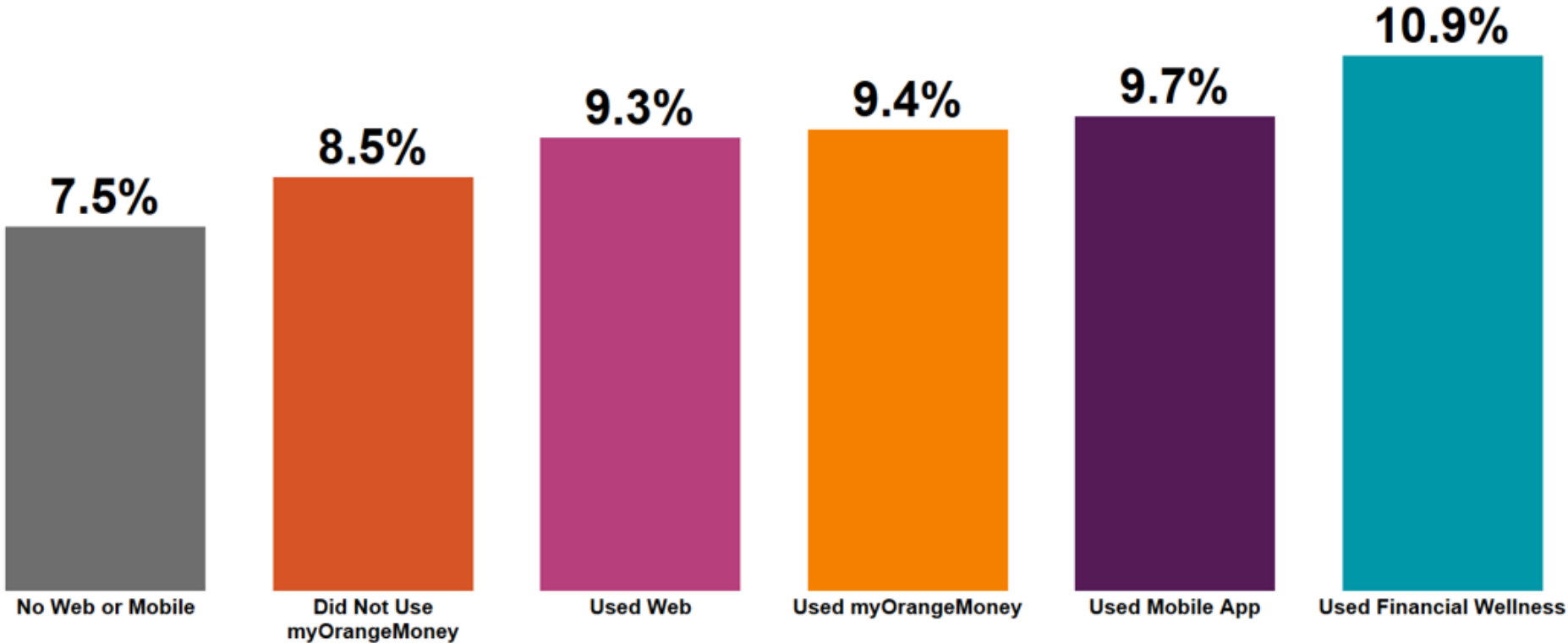


Digital Engagement Report

2021

Engagement Outcomes - Savings Rate

Savings Rate (%)



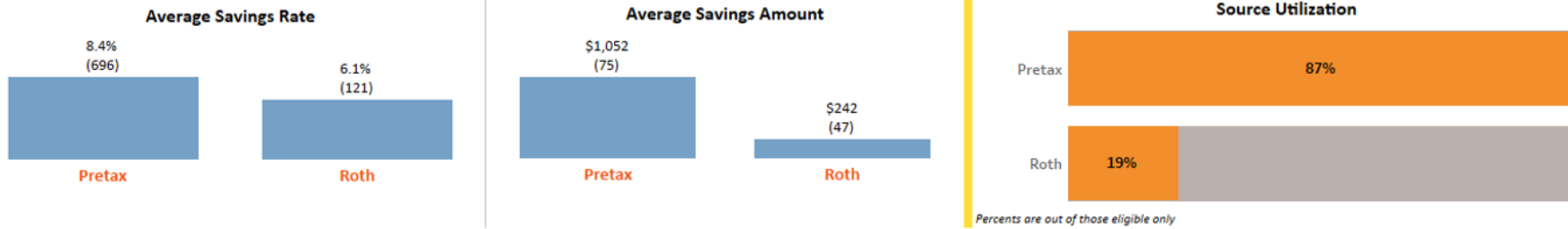
Digital Engagement Report

Enrollment

2021

Web Enrollments	Average Savings %	Average Savings \$	Rate Escalate
886	8.5% (774)	\$836 (108)	36.3% (322)

Savings Election by Source



Trending

Web Enrollments



Savings Rate



Rate Escalate



Rate Escalate is the feature that allows participants to automatically schedule increases to their contribution amounts (monthly, quarterly, or annually).
 % = Rate Escalate Total / Web Enrollments Total.



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Employee Engagement

PLAN | INVEST | PROTECT





Vincent Alvarez, Leslie Yoshioka,
La Tanya Harris,
Carol Say, Steve Harman

2021 4Q Representative Activity

	4Q 2020	1Q 2021	2Q 2021	3Q 2021	4Q 2021
Virtual Meetings	23	25	31	28	31
Meeting Attendees	1,459	1,194	987	663	1,043
Call Totals	3,384	3,544	2,989	2,617	3,271
Emails	1,539	2,166	2,788	1,708	2,215
Total Participation	6,382	6,904	6,764	4,988	6,529
Enrollments	47	39	45	32	38



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Thank You

