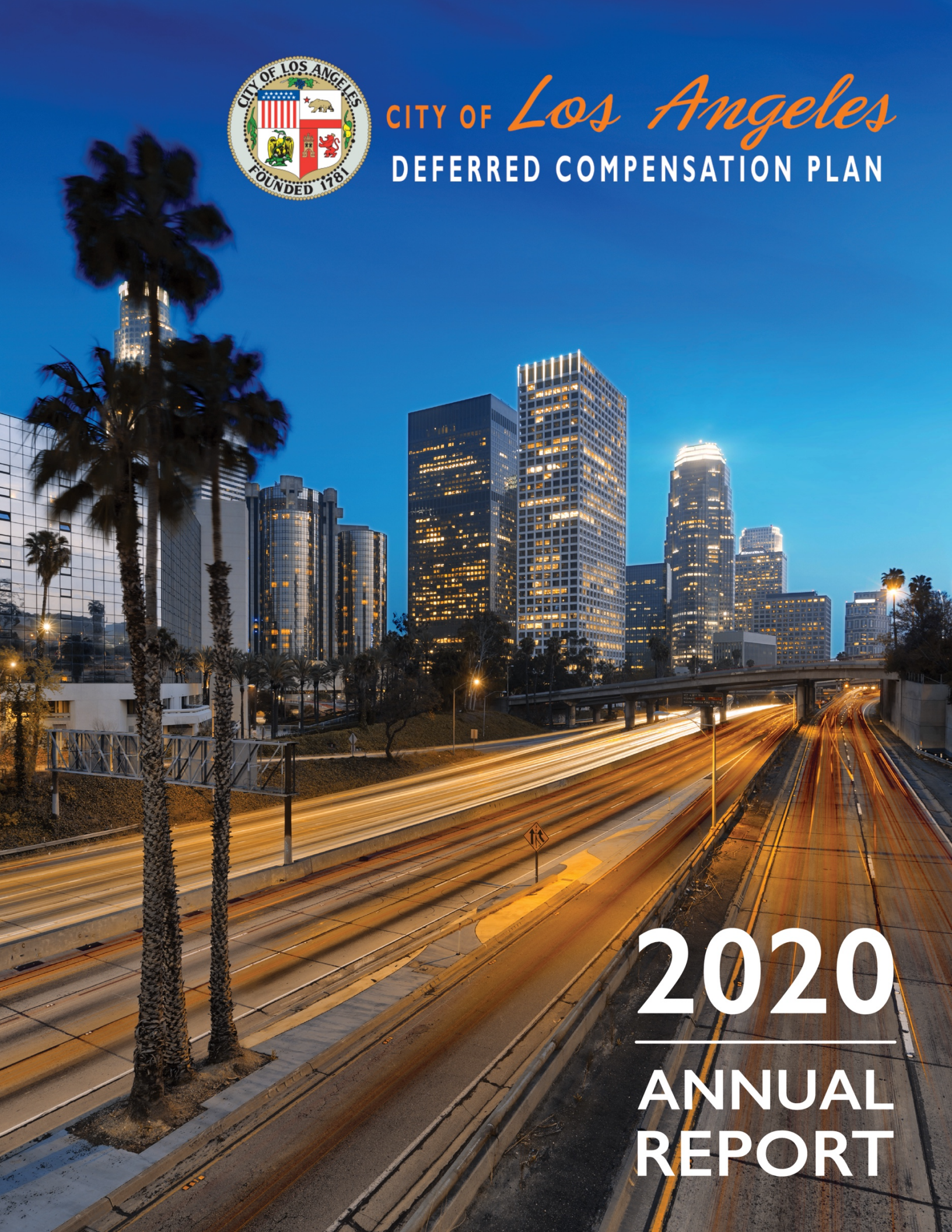




CITY OF *Los Angeles*  
DEFERRED COMPENSATION PLAN



**2020**  

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**ANNUAL  
REPORT**

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# CITY OF *Los Angeles*

## DEFERRED COMPENSATION PLAN (DCP)

June 1, 2021

The Honorable Eric Garcetti, Mayor  
Honorable Council of the City of Los Angeles  
Deferred Compensation Plan Participants

On behalf of the Board of Deferred Compensation Administration (Board), I am pleased to present the 2020 Annual Report for the City of Los Angeles Deferred Compensation Plan (DCP). There is no doubt that 2020 was a year unlike any other in modern history. The COVID-19 pandemic had a profound impact on the nation, the economy, and the financial markets. This impact continues to be felt a year after the pandemic started.

As the nation confronted the human and financial fallout of the pandemic, the City's DCP provided a vital resource to support the interests of our participants. Using both traditional avenues as well as new provisions permitted by emergency federal legislation, participants turned to their DCP savings for resources to weather the economic storm.

While the initial impact of the pandemic on the financial markets resulted in a 13% decline in DCP assets in the first quarter of 2020, the subsequent recovery more than restored those losses. DCP assets totaled **\$8.0 billion** at 2020 year-end versus \$7.1 billion to end 2019. Participation also grew – as of December 31, 2020, the DCP included **50,377** active and retired City employees, an increase of over **2%** from 2019. The City's DCP remains one of the largest municipal defined contribution plans in the country.

Despite the challenges of the pandemic, the Board and DCP staff successfully completed multiple key initiatives in 2020:

### Plan Design and Investments

- Initiated a broad search for virtually all of the DCP's investment mandates by issuing Requests for Proposals for Stable Value Fund and DCP Core Menu investment management services.
- Completed a comprehensive review of the DCP's Plan Document to incorporate updates from recent federal legislation.



# CITY OF *Los Angeles*

## DEFERRED COMPENSATION PLAN (DCP)

### Participant Engagement and Member Outcomes

- Implemented a new “Money Matters” virtual educational resource to provide important information to participants (including those leaving service due to retirement incentive programs) and further drive success in key participant outcomes metrics of participation, contributions, distributions, and asset retention.
- Conducted the 2020 National Retirement Security Month (NRSM) Campaign themed “LA’s the Place!”, the most successful campaign to date for the DCP with over 5,500 individuals participating in our interactive online quiz; in 2020 we were also recognized by the National Association of Government Defined Contribution Administrators (NAGDCA) with the prestigious Art N. Caple President’s Award for our 2019 NRSM campaign.

### Governance

- Worked with the Personnel Department to create a new classification of Defined Contribution Plan Manager to provide expert and dedicated management of the DCP.
- Executed a Memorandum of Understanding with the Personnel Department improving the governance of the DCP as it relates to the most efficient use of staff and financial resources.

Although we begin 2021 with the COVID-19 pandemic continuing to impact our participants, declining case counts, and the availability of more vaccines brings hope for brighter days ahead. The Board remains vigilant in this ever-changing environment and will continue its efforts to support DCP participants.

Respectfully submitted,

Thomas Moutes, Chairperson  
Board of Deferred Compensation Administration

# Board of Deferred Compensation Administration and Staff

## Board of Deferred Compensation Administration

**Thomas Moutes**  
*Chairperson*  
Retired Participant  
Representative

**Raymond Ciranna**  
*Vice-Chairperson*  
General Manager  
Los Angeles Fire and  
Police Pensions

**Robert Schoonover**  
*First Provisional Chair*  
Organized Labor  
Representative

**Neil Gugilemo**  
*Second Provisional Chair*  
General Manager  
Los Angeles City Employees'  
Retirement System

**Joshua Geller**  
*Third Provisional Chair*  
Los Angeles City Employees'  
Retirement System  
Participant Representative

**Linda P. Le**  
Retirement Plan Manager  
Water & Power Employees'  
Retirement Plan

**Wendy G. Macy**  
General Manager  
Personnel Department

**Baldemar J. Sandoval**  
Los Angeles Fire and  
Police Pensions  
Participant Representative

**Vacant**  
Water & Power Employees'  
Retirement Plan  
Participant Representative

## Deferred Compensation Plan Staff

**Steven Montagna**  
Executive Director

**Jenny Yau**  
Program Manager

**Mindy Lam**  
Budget & Operations

**Eric Lan**  
Administration &  
Communications

**Claudia Guevara**  
Participant Services

## City Attorney Staff

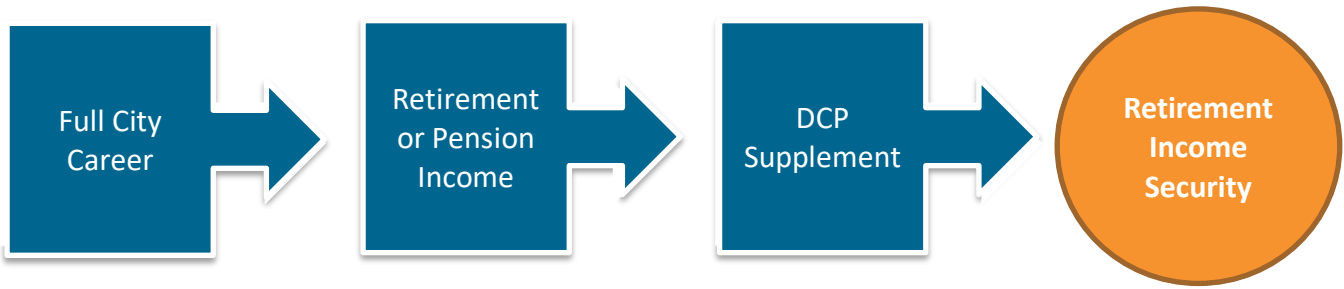
**Curtis Kidder**  
Assistant City Attorney

**Charles Hong**  
Deputy City Attorney

**Vicky Williams**  
Legal Assistant

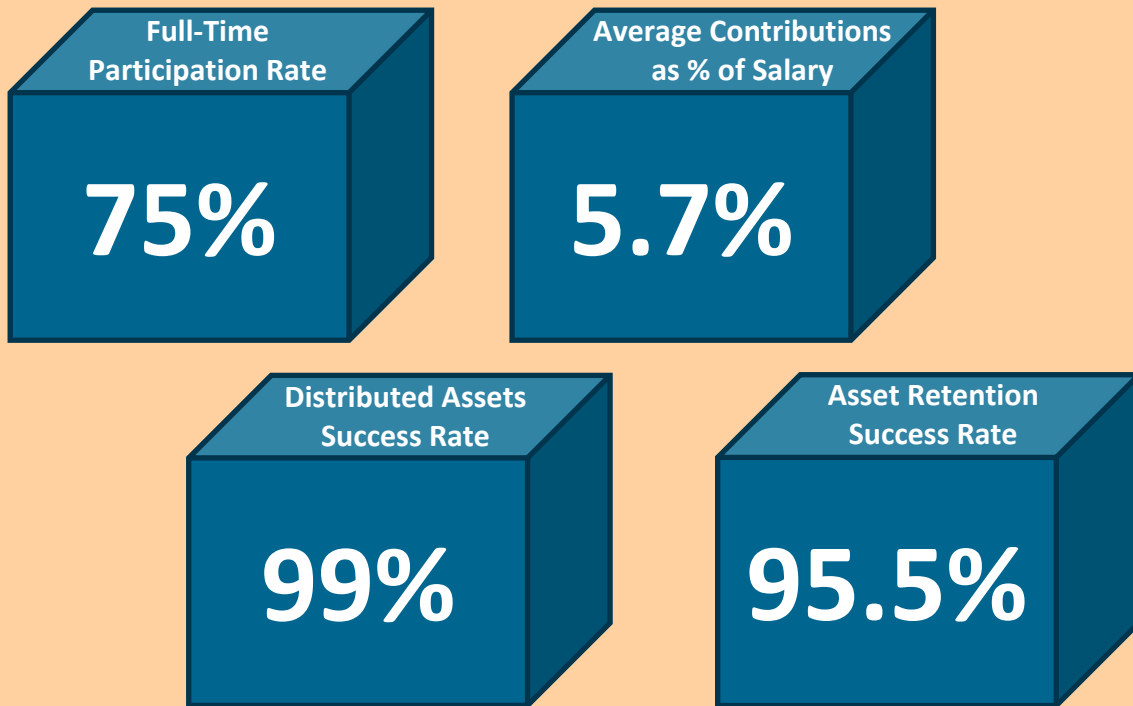
# Our Mission

The mission of the DCP is to support our active and retired participants in achieving and maintaining retirement income security. Retirement income adequacy and financial security are a national focus of attention. For the City's DCP, our focus is both practical and specific. We've defined retirement income security as full replacement of "lifestyle income" upon retirement. Lifestyle income is an employee's nominal salary upon retirement less primary reductions for retirement saving – in simple terms, maintaining one's standard of living. The DCP aims to help participants supplement their retirement or pension income to achieve and maintain retirement income security.



## Key Indicators of Success

Participant outcomes are the most fundamental indicators of program success. We focus on four key metrics related to achieving and maintaining retirement income security: **participation, contributions, distributions, and asset retention.**

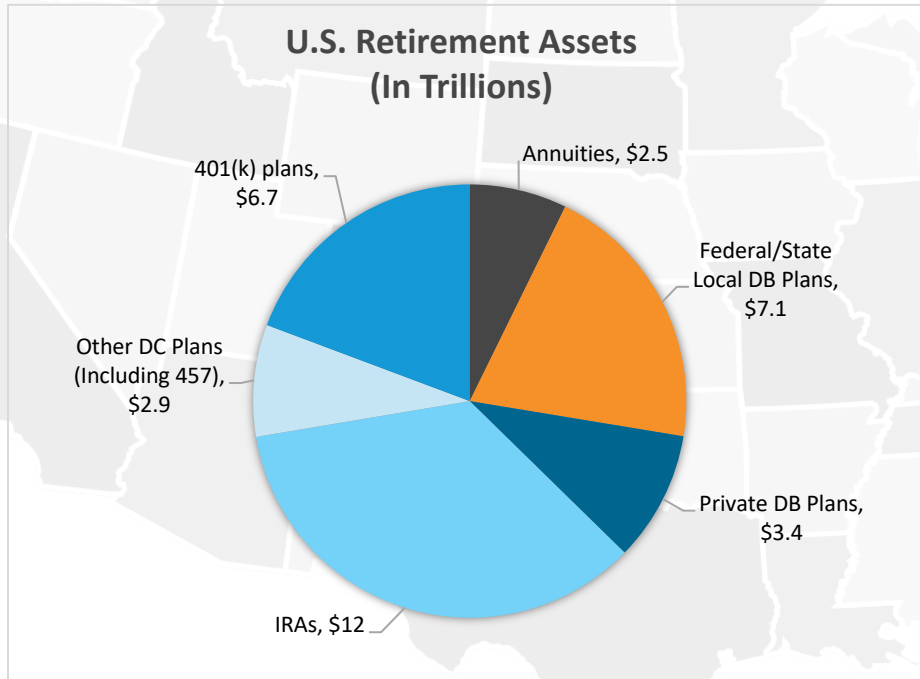


The balance of this report will focus on these key metrics as well as other data related to accumulation in total DCP assets, investment performance, and other key indicators.

# US Retirement Landscape

## Retirement Assets in the United States

U.S. retirement assets are distributed across a broad range of individual, corporate, governmental, defined benefit (DB), and defined contribution (DC) accounts. Governmental defined contribution plans represent **\$2.9 trillion** of a total **\$34.9 trillion** in US retirement assets nationally.



Source: Investment Company Institute, "Quarterly Retirement Market Data, Fourth Quarter 2020"

## DCP Administration

The Los Angeles City Council established the Board of Deferred Compensation Administration to provide administrative oversight of the DCP. In support of its fiduciary obligations, the Board administers the DCP, contracts with service providers, and operates the DCP in compliance with applicable federal and state law. Dedicated Personnel Department staff are responsible for day-to-day management and administration of the DCP.

## Legal Authority for the DCP

The DCP is a tax-advantaged supplemental retirement savings program established in 1983 under Internal Revenue Code (IRC) Section 457 and City of Los Angeles Administrative Code Division 4, Chapter 14. Section 457 plans were created by the United States Congress specifically for state and local government entities. All DCP assets are held in trust for the exclusive benefit of participants and their beneficiaries.

# City of Los Angeles Retirement Assets

## City of Los Angeles Retirement Assets

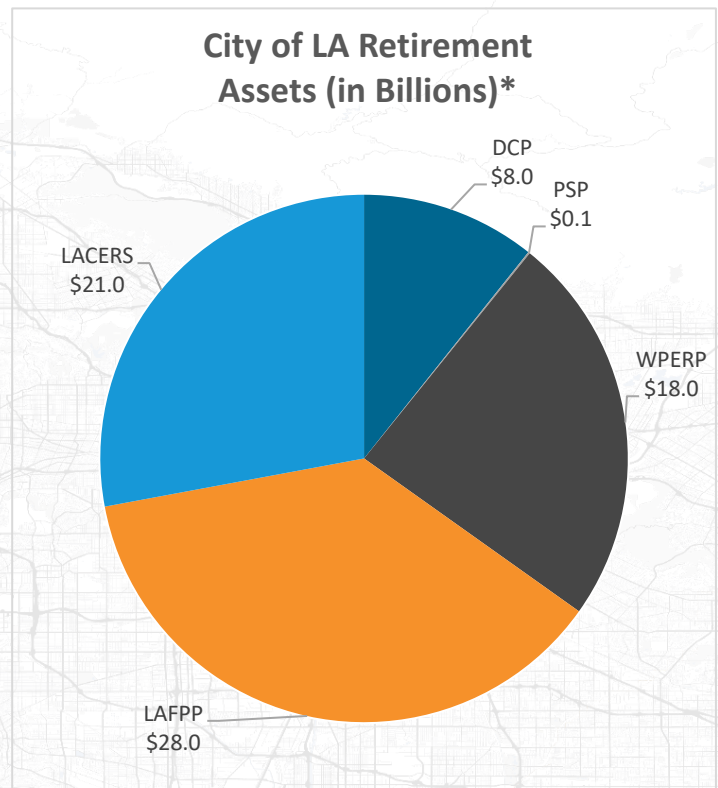
In addition to the DCP, the City provides three defined benefit retirement plans and one defined contribution plan to support the retirement security of its workforce. With **\$8 billion** in assets, the DCP represents about **10.7%** of total City retirement assets. Other City retirement plans include:

### Defined Benefit Plans

- Los Angeles City Employees' Retirement System (LACERS) for civilian employees
- Los Angeles Fire and Police Pensions (LAFPP) for sworn Police and Fire employees
- Water and Power Employees' Retirement Plan (WPERP) for Department of Water and Power employees

### Defined Contribution Plan

- Pension Savings Plan (PSP) for part-time, temporary, and seasonal workers



\* Unaudited total assets under management as of 12/31/2020.



# City of Los Angeles Pandemic Support

## **Pandemic Support – A Critical Financial Lifeline for DCP Participants**

Defined contribution plans serve two important purposes. First and foremost, they are retirement security vehicles. But federal law also allows them to be used for emergency needs and other financial support. In 2020, participants relied on their accounts in the following ways:



### **Financial Assistance**

The Board acted expeditiously to adopt defined contribution plan legislative relief provisions under the Federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which was signed into law on March 27, 2020. The CARES Act allowed participants greater access to their defined contribution retirement plan funds, including:

- Coronavirus-Related Distributions (CRDs) of up to \$100,000 for Qualified Individuals
- Coronavirus-Related Loans of up to \$100,000 and extended repayment terms for Qualified Individuals
- Temporary Waiver of 2020 Required Minimum Distributions (RMDs)

These provisions provided participants with needed resources to support themselves, family members, and family businesses. The Board adopted these provisions on April 27, 2020. Utilization data of CARES Act provisions is provided later in this report.

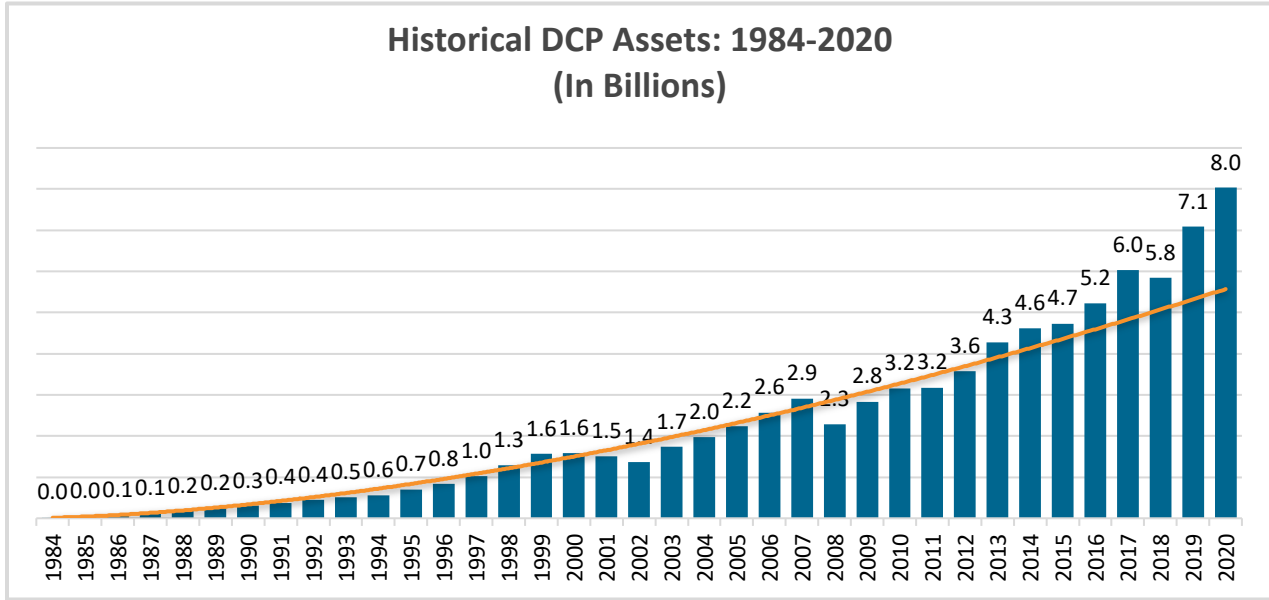
### **Local Retirement Counseling Support**

Local counseling resources were immediately adapted to provide support services virtually so ongoing participant transaction and counseling needs were not adversely impacted. In addition, educational and informational resources were also redesigned into virtual formats, which proved to be particularly valuable for the large numbers of employees who later in the year left City service pursuant to Separation Incentive Programs established for the Los Angeles World Airports (LAWA) and broader civilian workforce. Finally, and most importantly, local counselors and staff provided personal, compassionate support to the beneficiaries of employees who tragically lost their lives to COVID, helping them establish accounts and access financial relief as needed.

# DCP Review: Plan Assets

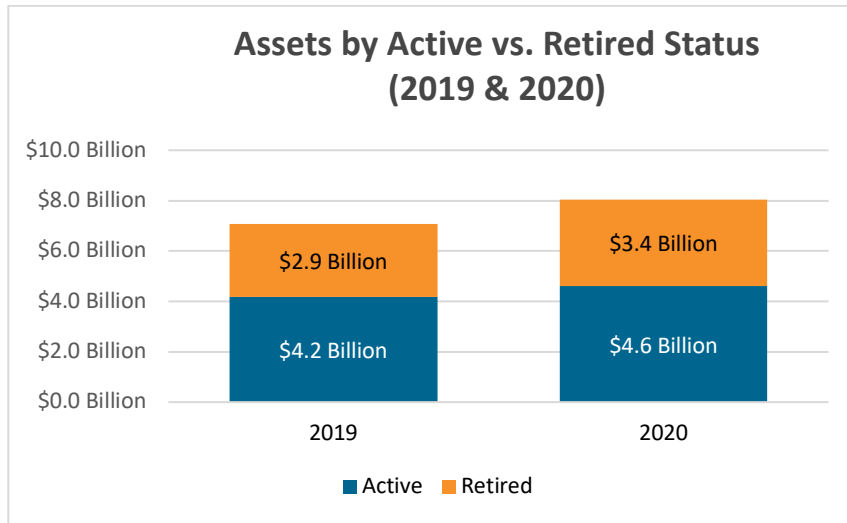
## Historical DCP Assets

Beginning with the DCP’s first contributions in 1984, assets have generally increased year over year, with declines resulting only from periodic major investment market downturns. Despite the initial impact of the pandemic on the financial markets which resulted in a 13% decline in DCP assets in the first quarter of 2020, the subsequent recovery resulted in ending 2020 DCP assets of approximately **\$8.0 billion** versus \$7.1 billion at the end of 2019.



## DCP Assets by Active vs. Retired Status

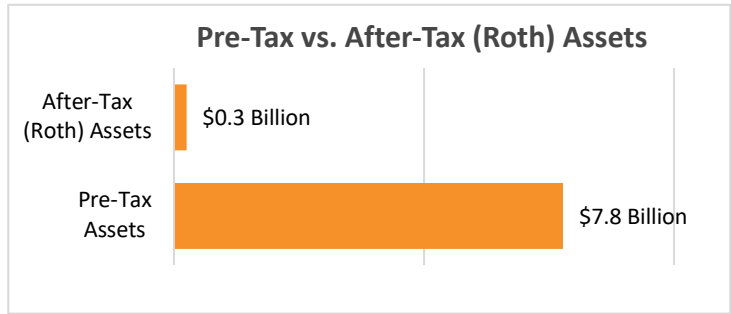
The DCP includes active employee participant and retired (or otherwise separated from service) participant accounts. The following chart breaks down total assets by these two populations for 2019 and 2020.



# DCP Review: Plan Assets

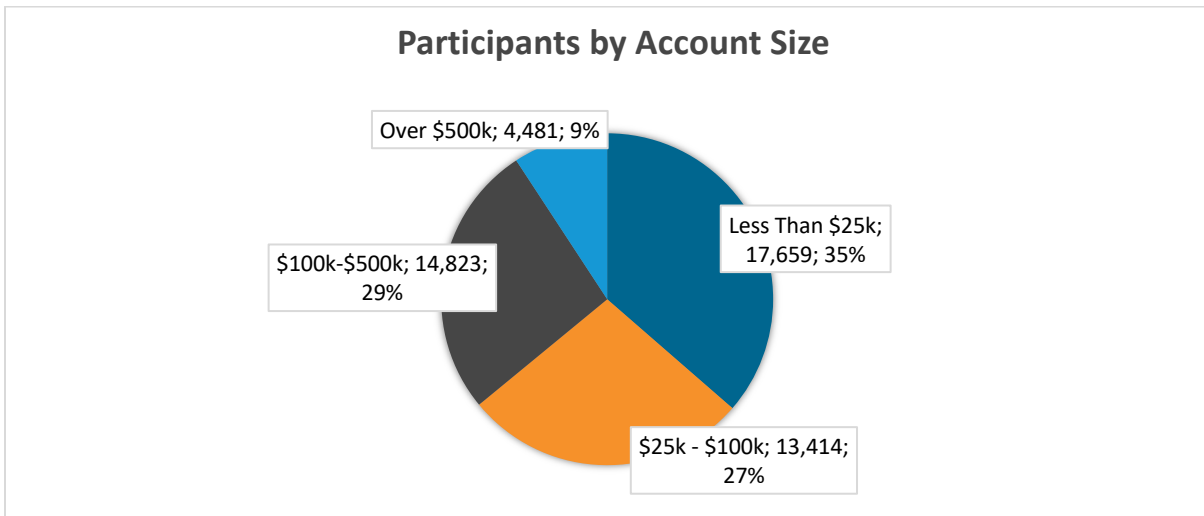
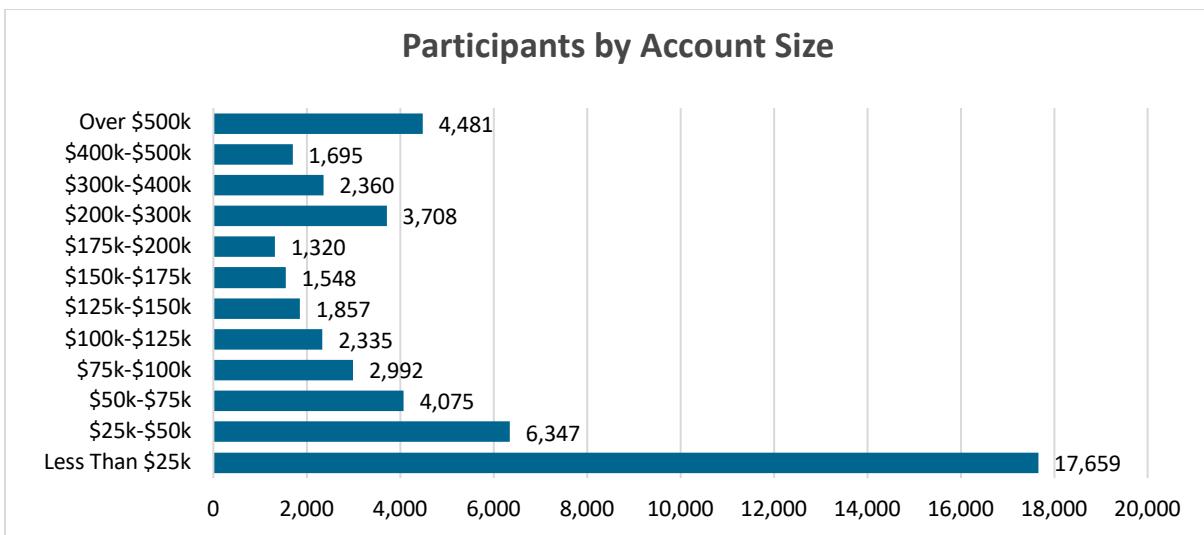
## DCP Assets by Tax Status

Participants can contribute both pre-tax and after-tax (Roth) dollars to their accounts. Roth contributions were introduced to the DCP in July 2011. As of the end of 2020, **97%** of total DCP assets were held as pre-tax dollars and **3%** as after-tax (Roth) dollars.



## DCP Assets by Account Size

The average participant account balance increased to **\$159,493**, an **11%** increase from 2019. The following table and chart break down DCP assets by bands of account size.



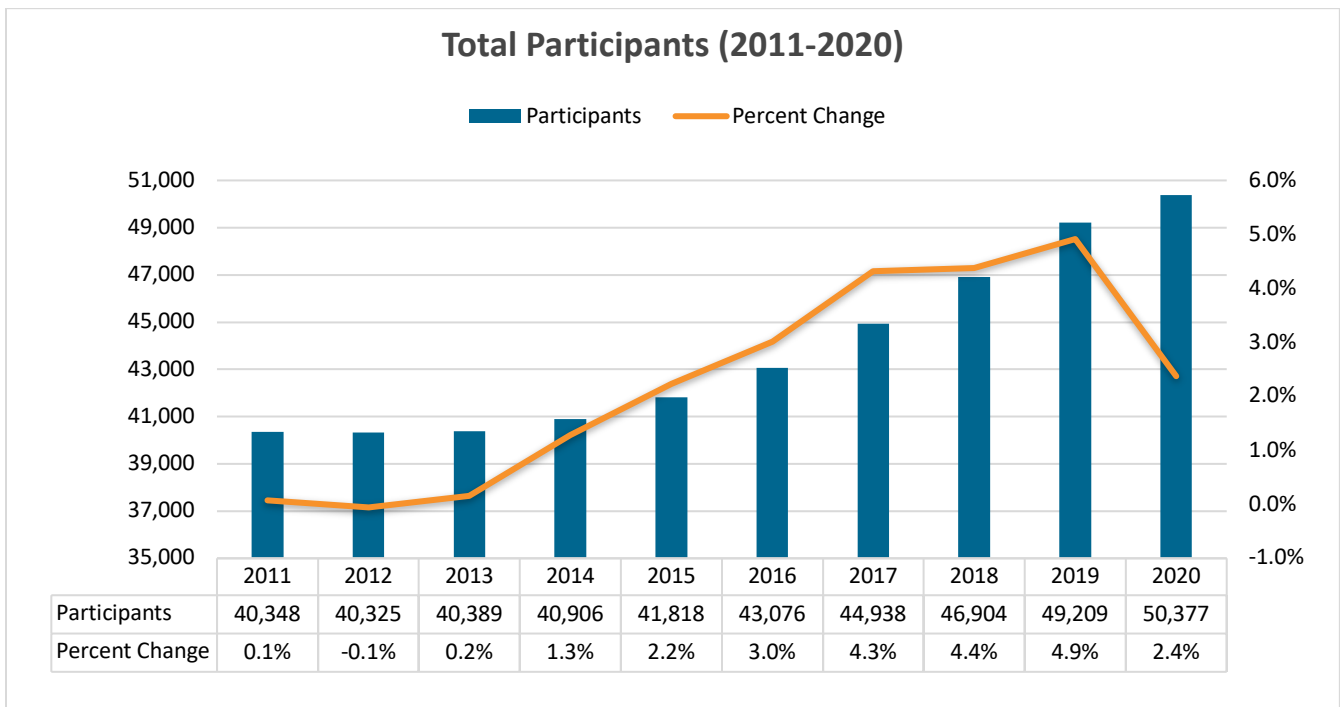
# DCP Review: Participation

## Participation Rate

The DCP participation rate for full-time employees increased to **75%** in 2020 from 74% in 2019. This increase is likely primarily attributable to the DCP’s ongoing successful enrollment efforts of current employees combined with the hiring freeze, which ended the influx of new employees who tend to enroll at lower rates but increase the base number of eligible employees.

## Total Participants

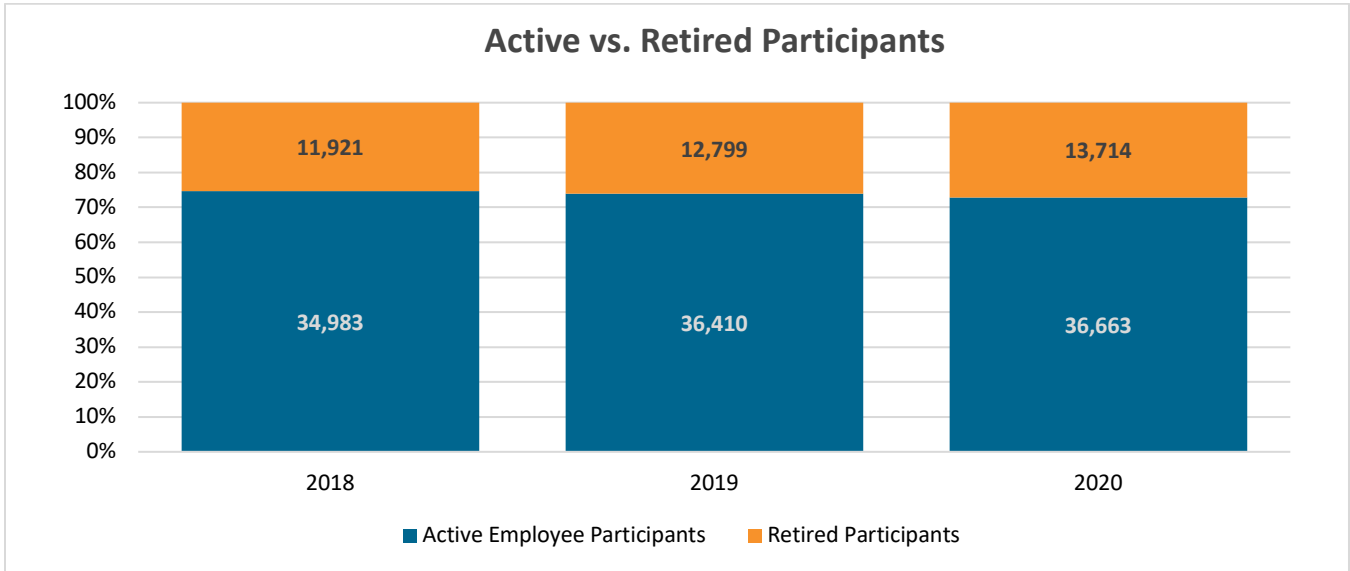
Total participation continued a strong growth trend, increasing by **1,168** participants in 2020 or **2.4%** despite the impact of the COVID-19 pandemic on Citywide hiring and targeted in-person outreach typically performed by local retirement counselors. The following ten-year chart provides participation totals and percent changes with 2020 having a lower percentage change in enrollment than the prior year.



# DCP Review: Participation

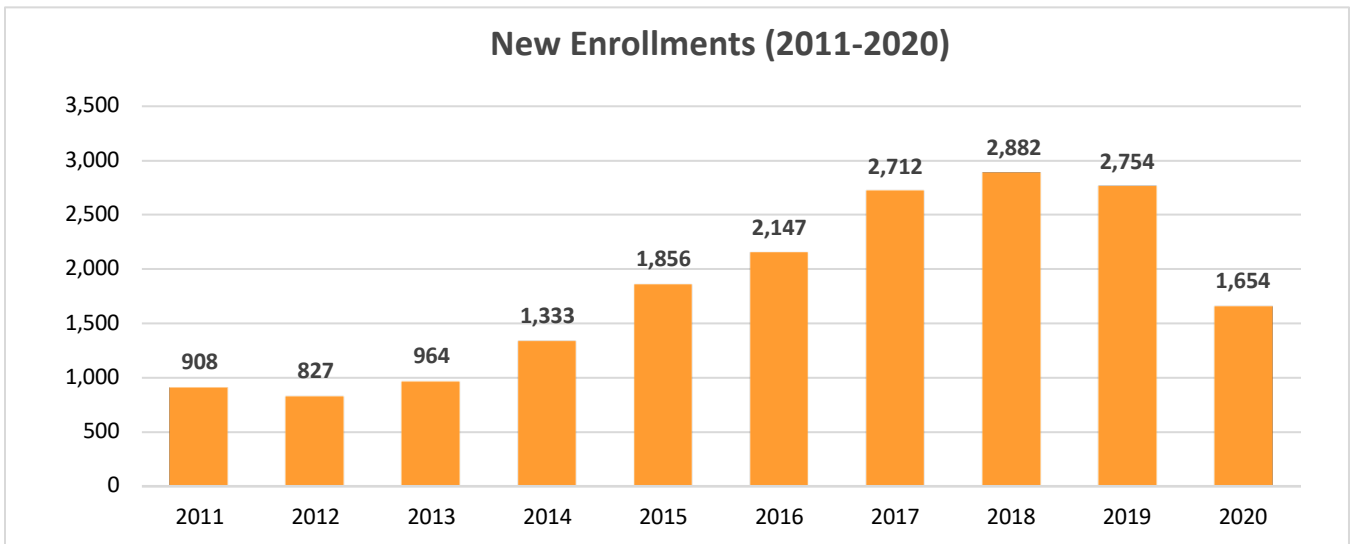
## Active vs. Retired Participants

The DCP includes both active employee participants (73%) and those separated from City service (27%). The following chart indicates participants by status since 2018. Due to the impact of employees retiring through the City's Separation Incentive Programs in 2020, the percentage of total participants that are retired increased.



## New Enrollments

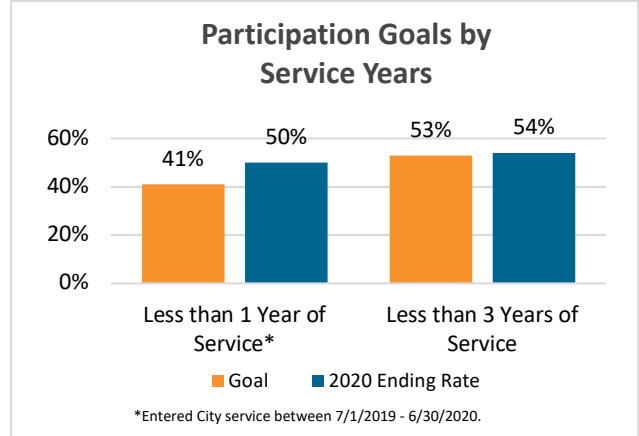
In 2020, the DCP enrolled **1,654** new participants. The fiscal and financial challenges caused by the COVID-19 pandemic resulted in a Citywide hiring freeze that decreased hiring dramatically and limited opportunities for new DCP enrollments at the time of hire.



# DCP Review: Participation

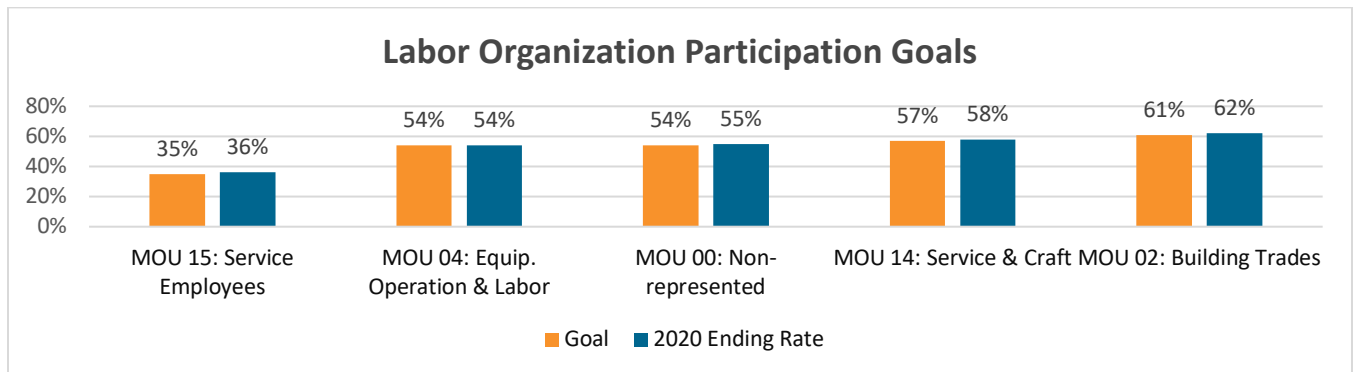
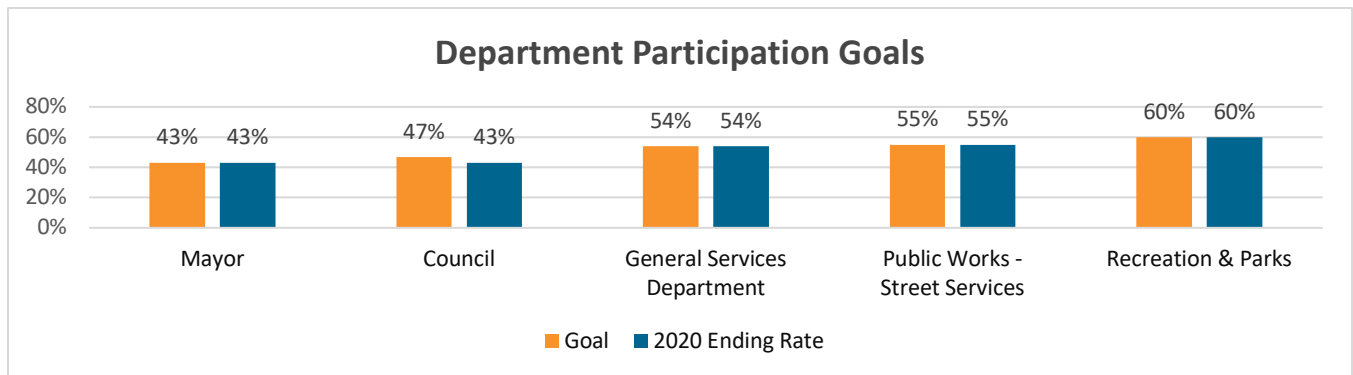
## Targeted Participation Goals

The Board establishes certain goals on a Fiscal Year (FY) basis, refining enrollment goals by targeting populations with lower participation rates. A key area of focus has been employees with less than one year of City service. For FY 2020-21, the goal is to increase the participation rate of employees with less than one year of service by 1%, from 40% to 41%. Additionally, the Board broadened this demographic to include employees with less than three years of City service, and to increase the participation rate of this demographic by 1%, from 52% to 53%.



As of December 31, 2020, the participation rate for employees with less than **one year** of City service was **50%** and the participation rate for employees with less than **three years** of City service was **54%**.

Additionally, the Board established participation goals for the five City departments (greater than 50 full-time employees) with the lowest participation rate and the five labor organizations (greater than 50 full-time employees), including non-represented employees with the lowest participation rate. Progress towards these participation goals as of December 31, 2020 is indicated in the following charts.

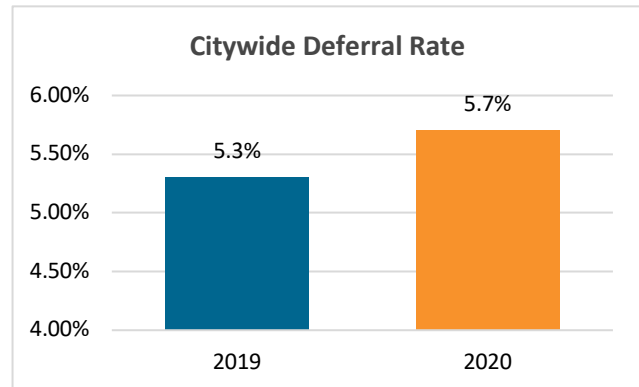


# DCP Review: Contributions

## Average Contribution as a Percent of Pay

Average total contributions as a percent of pay are an important indication of employee success in achieving retirement readiness. An employee with an average contribution of approximately 6% of salary over the course of a 30-year career, in combination with retirement and pension benefits, should be able to fully reproduce lifestyle income (as defined on page four) upon retirement.

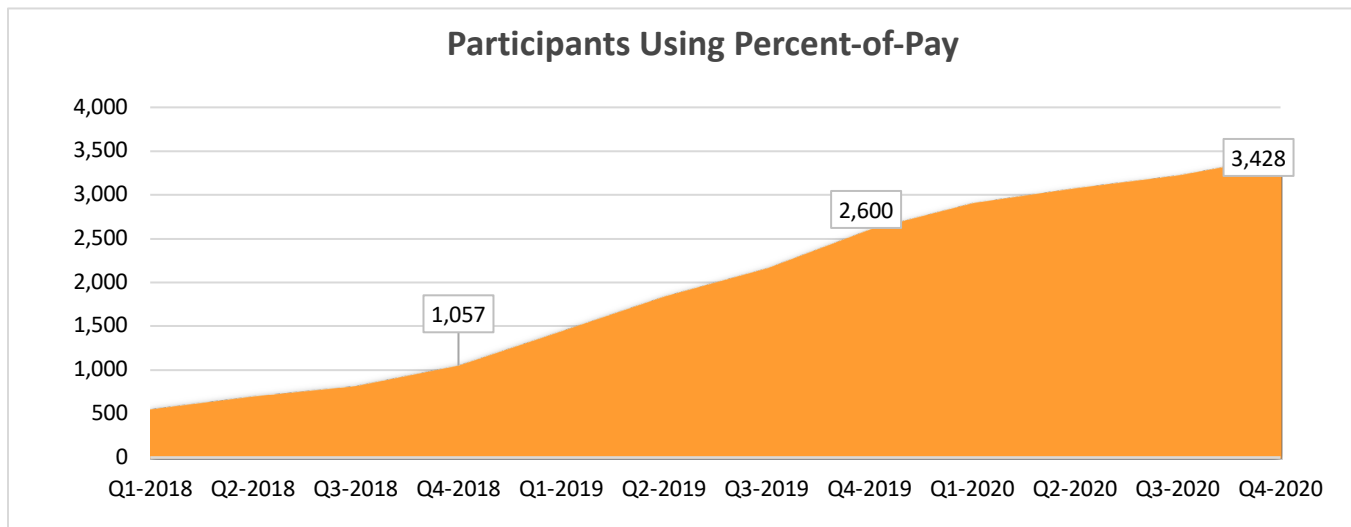
In the aggregate, City employees were contributing **5.7%** of salary to the DCP as of the end of 2020 compared to 5.3% of salary in 2019. This calculation measures aggregate contributions relative to total salaries of both participating and non-participating employees. A rising contribution rate therefore reflects success in both adding new participants as well as promoting higher contributions from existing participants.



## Percent-of-Pay

A powerful tool for empowering employees to contribute at levels sufficient to meet their unique lifestyle income replacement targets is the **percent-of-pay contribution option**. With percent-of-pay, participants will tend to save more over time because contributions automatically increase with salary increases. Participants can also more easily understand their contributions as they relate to future income replacement.

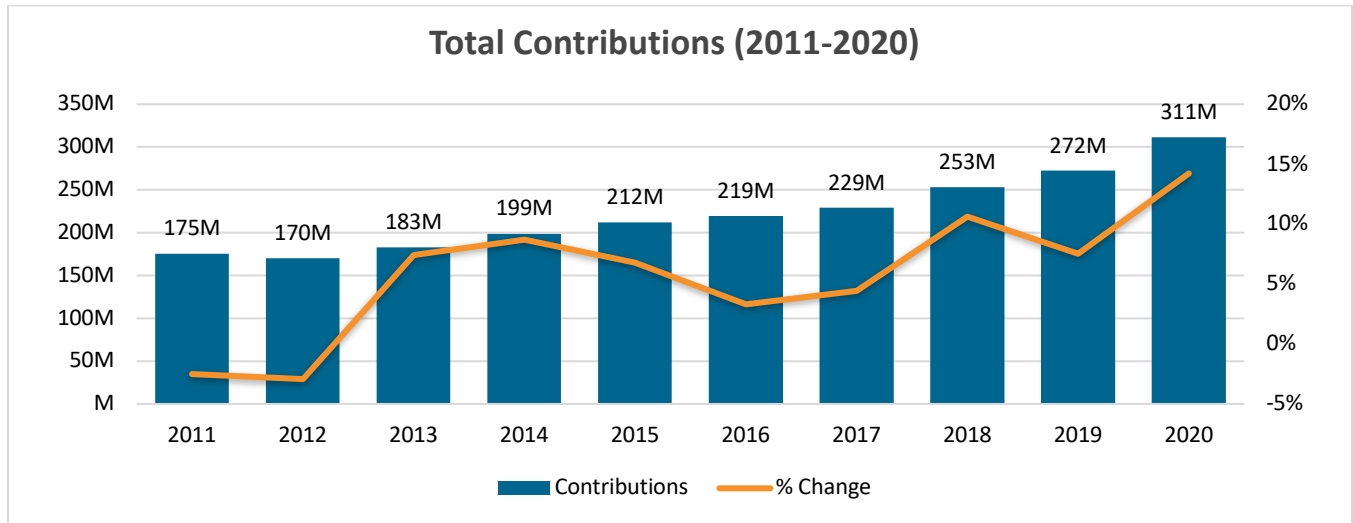
DCP staff and Voya have aggressively promoted percent-of-pay since it was introduced in 2018. As of the end of 2020, **3,428** participants were utilizing this feature, representing **10%** of all contributing participants (compared to 2,600 individuals representing 8% of contributing participants in 2019). In addition, **55% of new enrollees** in 2020 chose to contribute as a percent-of-pay, compared to 51% in 2019. These improving results demonstrate the success of DCP promotional efforts.



# DCP Review: Contributions

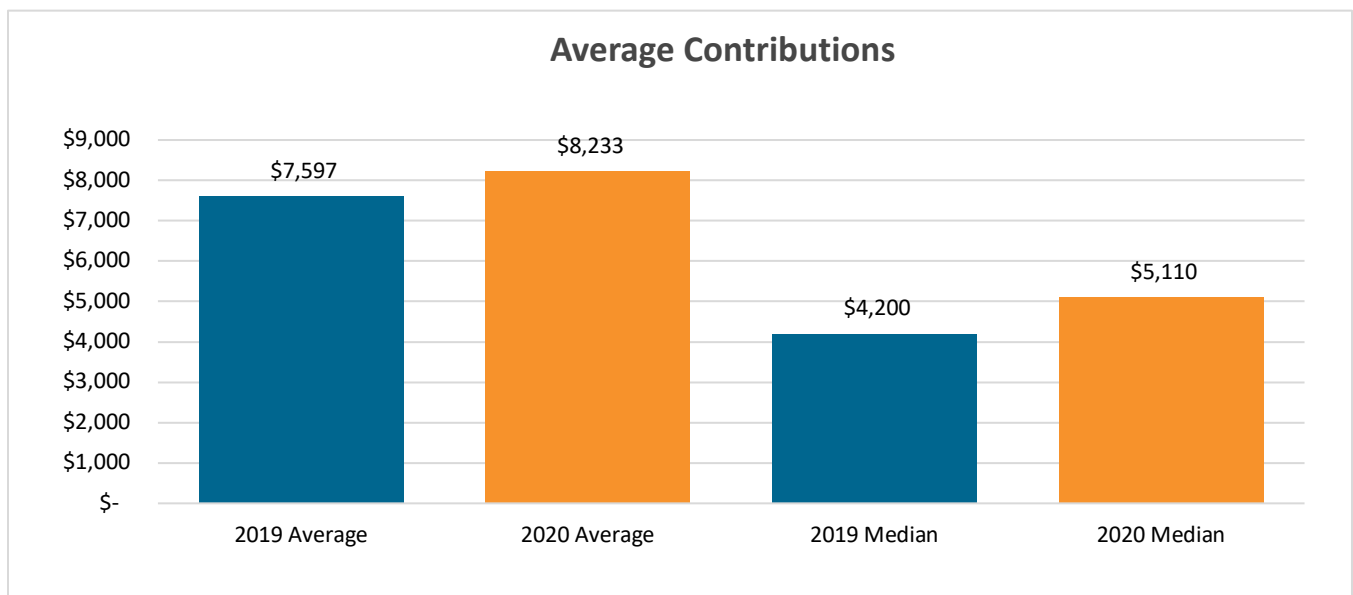
## Total Contributions

Aggregate participant contributions are also a key barometer of success for active employees in improving their retirement readiness. In 2020, City employees contributed a total of **\$311,248,437** to the DCP, a **14%** increase from 2019, and the highest total contribution amount ever recorded for the DCP.



## Average Contribution Amount

Measured in dollars, average contributions among contributing employees increased to **\$8,233** or 8% in 2020 compared to \$7,597 in 2019. Median contributions increased to **\$5,110** in 2020 from \$4,200 in 2019.





# DCP Review: Contributions

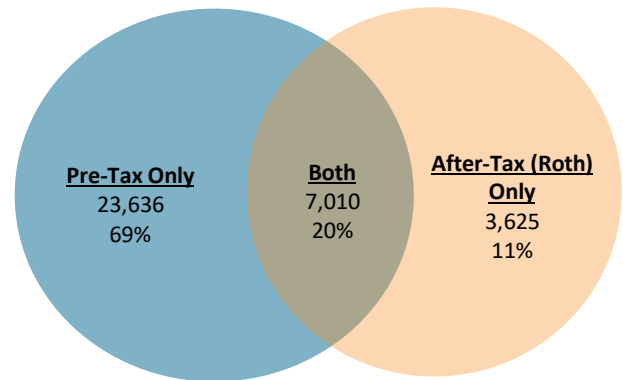
## Types of Contributions

Participants can contribute in two tax-advantaged ways:

- ✓ **Pre-tax:** Taxes are deferred when the contribution is made and assessed upon distribution
- ✓ **After-tax (Roth):** Taxes are paid when the contribution is made; no taxes are assessed on earnings

In 2020, employee pre-tax contributions totaled **\$236 million** and after-tax (Roth) contributions totaled **\$48 million**.

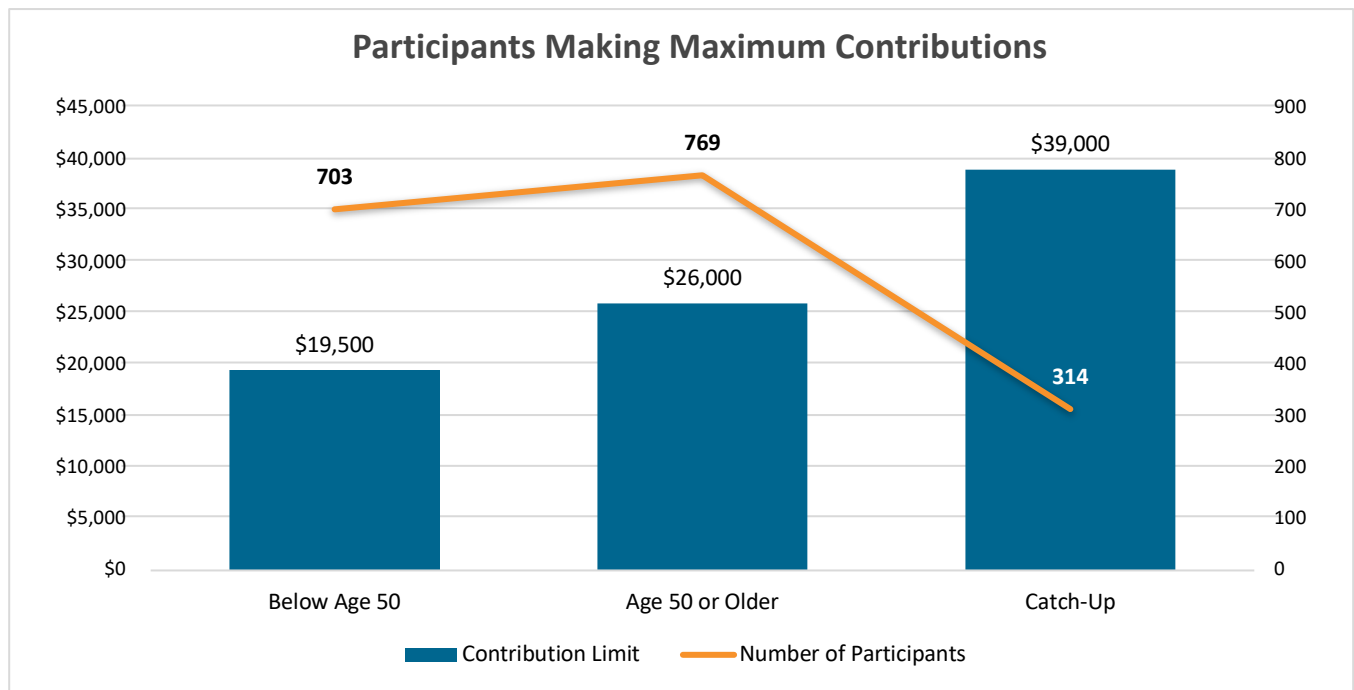
Participants Contributing Pre-Tax vs. After-Tax (Roth) Dollars



## Contribution Limits

Federal law provides for three contribution limits based on age and retirement eligibility status. The contribution limits in effect for 2020 are reflected in the following chart. Approximately **5%** of the City's active employee participants contributed up to their applicable maximum limit in 2020.

Participants Making Maximum Contributions



# DCP Review: Distributions

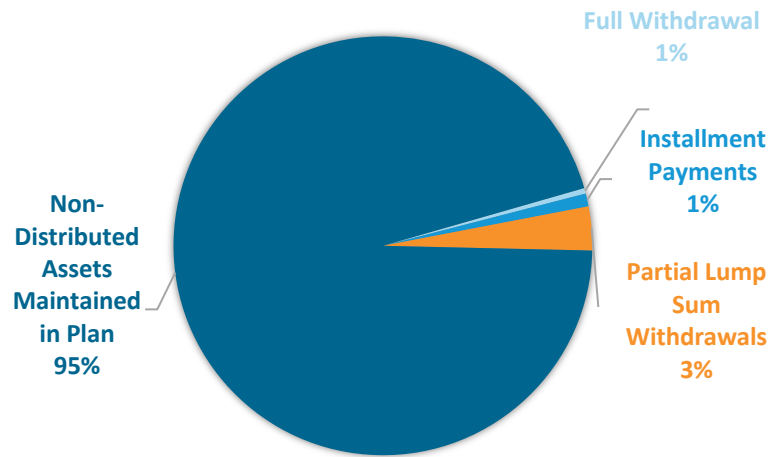
## Distribution Options

Upon separation from service, participants may:

- Leave their funds in the DCP
- Elect installment payments or periodic partial withdrawals
- Take full lump sum withdrawals
- Roll holdings to another eligible retirement savings plan

Installment or periodic partial withdrawals suggest participants are using their accounts to promote long-term retirement income security. Full lump sum withdrawals suggest the account is being removed as a future retirement asset. In 2020, only **1%** of assets eligible to be withdrawn were distributed as full lump sum withdrawals. The DCP's **distributed assets success rate**, measuring the percent of retired participants assets either maintained in the DCP or withdrawn as installment or partial payments, was therefore **99%**.

## Distributed vs. Non-Distributed Assets

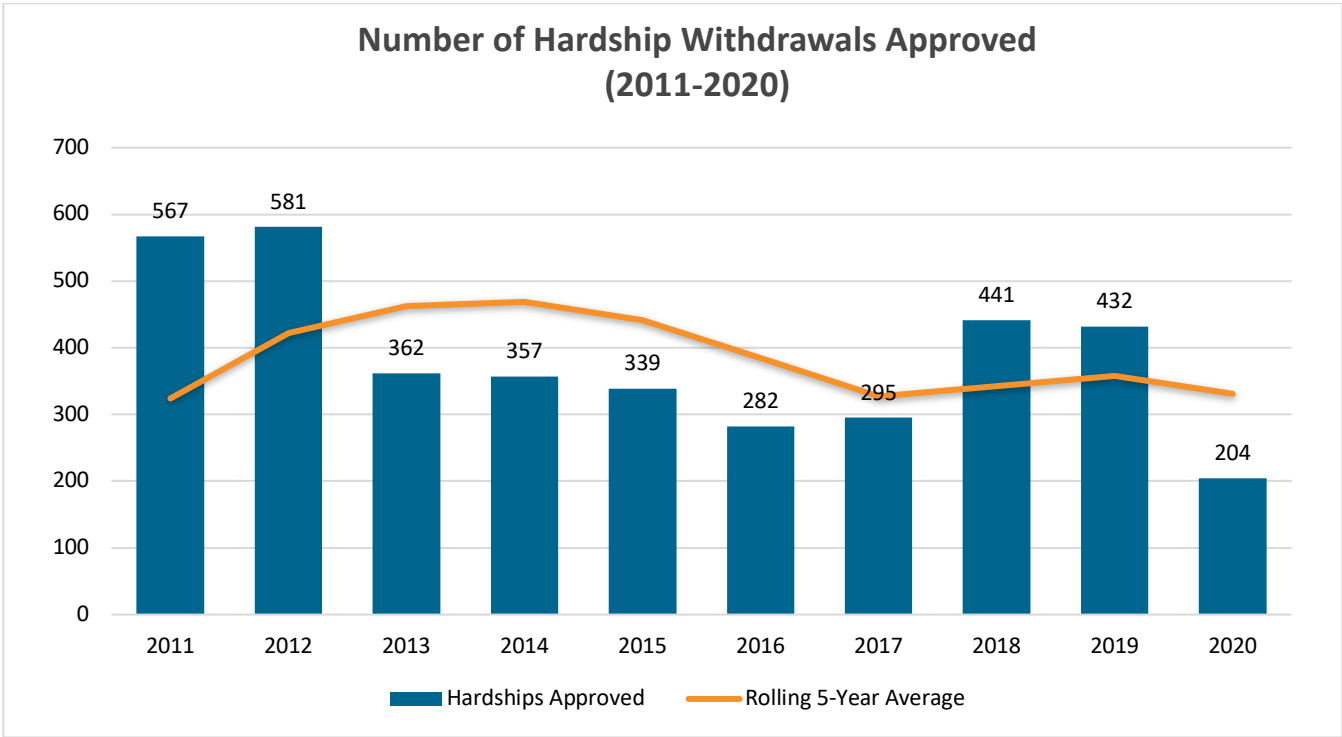


*A portion of installment payments are Required Minimum Distributions (RMDs). RMDs are mandatory for those who have reached a certain age threshold and are required to withdraw their funds in minimum amounts in accordance with their life expectancy. The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) increased the starting RMD age from 70½ to 72 for those who reach age 70½ in 2020 or later. Additionally, under the CARES Act, RMDs were temporarily suspended in 2020 and resumed in 2021.*

# DCP Review: Distributions

## Hardship Withdrawals

The DCP permits hardship withdrawals for participants experiencing unforeseen financial emergencies. Total requests for hardship withdrawals saw a **41% decrease** from 2019, and total approved requests were down **53%**. Presumably the decline is attributable to the availability of financial assistance in the form of pandemic-related CARES Act loans and distributions. Of the requests received, **72%** were for the purpose of avoiding mortgage foreclosure or eviction, and **25%** were for medical expenses or for illness or accident.

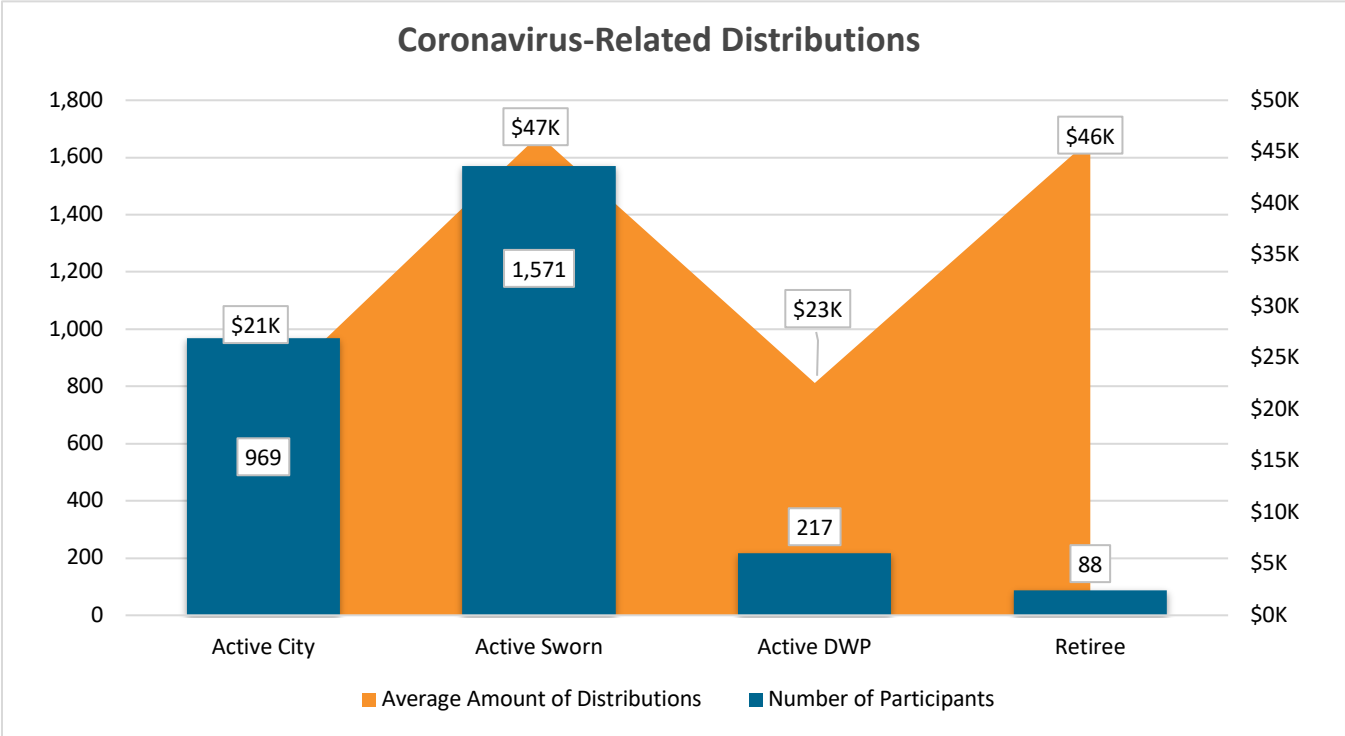


# DCP Review: Distributions

## CARES Act Distributions

Under the CARES Act provisions adopted by the Board in 2020, qualified participants could take a coronavirus-related distribution (CRD) of up to \$100,000 which was exempt from any applicable withholding tax and considered taxable income to the participant (taxable income could be reported over three years). A CRD is a unique distribution category under the CARES Act and is not considered a loan or hardship distribution.

In 2020, **2,845** participants took a CRD totaling **\$102.6 million** (average of \$36,072/participant). The number of participants who took out a CRD and average CRD amount by DCP participant type is provided in the following chart.



# DCP Review: Asset Retention (Rollovers)

## Asset Retention

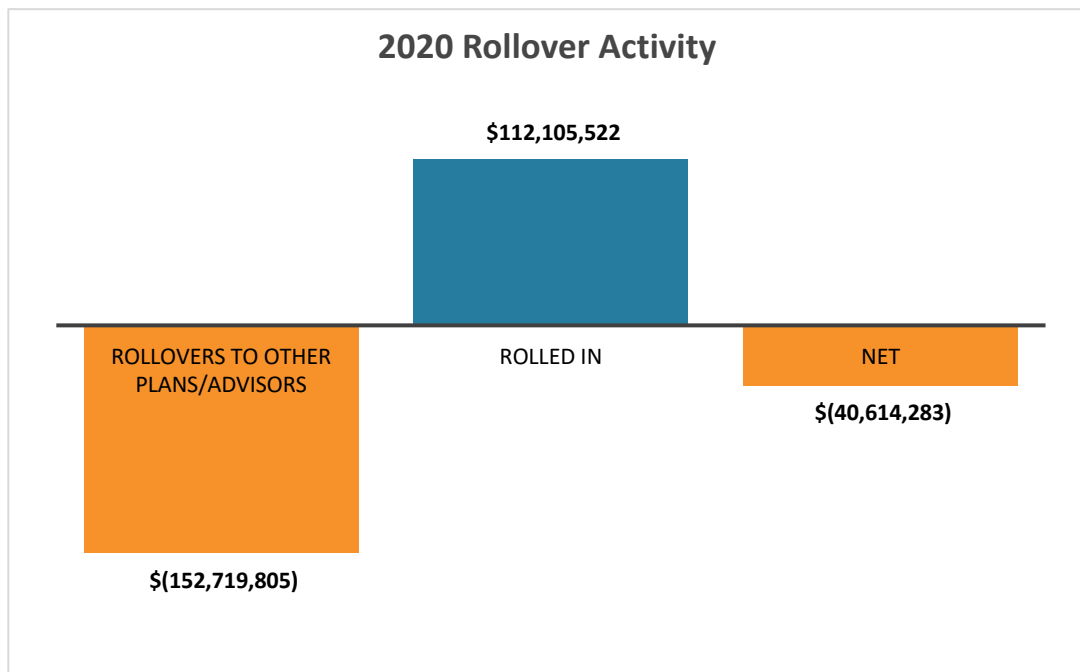
**Retirees** – A primary goal for the DCP is asset retention, meaning encouraging retired participants to maintain their accounts in the DCP after separation from service (rather than rolling the funds out to other investment managers or advisors). In 2020, approximately **\$153 million** rolled out to other plans or investment advisors, representing **4.5%** of only those assets eligible to be rolled out of the DCP (because the participant has retired or otherwise separated from service). This compares to \$130 million (also 4.5% of eligible assets) rolled out in 2019. The DCP’s **asset retention success rate**, measuring the percent of retired participants’ assets eligible to be rolled out but maintained in the DCP, is **95.5%**.

## Assets Rolled into the DCP

**Actives and Retirees** – Active and retired participants have the ability to transfer assets from external accounts from eligible 457(b), 401(a), 401(k), or 403(b) plans, or Individual Retirement Accounts (IRAs), into the DCP. In 2020, they rolled **\$112 million** into the DCP.

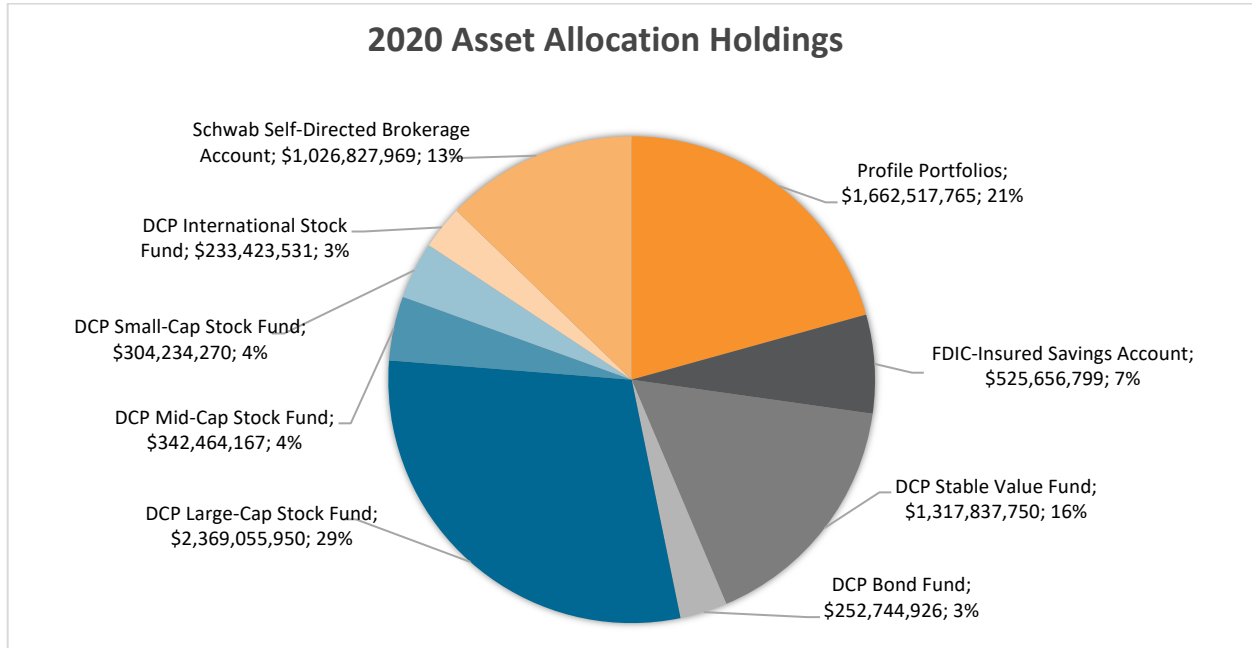
## Net of Roll-in/Roll-out Transfers

When roll-ins and roll-outs are combined, in 2020 the net difference was **-\$41 million**, or **0.5%** of total ending DCP assets in 2020.



# DCP Review: Investments

Participant investments are well diversified among the major asset class categories within the City’s investment menu as well as the City’s blended risk-based Profile Portfolios. DCP asset allocation holdings as of December 31, 2020 are reflected in the following chart:



Investment returns were strong in 2020 for equities and bonds, while interest-bearing investments fell as the Federal Reserve reduced borrowing rates and yields generally fell across other government and corporate bonds. After a volatile year for markets due to the impact of the COVID-19 pandemic, the net overall return for the DCP in 2020 was **12.33%** compared to 18.13% in 2019. Returns by option are indicated below:

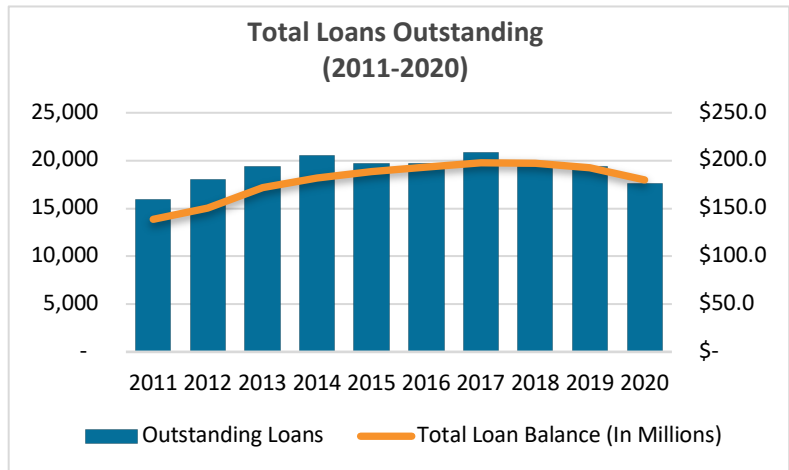
## 2020 Investment Option Rates of Return

Investment Option	1-Year	3-Year	5-Year
FDIC-Insured Savings Account	0.9%	1.8%	1.4%
DCP Stable Value Fund	2.4%	2.5%	2.3%
DCP Bond Fund	9.2%	5.8%	5.4%
Ultra-Conservative Profile	8.9%	5.8%	5.7%
Conservative Profile	12.3%	7.7%	7.9%
Moderate Profile	15%	9.5%	10.2%
Aggressive Profile	15.5%	9.9%	11.2%
Ultra-Aggressive Profile	15.6%	10.2%	12.1%
DCP Large-Cap Stock Fund	18.4%	14.2%	15.2%
DCP Mid-Cap Stock Fund	18.4%	12.5%	13.7%
DCP Small-Cap Stock Fund	17.9%	9.6%	12.5%
DCP International Stock Fund	10.7%	5.6%	9.1%

# DCP Review: Loans

## Loans

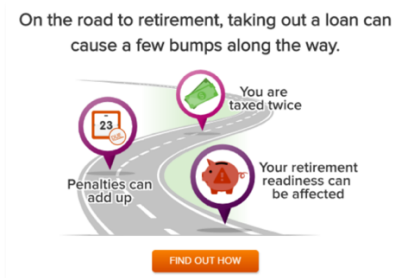
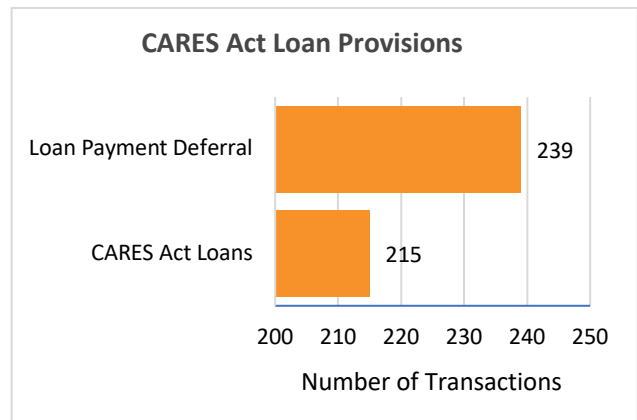
The DCP offers a Loan Program allowing participants to borrow funds from their individual accounts and repay those amounts with interest credited to their accounts. In general, two loan types are permitted: General Purpose (with a repayment term of up to 5 years) and Principal Residence (with a repayment term of up to 15 years). A participant may have up to two loans outstanding at any given time. Both active and retired participants may take loans.



Loans are widely utilized by participants. As of December 31, 2020, **12,486** participants had **17,546** loans outstanding, totaling **\$180,026,276** in borrowed assets. Of the **17,546** outstanding loans, **15,870** are general loans and **1,676** are residential. The chart above provides historical information regarding total DCP loans outstanding over the past ten years (Note: this chart does not include CARES Act loans, which are discussed separately below).

## CARES Act Loans

The CARES Act loan provision provided qualified participants with the ability to take out a loan in an amount not to exceed, in aggregate, the lesser of \$100,000 (formerly \$50,000) or 100% (formerly 50%) of the participant's vested account balance. Participants were still limited to two loans (including any CARES Act loan). In 2020, participants took a total of **215** CARES Act loans totaling **\$7.8 million**. The CARES Act loan provision adopted by the Board also provided for qualifying participants to delay loan payments by one year. A total of **239** participants requested CARES Act loan payment deferrals.



## Interactive Loan Guidance

Voya provides interactive loan guidance through the DCP website. In 2020, **2,235** participants accessed the loan guidance, compared to **1,641** participants who went directly to the loan request page. Participants who viewed loan guidance were **19%** less likely to take a loan than those who skipped guidance.

# DCP Review: Engagement Achievements

Engagement is the fundamental driver for improving retirement outcomes. When participants engage with the DCP, for whatever purpose, they have an opportunity to consider their retirement security. Notable engagement achievements in 2020 include the following:


## National Retirement Security Month

The 2020 National Retirement Security Month (NRSM) campaign, themed “LA’s the Place!” took place throughout the month of October and was the most successful campaign to date for the DCP, with over **5,500** individuals participating in the interactive online quiz – more than doubling the previous year’s campaign participation.



## Money Matters – DCP Financial Education Meetings (via Zoom in 2020)



In 2020, the DCP launched a series of  virtual meetings via Zoom to provide ongoing education on important DCP topics and an opportunity for employees to engage with the DCP’s local retirement counselors in lieu of physical meetings. Special education sessions were developed for employees participating in the City’s Separation Incentive Programs.

## New Enrollment Targeted Mail and Email Campaigns

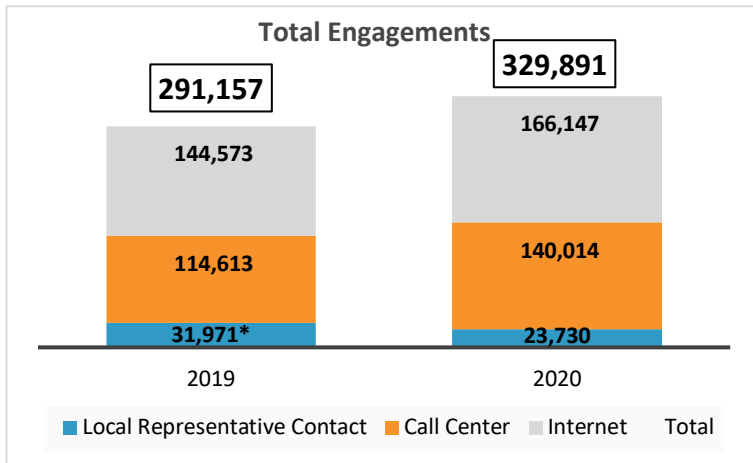
Due to in-person meetings and presentations being canceled as a result of the pandemic, the DCP shifted its communications outreach to physical and electronic mail in 2020. The DCP completed several postcard and email campaigns targeted towards employees in the five departments with the lowest participation rate and with less than three years of service who are eligible but not enrolled in the DCP. As of 12/31/20, **676** employees took action and enrolled in the DCP.



Join the City of Los Angeles  
Deferred Compensation Plan  
(DCP) Family!



# DCP Review: Engagement Achievements



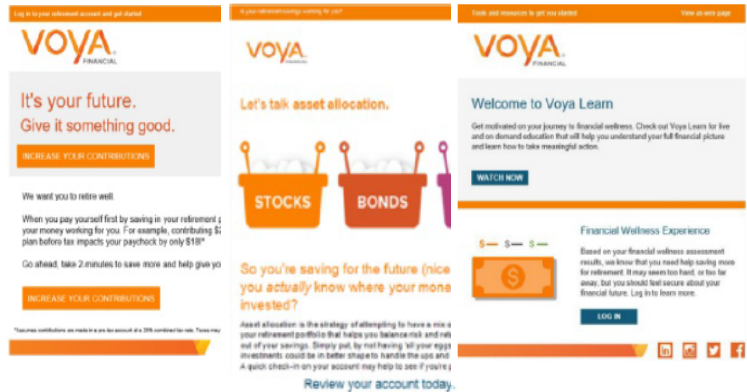
\* 2019 count is updated from previous year's reporting to include participant emails.

## Engagement Metrics

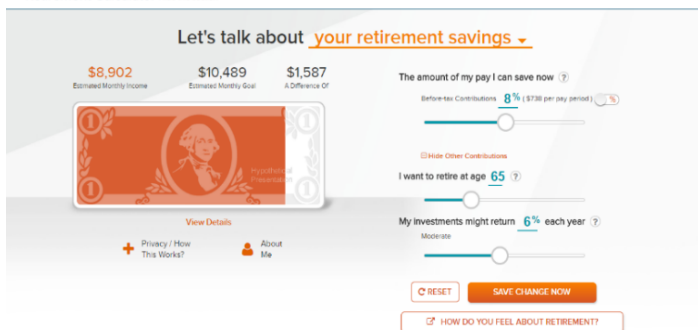
Key engagement metrics include the automated phone system, website, and local counselor interactions. While the pandemic limited in-person interactions, there was greater usage of the call center and the web portal. Local retirement counselor contact decreased from the prior year as a result of the pandemic but continued to be utilized by participants, with **23,730** emails, local phone calls, virtual group meeting attendees, and virtual counseling sessions.

## Personalized Engagement Journeys

Voya conducts automated engagement “journeys,” or targeted automated campaigns designed to improve certain retirement readiness outcomes. In 2020, the DCP conducted five journey campaigns with **68,244** unique outreach communications. Approximately **39%** of targeted recipients engaged with their journeys.



- Retirement Calculator [Hide this section](#)



## Retirement Calculator Utilization

The DCP helps active employee participants assess retirement readiness through its custom Retirement Calculator. In 2020, **73%** of participants viewed the calculator and **38%** of those users interacted with the calculator, including taking action to increase savings, update investment choices, or roll outside assets into their DCP accounts.

# DCP Review: Fees

## Participant Fees

The DCP is committed to maintaining expense levels at a reasonable level consistent with a diverse menu of investment options and excellent customer service. All DCP expenses are required to be paid by participants through administrative fees collected from participant accounts. The DCP collects three types of fees: (1) an annual per-participant fee of **0.09%** of assets, not to exceed **\$115**; (2) investment fees which vary by investment option; and (3) user fees for items such as loan maintenance and overnight delivery of checks.

## Investment Fee Comparison

The City's investment consultant reports on how the City's investment management costs compare to median investment fees nationwide. The "Net Expense Difference" column in the table below indicates the City's investment funds are all below benchmark medians.

Fund	Style	Fund Balance	Estimated Fund Expense	Fund Net Expense Ratio	National Median Net Expense Ratio	Net Expense Difference	Expense Rebate	Expense Ratio after Expense Rebate
FDIC-Insured Savings Account	Cash Equivalents	\$525,656,799	N/A	N/A	N/A	N/A	N/A	N/A
DCP Stable Value Fund (Net)	Stable Value	\$1,317,837,750	\$3,650,411	0.28%	0.36%	-0.08%	0.00%	0.28%
DCP Bond Fund	US Fixed	\$252,744,926	\$657,137	0.26%	0.43%	-0.17%	0.10%	0.16%
Ultra-Conservative Profile	Risk-based	\$131,275,826	\$367,572	0.28%	0.66%	-0.38%	0.06%	0.22%
Conservative Profile	Risk-based	\$266,061,468	\$798,184	0.30%	0.66%	-0.36%	0.06%	0.24%
Moderate Profile	Risk-based	\$491,616,212	\$1,769,818	0.36%	0.75%	-0.39%	0.07%	0.29%
Aggressive Profile	Risk-based	\$502,101,891	\$1,958,197	0.39%	0.77%	-0.38%	0.06%	0.33%
Ultra-Aggressive Profile	Risk-based	\$271,462,369	\$1,140,142	0.42%	0.77%	-0.35%	0.05%	0.37%
DCP Large-Cap Stock Fund	US Large Cap Equity	\$2,369,055,950	\$473,811	0.02%	0.19%	-0.17%	0.00%	0.02%
DCP Mid-Cap Stock Fund	US Mid Cap Equity	\$342,464,167	\$1,506,842	0.44%	0.80%	-0.36%	0.23%	0.21%
DCP Small-Cap Stock Fund	US Small Cap Equity	\$304,234,270	\$1,460,324	0.48%	0.91%	-0.43%	0.10%	0.38%
DCP International Stock Fund	International Equity	\$233,423,531	\$1,727,334	0.74%	0.85%	-0.11%	0.03%	0.71%
Schwab Self-Directed Brokerage Account	Brokerage Window	\$1,026,827,969	N/A	N/A	N/A	N/A	N/A	N/A
<b>Total Investment Expense</b>		<b>\$8,034,763,128</b>	<b>\$15,509,774</b>	<b>0.19%</b>			<b>0.03%</b>	<b>0.16%</b>

## Total Fees

In addition to the investment fees indicated above, the DCP also assesses annual administrative fees representing **0.03%** of total assets. In total, DCP investment and administrative fees as a percent of total DCP assets declined from 0.21% in 2019 to 0.20% in 2020.

Expense Category	2018	2019	2020
Total Investment Expense After Expense Rebate	0.18%	0.17%	0.16%
Administrative & Other Expenses	0.05%	0.04%	0.03%
<b>Total "All-In" Expenses Including Administrative &amp; Other Expenses</b>	<b>0.23%</b>	<b>0.21%</b>	<b>0.20%*</b>

\*Numbers may not sum to total due to rounding.

# APPENDIX

## DCP Revenue and Expenses

### DCP Annual Budget Review Administrative and Operating Expenses Year Ending 12/31/20

REVENUE & EXPENSE LINE ITEMS		
<b>STARTING BALANCE</b>		
City Fund 896 Balance - 12/31/19	\$	114,548.51
TPA Fund - 12/31/19	\$	3,965,355.25
<b>Total Starting Balance</b>	<b>\$</b>	<b>4,079,903.76</b>
<b>REVENUES</b>		
Interest Earnings on Fund 896	\$	2,555.92
Transfer from TPA Fund: Salary Reimbursements	\$	785,409.46
Transfer from TPA Fund: Other	\$	-
Miscellaneous Credits to Fund 896	\$	-
Interest Earnings on TPA Fund	\$	99,539.51
Revenue from Fees Deducted from Participant Accounts	\$	2,817,100.37
Miscellaneous Credits to TPA Fund	\$	48,524.62
<b>Total Revenue/Fees</b>	<b>\$</b>	<b>3,753,129.88</b>
<b>TOTAL ASSETS (STARTING BALANCE + REVENUE/FEES)</b>	<b>\$</b>	<b>7,833,033.64</b>
<b>EXPENDITURES</b>		
2130 Travel/Training/Education	\$	-
6010 Consulting Costs	\$	(5,992.50)
6010 Office and Administrative: Reimbursement for Staff Support	\$	(785,409.46)
6010 Office and Administrative: Other	\$	(6,911.23)
Contractual Fees Paid to TPA	\$	(1,625,371.00)
Transfer to Fund 896: Salary Reimbursements	\$	(785,409.46)
Transfer to Fund 896: Other	\$	-
Consulting Costs	\$	(86,343.39)
Communications	\$	(256.00)
Training/Education/Travel Paid by TPA	\$	(1,700.00)
Elections Administration	\$	(48,201.51)
<b>TOTAL EXPENDITURES</b>	<b>\$</b>	<b>(3,345,594.55)</b>
Actual City Fund 896 Ending Balance - 12/31/20	\$	104,200.70
Actual TPA Fund Ending Balance - 12/31/20	\$	4,383,238.39
<b>ACTUAL TOTAL ENDING BALANCE</b>	<b>\$</b>	<b>4,487,439.09</b>
<b>ENCUMBRANCES/LIABILITIES</b>		
Outstanding Staffing Reimbursements from Prior Quarter(s)	\$	(411,703.60)
<b>TOTAL ENDING BALANCE LESS LIABILITIES</b>	<b>\$</b>	<b>4,075,735.49</b>

# APPENDIX

## Historical Revenues & Expenditures

Starting Balance	Year Ending				
	12/31/2015	12/31/2016	12/31/2017	12/31/2018	12/31/2019
City Fund 896 Starting Balance	19,776	62,314	44,304	30,927	44,425
TPA Fund Starting Balance	2,822,682	3,308,222	3,104,611	3,232,973	3,923,478
<b>Total Starting Balance</b>	<b>2,842,458</b>	<b>3,370,536</b>	<b>3,148,915</b>	<b>3,263,900</b>	<b>3,967,903</b>
<b>Revenues/Fees</b>					
Interest Earnings on City Fund 896 and TPA Fund	51,856	61,992	62,916	88,854	106,965
Revenue from Fees Deducted from Participant Accounts*	2,584,196	2,614,920	2,062,764	2,777,114	2,707,933
Credits and Adjustments	0	0	0	256,176	1,216
City Fund 896 Transfer Deposits	250,089	909,849	477,517	727,357	897,777
<b>Total Revenues/Fees</b>	<b>2,886,141</b>	<b>3,586,762</b>	<b>2,603,197</b>	<b>3,849,501</b>	<b>3,713,891</b>
<b>TOTAL ASSETS (Starting Balance + Revenues/Fees)</b>	<b>5,728,599</b>	<b>6,957,298</b>	<b>5,752,112</b>	<b>7,113,401</b>	<b>7,681,794</b>
<b>Expenditures</b>					
Participant Administrative Fees Paid to TPA	(1,523,432)	(1,562,667)	(1,204,745)	(1,533,177)	(1,555,451)
2130 Travel/Training/Education	(48,429)	(15,532)	(8,581)	(23,601)	(25,721)
4160 Governmental Meetings	0	0	0	0	0
6010 Office and Administrative	0	(4,264)	(6,402)	(16,173)	(8,140)
Staffing Reimbursements	(163,389)	(909,834)	(477,517)	(677,356)	(797,777)
TPA Fund Transfer to 896	(250,089)	(909,834)	(477,517)	(727,357)	(897,777)
Consultant Costs	(120,008)	(186,362)	(142,397)	(103,465)	(306,991)
Communications	(94,256)	(58,966)	(17,504)	(8,231)	(10,053)
Election Administration and Special Marketing	(20,717)	0	(41,667)	(56,138)	0
GWRS Asset Allocation Fund Management	(57,000)	(91,000)	(53,250)	0	0
GWRS Hardship Admin (aka Unforeseen Emergency Withdrawal Service)	(75,500)	(65,500)	(55,250)	0	0
Wells Fargo Custodial Fees	(5,000)	(5,000)	(3,750)	0	0
<b>Total Expenditures</b>	<b>(2,357,820)</b>	<b>(3,808,960)</b>	<b>(2,488,579)</b>	<b>(3,145,498)</b>	<b>(3,601,911)</b>
<b>Ending Balance</b>					
Actual City Fund 896 Ending Balance	62,314	44,304	30,927	44,425	114,549
Actual TPA Fund Ending Balance	3,308,222	3,104,611	3,232,973	3,923,478	3,965,355
<b>Total Ending Balance</b>	<b>3,370,535</b>	<b>3,148,915</b>	<b>3,263,900</b>	<b>3,967,903</b>	<b>4,079,904</b>
<b>Encumbrances/Liabilities</b>					
Staffing Requirements	(439,531)	(100,164)	(165,754)	(208,285)	(184,996)
<b>Total Ending Balance Less Liabilities</b>	<b>2,931,004</b>	<b>3,048,751</b>	<b>3,098,146</b>	<b>3,759,618</b>	<b>3,894,907</b>

# APPENDIX

## Participation by Department (Full-Time and Half-Time)

Department Name	Active	Total Eligible	Participation Rate
Aging	23	36	64%
Airports	2,103	3,144	67%
Animal Services	203	342	59%
Building & Safety	598	916	65%
Cannabis Regulation	15	29	52%
CAO	93	114	82%
City Attorney	711	969	73%
City Clerk	90	131	69%
Controller	112	141	79%
Convention Center & Tourism	7	9	78%
Council	177	427	41%
Cultural Affairs	37	81	46%
Disability	11	27	41%
Economic & Workforce Development	75	114	66%
El Pueblo	7	15	47%
Emergency Management	16	23	70%
Employee Relations	2	3	67%
Ethics	23	29	79%
Fire & Police Pensions	91	112	81%
Fire (Civilian)	282	380	74%
Fire (Sworn)	3,136	3,377	93%
GSD	737	1,392	53%
Harbor	736	928	79%
Housing	429	662	65%
ITA	297	394	75%
LACERS	137	173	79%
Library	642	1,183	54%
Mayor	91	212	43%
Neighborhood Empowerment	19	28	68%
Office of Finance	215	286	75%
Office of Public Accountability	4	4	100%
Personnel	398	531	75%
Planning	272	400	68%
Police (Civilian)	2,379	3,030	79%
Police (Sworn)	8,863	9,816	90%
Public Works - Board	89	114	78%
Public Works - Contract Administration	229	321	71%
Public Works - Engineering	607	798	76%
Public Works - Sanitation	1,837	2,906	63%
Public Works - Street Lighting	224	313	72%
Public Works - Street Services	663	1,196	55%
Recreation & Parks	1,146	4,035	28%
Transportation	1,128	1,631	69%
Water and Power	7,492	10,776	70%
Zoo	151	269	56%

# APPENDIX

## Participation by MOU (Full-Time and Half-Time, Excluding DWP)

MOU	Active	Total Eligible	Participation Rate
MOU 00: Non-Represented	521	980	53%
MOU 01: Administrative	1,743	2,368	74%
MOU 02: Building Trades	629	1,017	62%
MOU 03: Clerical	2,725	4,902	56%
MOU 04: Equip. Operation & Labor	1,792	3,863	46%
MOU 05: Inspectors	627	889	71%
MOU 06: Librarians	220	295	75%
MOU 07: Recreation Assistants	82	991	8%
MOU 08: Professional Engineering & Scientific	1,180	1,523	77%
MOU 09: Plant Equip. Operation & Repair	234	314	75%
MOU 10: Professional Medical	60	86	70%
MOU 11: Recreational	227	355	64%
MOU 12: Supervisory Blue Collar	633	845	75%
MOU 13: Supervisory Building Trades	91	131	69%
MOU 14: Service & Craft	547	941	58%
MOU 15: Service Employees	295	839	35%
MOU 16: Supervisory Librarians	83	103	81%
MOU 17: Supervisory Prof. Engineering & Scientific	427	483	88%
MOU 18: Safety / Security	1,113	1,845	60%
MOU 19: Supervisory Technical	235	297	79%
MOU 20: Supervisory Administrative	1,057	1,276	83%
MOU 21: Technical	836	1,212	69%
MOU 22: Fire Chief Officers	93	95	98%
MOU 23: Firefighters & Fire Captains	3,042	3,281	93%
MOU 24: Police Officers, Lts. and Below	8,758	9,707	90%
MOU 25: Police Officers, Capt. and Above	106	110	96%
MOU 26: Port Pilots	13	14	93%
MOU 27: L.A. Port Police Command Officers	16	17	94%
MOU 28: L.A. General Services Police Officers	14	19	74%
MOU 29: Deputy City Attorneys	371	485	76%
MOU 30: L.A. Airport Peace Officers	347	438	79%
MOU 31: Confidential Attorneys	21	33	64%
MOU 32: Management Attorneys	14	16	88%
MOU 34: Crossing Guards	41	175	23%
MOU 36: Management Employees	539	679	79%
MOU 37: Executive Administrative Assistants	96	108	89%
MOU 38: L.A. Port Police Assoc.	103	115	90%
MOU 39: L.A. Airport Supervisory Peace Officers	62	72	86%
MOU 40: Airport Police Command Officers	5	5	100%
MOU 61: Senior Administrative and Administrative Analysts	39	42	93%
MOU 63: Personnel Director	11	12	92%
MOU 64: Confidential Senior Personnel Analyst	57	63	90%

# APPENDIX

## Historical DCP Assets and Net Growth Rate

Year	Assets	% Change
1984	\$ 17,990,298	N/A
1985	\$ 48,584,697	170%
1986	\$ 84,762,277	74%
1987	\$ 126,921,243	50%
1988	\$ 180,395,336	42%
1989	\$ 249,105,465	38%
1990	\$ 303,691,355	22%
1991	\$ 378,018,448	24%
1992	\$ 441,306,161	17%
1993	\$ 516,401,147	17%
1994	\$ 564,392,235	9%
1995	\$ 702,779,928	25%
1996	\$ 831,689,383	18%
1997	\$ 1,029,129,147	24%
1998	\$ 1,285,271,264	25%
1999	\$ 1,564,440,301	22%
2000	\$ 1,578,565,882	1%
2001	\$ 1,508,545,448	-4%
2002	\$ 1,373,444,396	-9%
2003	\$ 1,737,260,679	26%
2004	\$ 1,973,665,625	14%
2005	\$ 2,230,031,810	13%
2006	\$ 2,566,734,158	15%
2007	\$ 2,909,282,960	13%
2008	\$ 2,279,918,897	-22%
2009	\$ 2,828,435,629	24%
2010	\$ 3,154,860,910	12%
2011	\$ 3,174,274,111	1%
2012	\$ 3,578,684,906	13%
2013	\$ 4,277,754,120	20%
2014	\$ 4,622,493,622	8%
2015	\$ 4,726,682,745	2%
2016	\$ 5,221,905,502	10%
2017	\$ 6,025,581,565	15%
2018	\$ 5,839,909,114	-3%
2019	\$ 7,085,845,898	21%
2020	\$ 8,034,763,128	13%

**Board of Deferred Compensation Administration**

Personnel Department – Employee Benefits Division

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