



CITY OF *Los Angeles*
DEFERRED COMPENSATION PLAN



City of Los Angeles

Deferred Compensation Plan

Third Quarter 2021 Review





For discussion

Updates – News – Trends

Plan Health

Plan Goals

Employee Engagement



CITY OF *Los Angeles*
DEFERRED COMPENSATION PLAN



Updates – News – Trends





Q3 2021 Plan Summary

- Total plan assets closed at \$8,820,724,913 for Q3 2021, a slight increase of .001% from Q2 2021.
- The total participant count increased by 70 to 50,663 participants from Q2.
- Despite plan assets remaining relatively unchanged, there was net positive cash flow in Q3 of \$12,288,389.
- The top three investment holdings (by balance) were the DCP Large Cap Fund, Stable Value Fund, and the Schwab Brokerage option.
- 22% of participants who engaged with the City's Retirement Calculator took action in the DCP. Action taken included: increased deferral elections for Q3; modified fund allocations and/or rollovers into the DCP.
- Over 5,000 participants met with the onsite team either through meetings, calls, or electronic communications.



CITY OF *Los Angeles*
DEFERRED COMPENSATION PLAN



Plan Health





Plan Overview

	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3
Total Plan Participants	50,225	50,303	50,395	50,532	50,593	50,663
Total Plan Assets	\$7,000,622,131	\$7,361,506,694	\$8,035,747,720	\$8,336,053,561	\$8,820,623,760	\$8,820,724,913
Average Balance	\$139,385	\$146,343	\$159,455	\$164,966	\$174,345	\$174,102
Percent Employees with Loans	32%	31%	31%	30%	30%	30%
Average Outstanding Loan	\$14,425	\$14,607	\$14,361	\$14,268	\$14,327	\$14,330





Cash Flow Summary

Cash In

Pre-tax Contributions	61,484,284.84
Roth Contributions	13,199,971.63
Rollover Contributions	19,699,629.08
Loan Repayments	21,829,607.66
Other	12,931,313.61

Total Cash In **\$129,144,806.82**

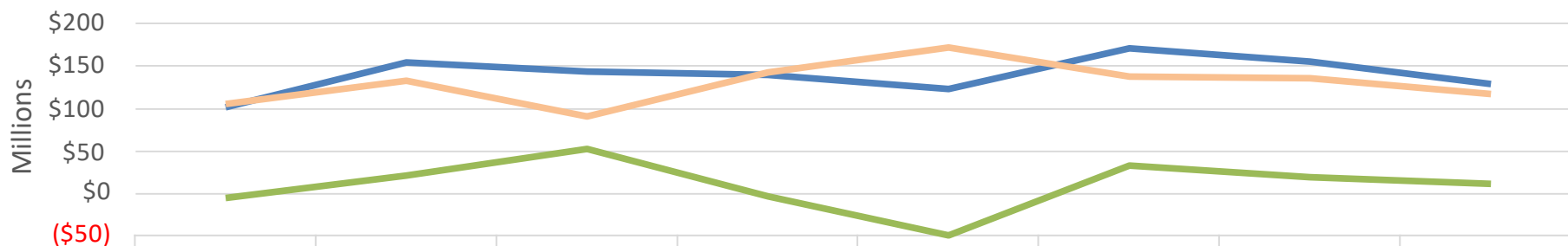
Cash Out

Distributions	41,440,120.39
Rollovers	42,495,237.42
Loans Issued	18,945,759.90
Fees	1,043,986.50
Other	12,931,313.61

Total Cash Out **(\$116,856,417.82)**

"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.

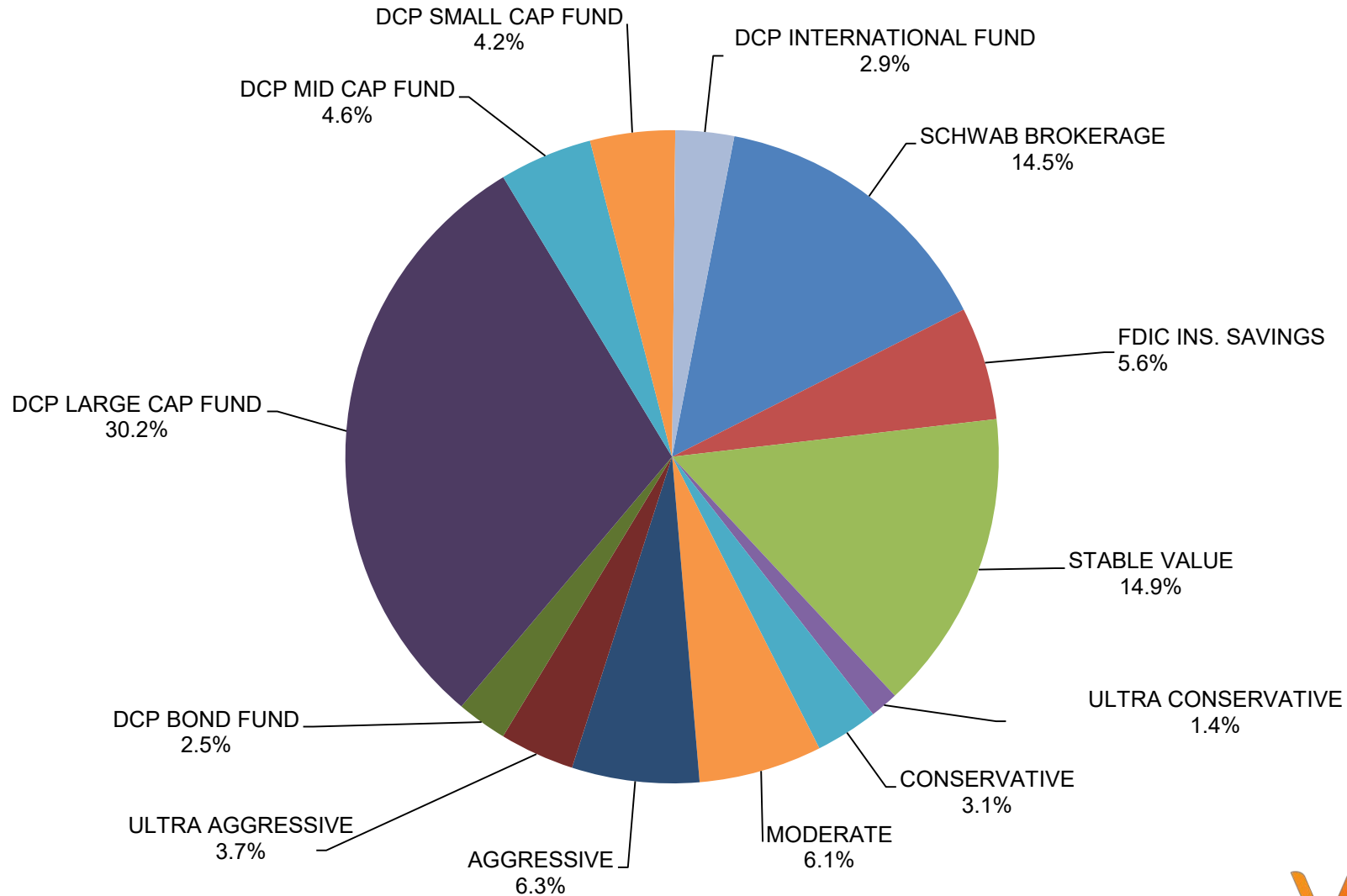
Net Cash Flow **\$12,288,389.00**



	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Cash In	\$101,258,250	\$154,495,133	\$143,612,342	\$139,282,469	\$123,134,839	\$170,891,031	\$154,888,365	\$129,144,807
Cash Out	\$105,770,718	\$132,705,843	\$90,897,133	\$142,313,549	\$172,014,325	\$137,391,546	\$135,305,572	\$116,856,418
Net Cash	(\$4,512,468)	\$21,789,290	\$52,715,209	(\$3,031,080)	(\$48,879,486)	\$33,499,485	\$19,582,793	\$12,288,389



Percentage of Plan Assets





Balances by Investment

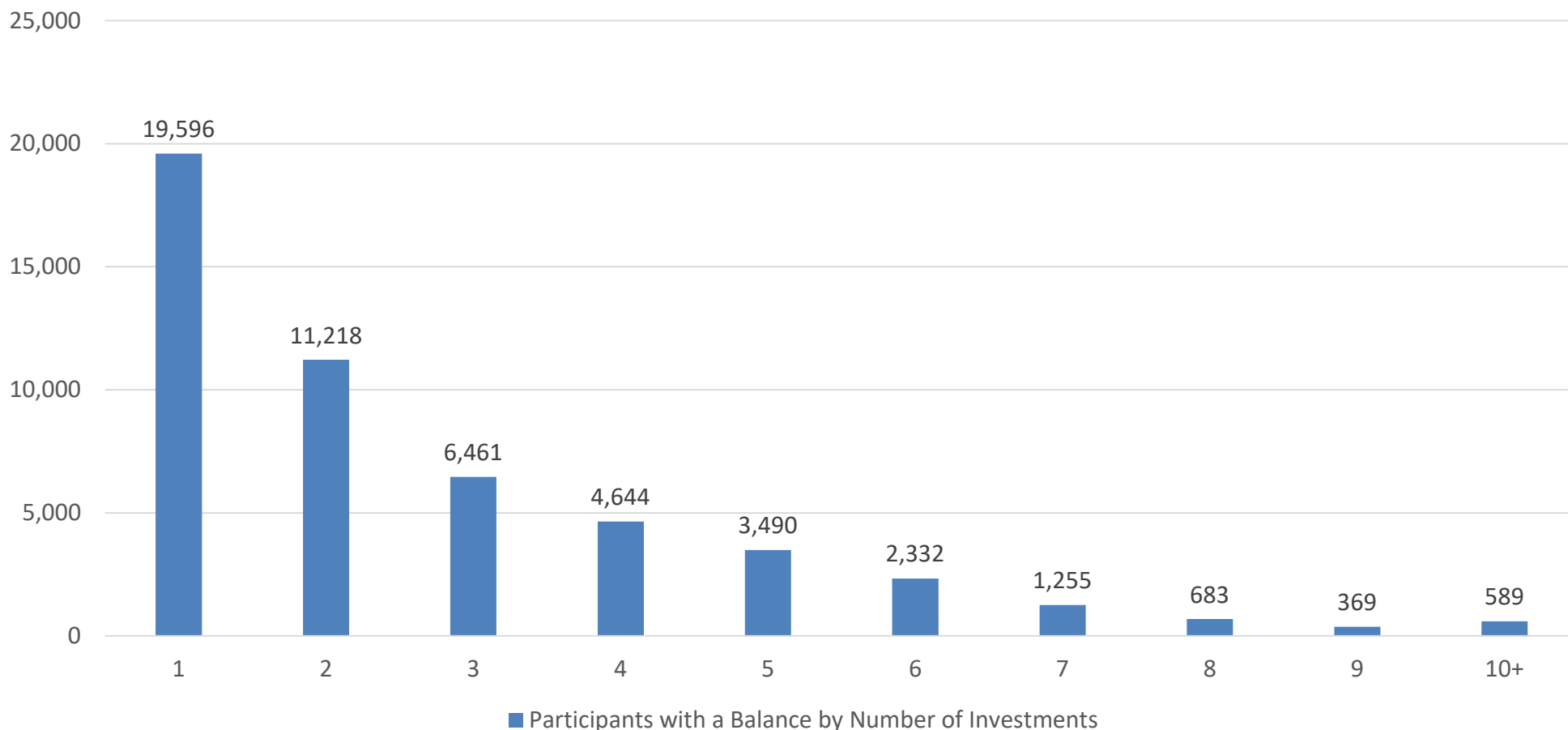
Investment	Investment Balance	Number of Participants	Average Participant Balance in Fund	Percentage of Plan Assets
SCHWAB BROKERAGE	\$1,281,415,398.17	6,176	\$207,483.06	14.5%
FDIC INSURED SAVINGS ACCOUNT	\$495,186,300.07	12,663	\$39,104.98	5.6%
STABLE VALUE	\$1,312,991,375.92	13,432	\$97,751.00	14.9%
ULTRA CONSERVATIVE PORTFOLIO	\$122,557,190.51	2,806	\$43,676.83	1.4%
CONSERVATIVE PORTFOLIO	\$273,943,714.74	5,436	\$50,394.36	3.1%
MODERATE PORTFOLIO	\$536,051,128.76	12,151	\$44,115.80	6.1%
AGGRESSIVE PORTFOLIO	\$559,716,887.08	14,581	\$38,386.73	6.3%
ULTRA AGGRESSIVE PORTFOLIO	\$323,491,525.73	10,708	\$30,210.27	3.7%
DCP BOND FUND	\$224,613,078.38	7,234	\$31,049.64	2.5%
DCP LARGE CAP FUND	\$2,660,121,701.80	22,149	\$120,101.21	30.2%
DCP MID CAP FUND	\$407,765,508.66	8,949	\$45,565.48	4.6%
DCP SMALL CAP FUND	\$367,634,302.79	10,006	\$36,741.39	4.2%
DCP INTERNATIONAL FUND	\$255,236,800.85	9,254	\$27,581.24	2.9%
Total Investment Balance:	\$8,820,724,913.46			
Total Loan Fund:	\$150,945,102.13			





Diversification

Participant Investment Option Holdings by Number of Participants

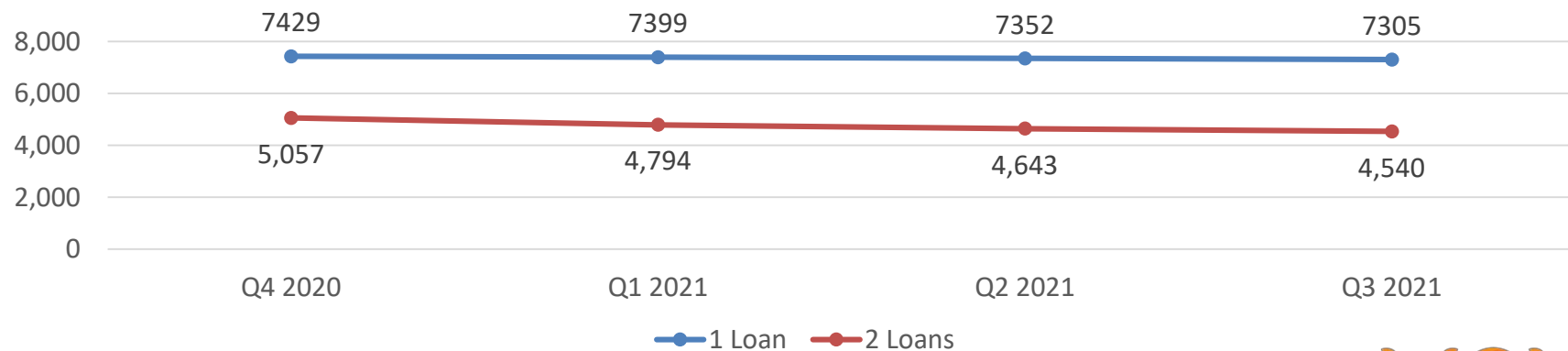




Loan Trending

	Q4 2020	Q1 2021	Q2 2021	Q3 2021
Total Participants with Loans	12,486	12,193	11,995	11,845
Total Number of Outstanding Loans	17,546	16,987	16,638	16,385
Number of General Loans	15,870	15,332	14,994	14,748
Number of Residential Loans	1,676	1,655	1,644	1,637
Total Outstanding Loan Balance	\$180,026,276	\$174,383,897	\$172,571,913	\$170,251,831.11
General Loan Balance	\$149,848,848	\$145,075,804	\$143,448,091	\$141,619,891.97
Residential Loan Balance	\$30,177,428	\$29,308,093	\$29,123,822	\$28,631,939.14
Average Loan Balance per Borrower	\$14,418	\$14,302	\$14,387	\$14,330
Number of Re-amortized	256	526	404	209
Number of Loan Defaults	186	199	264	260
Total New Loans Initiated	1,176	1,062	1,350	1,334
New Loans Active	1,128	1,009	1,267	1,276
New Loans Retirees	48	53	83	58

1 Loan versus 2 loans



The Schwab Personal Choice Retirement Account (PCRA) Quarterly Report

CITY OF LA 457 DEFERRED COMP as of 9/30/2021

Plan Profile Information

Plan Type	457B
Total PCRA Assets	\$1,276,395,361
Total Funded PCRA Accounts	7,194
Total Roth Assets	\$48,903,522
Total Funded Roth Accounts	1,268
Total Advisor Managed PCRA Assets	\$575,762,804
Total Advisor Managed Funded PCRA Accounts	3,030
PCRA Accounts Opened This Quarter	274
PCRA Assets In and Out This Quarter*	\$42,155,172
Average PCRA Account Balance	\$177,425

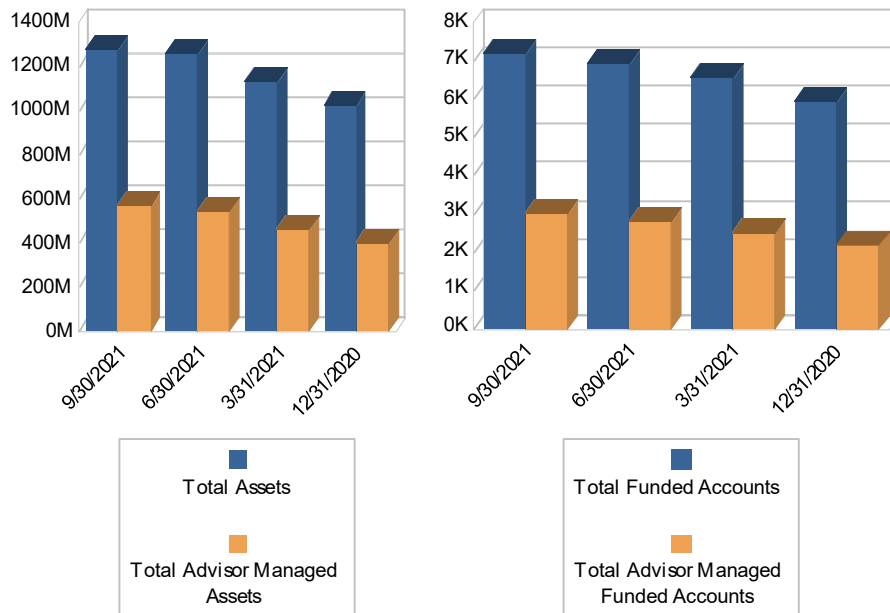
PCRA Participant Profile Information

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

Total Assets by Category

Cash Investments	\$147,185,104
Equities	\$570,617,751
ETFs	\$251,343,191
Fixed Income	\$59,799,964
Mutual Funds	\$247,937,904
Other	-\$488,545

Assets and Accounts (Trailing 4 Quarters)



Average Positions Per Account

Cash Investments	1.0
Equities	10.4
ETFs	3.5
Fixed Income	0.3
Mutual Funds	2.0
Other	0.1
Total	17.3

Average Trades Per Account

Equities	10.2
ETFs	3.1
Fixed Income	0.0
Mutual Funds	7.3
Other	0.3
Total	20.9

* Assets In and Out includes contributions and distributions.



CITY OF *Los Angeles*
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Plan Goals

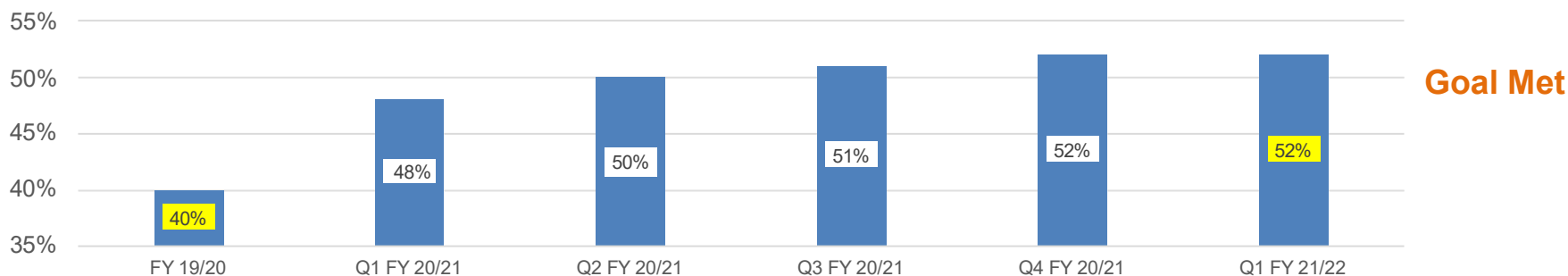




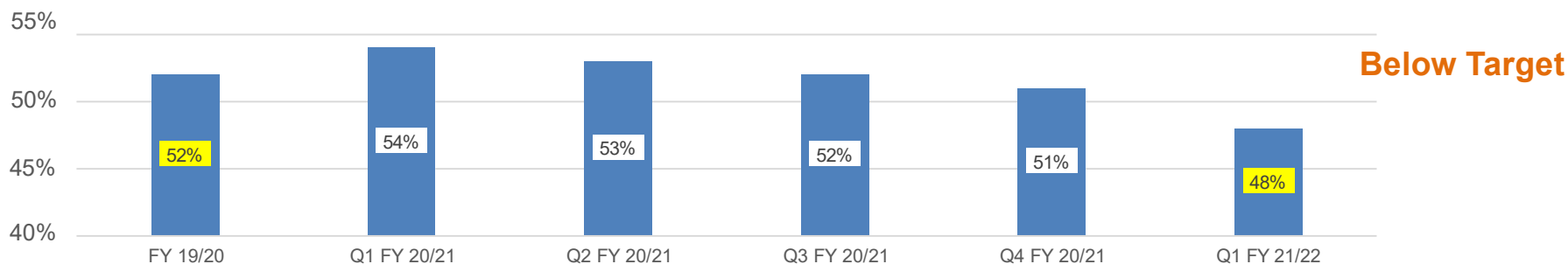
Participant Outcomes: Participation

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%.



*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.

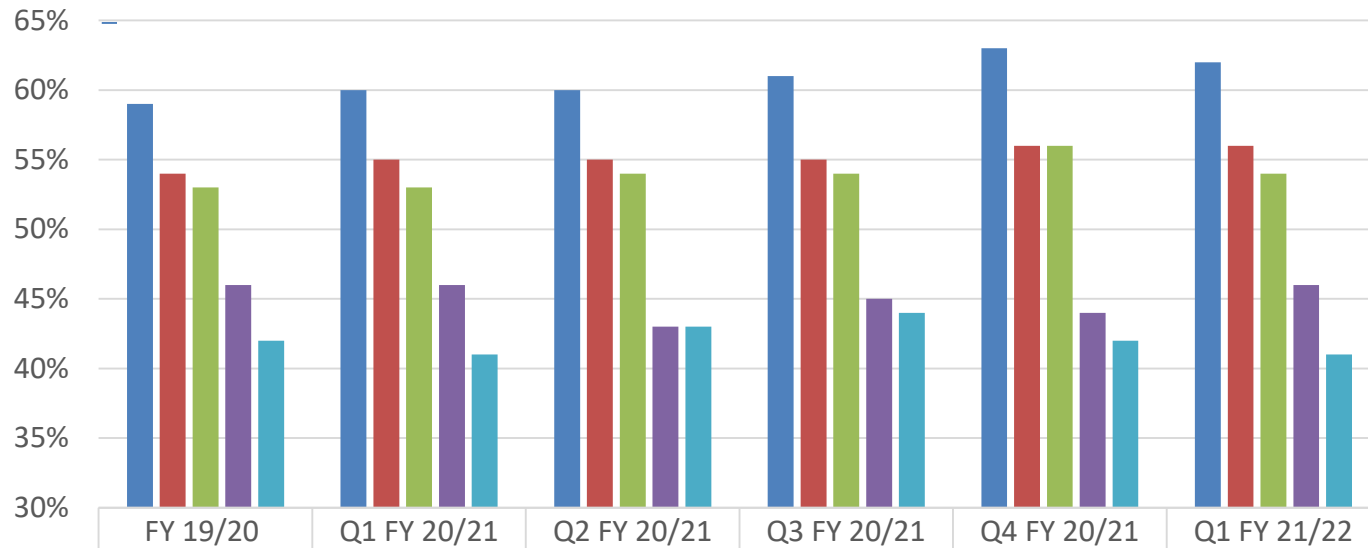




Participant Outcomes: Department Participation

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

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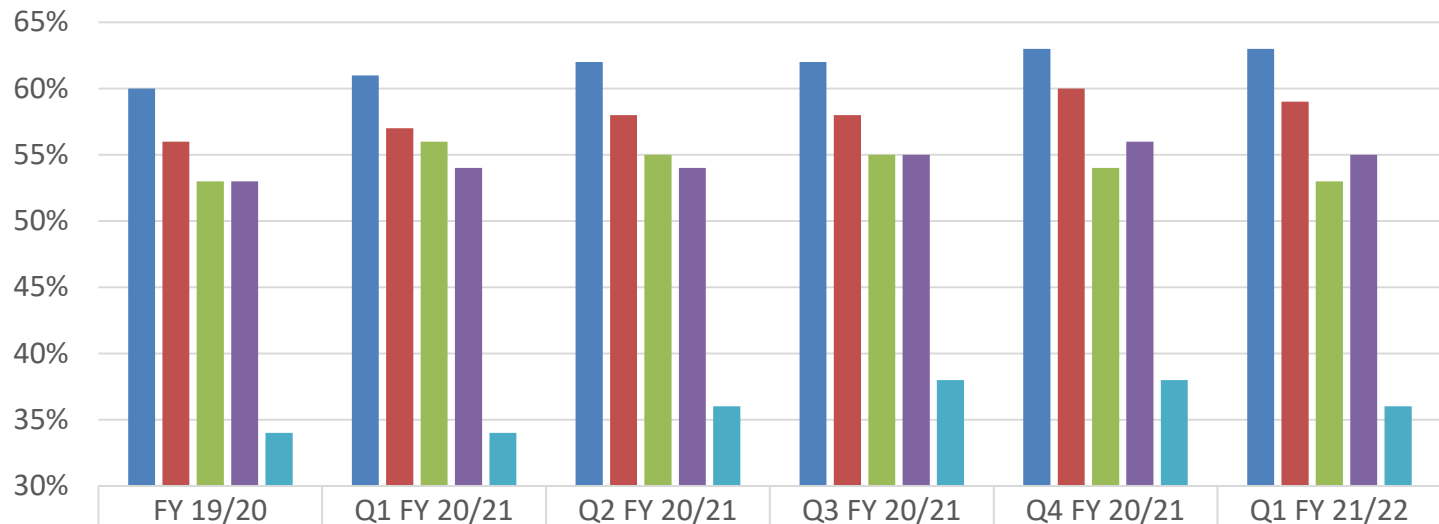




Participant Outcomes: Labor Organization Participation

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

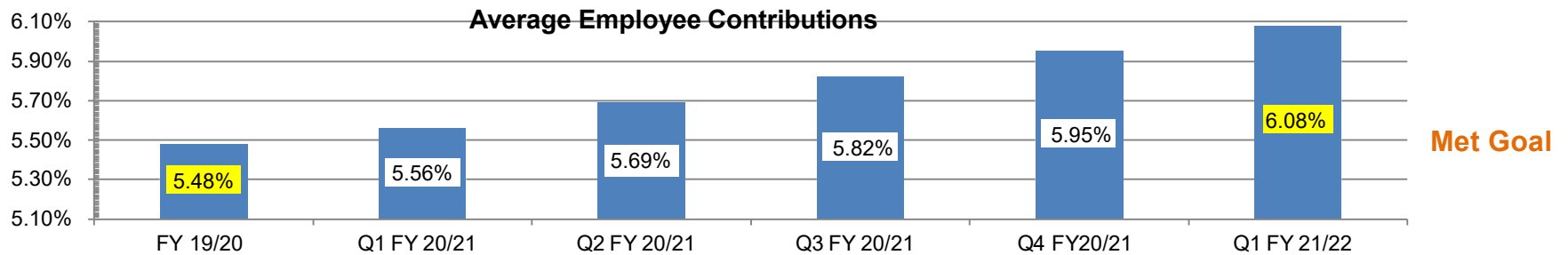
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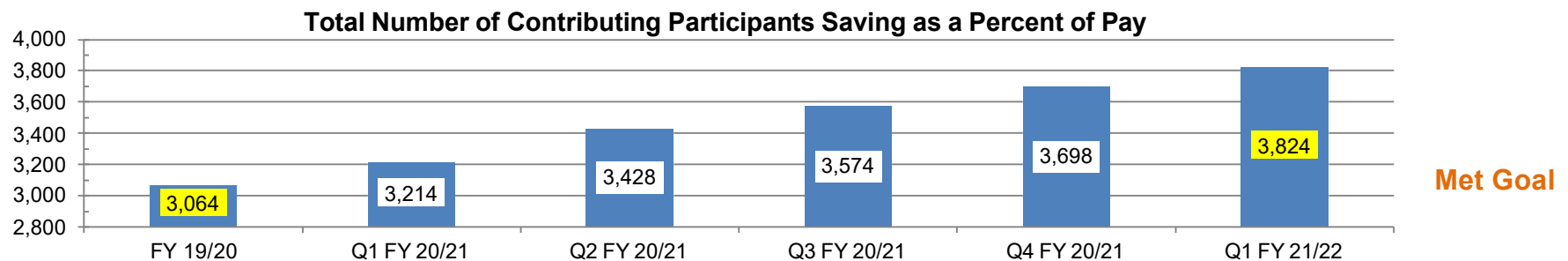
Participant Outcomes: Contributions

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.



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).



*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).

	Q1 FY 20/21	Q2 FY 20/21	Q3 FY 20/21	Q4 FY 20/21	Q1 FY 21/22
Total Plan # of Participants Retired & Terminated	21,232	22,799	23,890	25,369	26,166
# Rolled Out a Portion or All Funds	160	153	176	120	150
% Separated Participants Rolled Funds Out	0.8%	0.7%	0.7%	0.7%	0.6%
Annualized %					2.7%
				Under 4.5% Met Goal	



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
Fidelity	21	\$5,884,833.38	FY 19/20	\$9,638,655			3.3%
TD Ameritrade	23	\$4,149,349.66	Q1 FY 20/21	\$2,625,263	21,232	104	0.5%
Pershing	13	\$3,932,168.92	Q2 FY 20/21	\$4,478,135	22,799	90	0.4%
Merrill Lynch	9	\$3,846,756.07	Q3 FY 20/21	\$3,479,967	23,890	119	0.5%
Morgan Stanley	9	\$3,827,930.10	Q4 FY 20/21	\$3,093,242	25,369	120	0.5%
Charles Schwab	20	\$3,800,681.68	Q1 FY 21/22	\$3,358,051	26,166	104	0.4%
JP Morgan Chase	17	\$3,109,573.20	Annualized %		Under 2.5% Met Goal		1.8%
LPL Financial	7	\$2,553,689.11	Agency		Count	Cash Total	
Wells Fargo	5	\$2,038,511.39	LACERS		58	\$2,122,977.15	
Edward Jones	14	\$1,735,415.49	Board of Fire & Police Comm.		99	\$320,948.36	





CITY OF *Los Angeles*
DEFERRED COMPENSATION PLAN



Employee Engagement

PLAN | INVEST | PROTECT





Digital Engagement

Personal Financial Dashboard Engagement

Unique Participant Activity	Participants	
Used the Personal Financial Dashboard	1,054	
Created an action plan	21	2%
Took action after using Personal Financial Dashboard	199	19%

19% of participants took action after using the PFD

66 participants are saving an average of 4.2% more per pay period (from 2.7% to 6.9%)

117 participants are saving an average of \$78 more per pay period (from \$248 to \$326)

109 participants changed a fund allocation

7 participants rolled money into a plan



Welcome WILLIAM, do you want to start completing your financial picture?

Got 10 minutes?

See how much you might have in retirement and how long your money could last.

- It's easy. Just enter some basic information about yourself and your savings.
- Find out the income you're on track to have each year during retirement and how many years it could last.
- Change your input to see the effect on both the amount and the number of years.
- [Click here to see sample results](#)



Start >

Got 30 minutes?

See your entire financial picture in one place and feel confident about your money decisions.

- Create your personal financial dashboard.
- Review all your finances - banking, investing, household budget and spending - in one convenient place.
- Manage your spending and find ways to save even more for large financial goals, like retirement or college.
- [Click here to watch a video about this tool](#)



Start >





Digital Engagement

1,936 participants used loan guidance

609 (31%) participants used loan guidance and did not take a loan

1,327 (69%) participants used loan guidance and went on to take a loan

1,278 participants skipped loan guidance

202 (16%) participants skipped loan guidance and did not take a loan

1,076 (84%) participants skipped loan guidance and went on to take a loan

The screenshot shows a digital message with a teal header that reads "You may have the option to take a general loan (up to \$50,000)." Below the header, the main text says "On the road to retirement, taking out a loan can cause a few bumps along the way." A winding road graphic leads to three callouts: "Penalties can add up" (with a calendar icon showing '23'), "You are taxed twice" (with a green bill icon), and "Your retirement readiness can be affected" (with a piggy bank icon). At the bottom is an orange button labeled "FIND OUT HOW".



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

2021 3Q Representative Activity

	3Q 2020	4Q 2020	1Q 2021	2Q 2021	3Q 2021
Virtual Meetings	16	23	25	31	28
Meeting Attendees	911	1,459	1,194	987	663
Call Totals	2,001	3,384	3,544	2,989	2,617
Emails	1,308	1,539	2,166	2,788	1,708
Total Participation	5,220	6,382	6,904	5,764	4,988
Enrollments	73	47	39	45	32



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Thank You

