



The New York City Deferred Compensation Plan Financial Planning Program

Presented to the City of Los Angeles
Deferred Compensation Board
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Financial Planning Program: *Background*

- The NYC DCP has a two-pronged approach to participant education to service two equally important groups of participants
- Accumulation phase communication and education is provided by FASCore
- Financial Planning Program – pre-retirement and retirement phase communication and holistic financial education is provided by ICMA-RC in group seminars by Certified Financial Planners on-site at DCP's office or offsite at various City office locations



Financial Planning Program: *Purpose*

- To help participants understand and integrate the various sources of, and vehicles providing, their retirement income (pension, DCP & Social Security)
- For participants to better understand how to take their money out of the Plan
- To tailor services to those participants who have been in the DCP the longest, have the largest account balances, and have paid the most accumulated fees over their years of participation
- To encourage participants to use the DCP benefits to their maximum advantage, including educating them on the advantages of the NYCE IRA and NYCE Roth IRA
- To retain assets in the DCP during both their working years and retirement years



Financial Planning Program: *Benefits*

- Program provides critical holistic financial education without a profit incentive
- Participants are better able to understand how all the various aspects of financial planning interact in preparation for retirement (to take money out of the DCP in a manner appropriate for their situation)
- Participants have the opportunity to consolidate their retirement assets at DCP/NYCE IRA when they are ready to leave the City and consider a distribution
- All DCP participants benefit from leveraging assets retained in the DCP to achieve lower investment management costs



Financial Planning Program: *Costs*

- Equals less than 10% of DCP budget of \$14 million
- Equals less than 40% of total communications budget
- Serves 27,000 employees per year (20% of all DCP participants)



Financial Planning Program: *What is Offered to Participants?*

- 12 Group No-Cost Seminars:
 - Work-site presentations
 - At the Plan's Admin. Offices
- One-on-one Personal Financial Needs Assessment - \$179



Financial Planning Program: *How are Services Delivered?*

The Financial Planning Unit consists of 5 On-Site Certified Financial Planners (CFPs) and 3 Support staff:

- CFPs are Non-commissioned; No products are sold
- As on site employees, they are part of Plan's overall staff serving participants

Are the on-site CFPs fiduciaries?

Yes, ICMA-RC assumes liability when communicating with participants. (Seminars and one-to one consultations are customized for DCP, but subject to ICMA compliance.) ICMA-RC is a broker dealer under FINRA rules. Licensed staff: has both CFP designation and a Series 6 license; in addition, the staff's supervising CFP has a Series 22 license.



Financial Planning Program: *How do participants access the services of the CFPs?*

- The Scheduling Coordinator provides monthly financial planning calendars to HR personnel at all the City agencies and directly to police stations and firehouses.
- The calendars describe the FASCore retirement seminar and the ICMA-RC Financial Planning seminars and when they are offered at the Plan's Administrative Offices.
- The Scheduling Coordinator receives calls from the HR personnel at the different agencies, police stations and firehouses requesting to schedule worksite seminars throughout the City.
- Approximately 70% of the work-site seminars are at fire or police stations.



Financial Planning Program: *Scope of Population Served*

The target number of participants near retirement (approximately 25,000 each year)

- There are approximately 113 seminars per month and 20 participants per seminar (the high number of seminars reflects the decentralized nature of City work locations, particularly fire houses and police precincts)
- The Financial Planning Program reaches approximately 27,000 participants per year, accommodating DCP estimates of employees within 5 years of retirement



Financial Planning Program: *Goals Achieved*

- Participants who kept their retirement assets in the DCP paid 1/3 to 1/2 less in fees than in retail IRAs
- \$45 million has stayed in the DCP that would have otherwise gone to outside IRAs
- Approximately 2,260 seminar participants per month = the number of participants in the DCP within 5 years of retirement



Financial Planning Program

How about Investment Advice?

No!



Financial Planning Program: *Next Steps*

Women and Financial Stability:

Take care of yourself before you take care of others

W♀omen & Financial
Stability

Take care of yourself before you help others

Contact us at 212.306.5050
Email: dcpfinancialplanning@nyceplans.org
Our only interest is your interest!

NYCE
IRA

nycdcp

Financial planning services of the New York City Deferred Compensation Plan are offered through ICMA/FIC, a federally registered investment advisor.





Financial Planning Program: *Handouts*

- 2006 RFP for Education/Communication Services: 5 respondents
- List of No-Cost Seminars: 12
- Monthly Calendar: November 2013
- The basic seminar: Financial Planning for You and Your Family Seminar
- Personal Financial Needs Assessment Questionnaire



NYC DCP Array of Retirement Programs

New York City Tax-Favored Programs

Deferred Compensation Plan

457

401(k)

Pre-Tax

Roth

Pre-tax

Roth

NYCE IRA

Traditional
NYCE IRA

Roth
NYCE IRA

Employee
& Retiree

Spousal

Employee
& Retiree

Spousal