



Metropolitan Water Reclamation District of Greater Chicago

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Chicago, IL 60611

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2/21/2019	1	Committee of the Whole	Recommended	Pass
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TRANSMITTAL LETTER FOR BOARD MEETING OF FEBRUARY 21, 2019

COMMITTEE ON PENSION, HUMAN RESOURCES AND CIVIL SERVICE

Mr. Brian A. Perkovich, Executive Director

Annual Report for the Deferred Compensation Plan and Trust for 2018

Dear Sir:

The Board of Commissioners adopted the Deferred Compensation Plan and Trust (Plan) effective September 1, 1998. The Plan document has been revised and restated several times since 1998 with the most recent revision adopted June 4, 2015. As stated in the Plan document, the Plan was established and shall be maintained for the exclusive benefit of participants and their beneficiaries.

The District, through its Board of Commissioners, serves as Trustee and fiduciary for the Plan. The Board of Commissioners has established a Deferred Compensation Committee (Committee) in accordance with the Plan document. The Committee consists of the Chairman of the Committee on Finance, Commissioner Frank Avila; the Treasurer, Mary Ann Boyle; and the Director of Human Resources, Beverly K. Sanders. The Committee is the primary fiduciary of the Plan, with authority to interpret and oversee the administration of the Plan. This responsibility includes the recommendation of a plan administrator and investment advisor for the Plan and on-going oversight of these providers to ensure the Plan is administered in accordance with the Plan document and the Investment Policy.

Recordkeeping and administrative services for the District plan are currently provided by Prudential Retirement Insurance and Annuity Company. The District also contracts with Segal Marco Advisors, Inc. to provide deferred compensation investment consulting services as required by the Investment Policy.

The Plan document requires that the Committee shall submit an annual report to the Board of Commissioners to provide an assessment of the financial health of the Plan. The Plan balance as of December 31, 2018 was \$244,343,650.12. This represents a net decrease of \$10,684,545.58 from December 31, 2017. The Plan had

a net inflow (contribution versus distributions) of \$558,491.15 for the year. Plan fees were \$15,525.00, up from \$12,374.28 in 2017. Participants experienced total investment losses of \$11,227,511.73 or 4.19% in 2018. This compares favorably to the broader market which saw U.S. equities post a -5.24% return and U.S. fixed income markets post a 0.01% return for the year. The table below shows a comparison of total assets over the prior three-year period:

	December 31, 2016	December 31, 2017	December 31, 2018
Mutual Funds	\$153,785,175.58	\$180,991,317.68	\$168,301,771.15
Stable Value Funds	\$70,439,076.57	\$71,716,046.05	\$73,922,364.46
Self-directed Accts	\$1,983,310.14	\$2,320,831.97	\$2,119,514.51
Total Assets	\$226,207,562.29	\$255,028,195.70	\$244,343,650.12

There were 2,016 participants, including active employees and retirees enrolled in the Plan as of December 31, 2018 compared to 1,993 at the close of 2017. As of December 31, 2018, the average account balance was \$121,741.92 down from \$127,915.09 as of December 31, 2017.

As provided in the Trust document, the annual report includes as an attachment, Exhibit 1: (a) a balance sheet of the Plan as of December 31, 2018; and (b) a statement of investments including changes in assets available for distribution in 2018.

The Deferred Compensation Committee is pleased to submit this report to the Board of Commissioners.

Respectfully Submitted, Frank Avila, Chairman Deferred Compensation Committee; Mary Ann Boyle, Treasurer; Beverly K. Sanders, Director of Human Resources

Attachments