



Metropolitan Water Reclamation District of Greater Chicago

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3/3/2016	1	Board of Commissioners	Published and Filed	Pass
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TRANSMITTAL LETTER FOR BOARD MEETING OF MARCH 3, 2016

COMMITTEE ON PENSION, HUMAN RESOURCES AND CIVIL SERVICE

Mr. David St. Pierre, Executive Director

Annual Report for the Deferred Compensation Plan and Trust for 2015

Dear Sir:

The District has sponsored a voluntary deferred compensation plan for employees since 1977. 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. The Plan document provides that the Deferred Compensation Committee shall submit an annual report to the Board of Commissioners. The Deferred Compensation Committee consists of Commissioner Frank Avila, Chairman of the Committee on Finance; Mary Ann Boyle, Treasurer; and Denice E. Korcal, Director of Human Resources.

In January 2015, the District transitioned recordkeeping and administrative services for its plan to Prudential Retirement Insurance and Annuity Company. It also contracts with an investment consultant, currently Segal Rogerscasey, to provide deferred compensation investment consulting services as required by the Investment Policy.

The Plan balance as of December 31, 2015 was \$213,677,626.70. This represents a net decrease of \$4,603,301.26 from December 31, 2014. This decrease in value mirrored the broader market where U.S. stocks experienced their first negative annual returns since 2008 with the Dow Jones Industrial average losing 2.2% for the year. The table below shows a comparison of total assets over the prior three-year period:

	December 31, 2013	December 31, 2014	December 31, 2015
Mutual Funds	\$132,537,145.37	\$144,885,417.60	\$141,734,785.30
Stable Value Funds	\$72,270,908.43	\$71,139,166.15	\$69,882,868.96

Self-directed Accts	\$1,948,365.12	\$2,256,344.21	\$2,059,972.44
Total Assets	\$206,756,418.92	\$218,280,927.96	\$213,677,626.70

There were 1,958 participants, including active employees and retirees enrolled in the Plan as of December 31, 2015 compared to 1,975 at the close of 2014. As of December 31, 2015, the average account balance was \$109,130.56 down from \$110,521.99 as of December 31, 2014. Plan fees were down significantly from \$72,014.81 in 2014 to \$12,235.90 in 2015 under the new administrative services contract. Plan participants are the beneficiaries of these lower administrative fees through a reduction in the management fees assessed on their investments.

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, 2015; and (b) a statement of investments including changes in assets available for distribution in 2015.

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; Denice E. Korcal, Director of Human Resources

Attachments