



Metropolitan Water Reclamation District of Greater Chicago

100 East Erie Street
Chicago, IL 60611

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TRANSMITTAL LETTER FOR BOARD MEETING OF MAY 20, 2021

COMMITTEE ON PENSION, HUMAN RESOURCES AND CIVIL SERVICE

Mr. Brian A. Perkovich, Executive Director

Annual Report for the Deferred Compensation Plan and Trust for 2020

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 Marcelino Garcia; 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 Variable Annuity Life Insurance Company (operating under the brand name AIG Retirement Services). 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, 2020 was \$321,191,358.43. This represents a net increase of \$34,071,382.14 from December 31, 2019. The Plan had a

net outflow (contribution versus distributions) of \$3,033,826.76 for the year. Plan fees were \$83,657.77, with \$17,439.46 attributed to the voluntary managed accounts program. Participants experienced total investment gains of \$37,188,866.67 or 12.95% in 2020. Over the same period, the broader market saw U.S. equities post a 20.89% return and U.S. fixed income markets post an 7.51% return. The table below shows a comparison of total assets over the prior three-year period:

	December 31, 2018	December 31, 2019	December 31, 2020
Mutual Funds	\$168,301,771.15	\$209,544,645.54	\$235,835,242.60
Stable Value Funds	\$73,922,364.46	\$74,528,852.00	
\$82,390,088.56			
Self-directed Accts	\$2,119,514.51	\$3,046,478.75	\$2,966,027.27
Total Assets	\$244,343,650.12	\$287,119,976.29	\$321,191,358.43

There were 2,000 participants, including active employees and retirees enrolled in the Plan as of December 31, 2020 compared to 2,008 at the close of 2019. As of December 31, 2020, the average account balance was \$160,596.00 up from \$141,829.00 as of December 31, 2019.

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, 2020; and (b) a statement of investments including changes in assets available for distribution in 2020.

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

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

Attachments