



RETIREMENT BOARD CALENDAR SHEET
Retirement Board Meeting of May 8, 2019

To: Retirement Board

Through: Jay Huish *JH*
Executive Director

From: Diane Chui Justen *DCJ*
Deferred Compensation Plan Manager

Date: May 8, 2019

Agenda Item: Deferred Compensation Manager Report

Background:

Diane Chui Justen, Deferred Compensation Plan Manager, will present a quarterly report on the SFDCP covering four key areas:

- Investments
- Marketing/Communications
- Operations
- Recordkeeper

The report will be followed by a presentation from Voya regarding the recordkeeper transition.

Recommendation: This is a discussion only item.

Attachments:

- SFDCP Manager Memorandum
- 2019 Eddy Award Listing
- Quarterly Activity Report as of March 31, 2019
- Voya Transition Presentation



MEMORANDUM

Date: May 8, 2019

To: Members of the Retirement Board

Through: Jay Huish, Executive Director *JH*

From: Diane Chui Justen, Deferred Compensation Plan Manager *DCJ*

Subject: SFDCP Manager Memorandum

INVESTMENTS

Highlights:

- **Reduced Stable Value investment management fee to 7.5 bps**
- **Stable Value Credit rate is 2.54% for Q2**
- **Target Date 2060 and 2065 available since April 8**

Additional Background

The SFDCP Stable Value Fund ("SVF") currently holds over \$1 Billion in participant assets as of March 31, 2019, accounting for nearly 30% of Plan assets. SVF is managed by Galliard Capital Management ("Galliard") and their contract with the SFDCP is being extended until June 30, 2020. As a result of this extension, and given significant size of SVF, Staff successfully negotiated a reduction in management costs. SVF participants are now benefiting from the lowest fee schedule of 7.5 bps effective March 1, 2019 (previously 8.4 bps). In addition, the SVF crediting rate, which is guaranteed for the stated quarter, is 2.54% for Q2 2019. *Historical rates:*

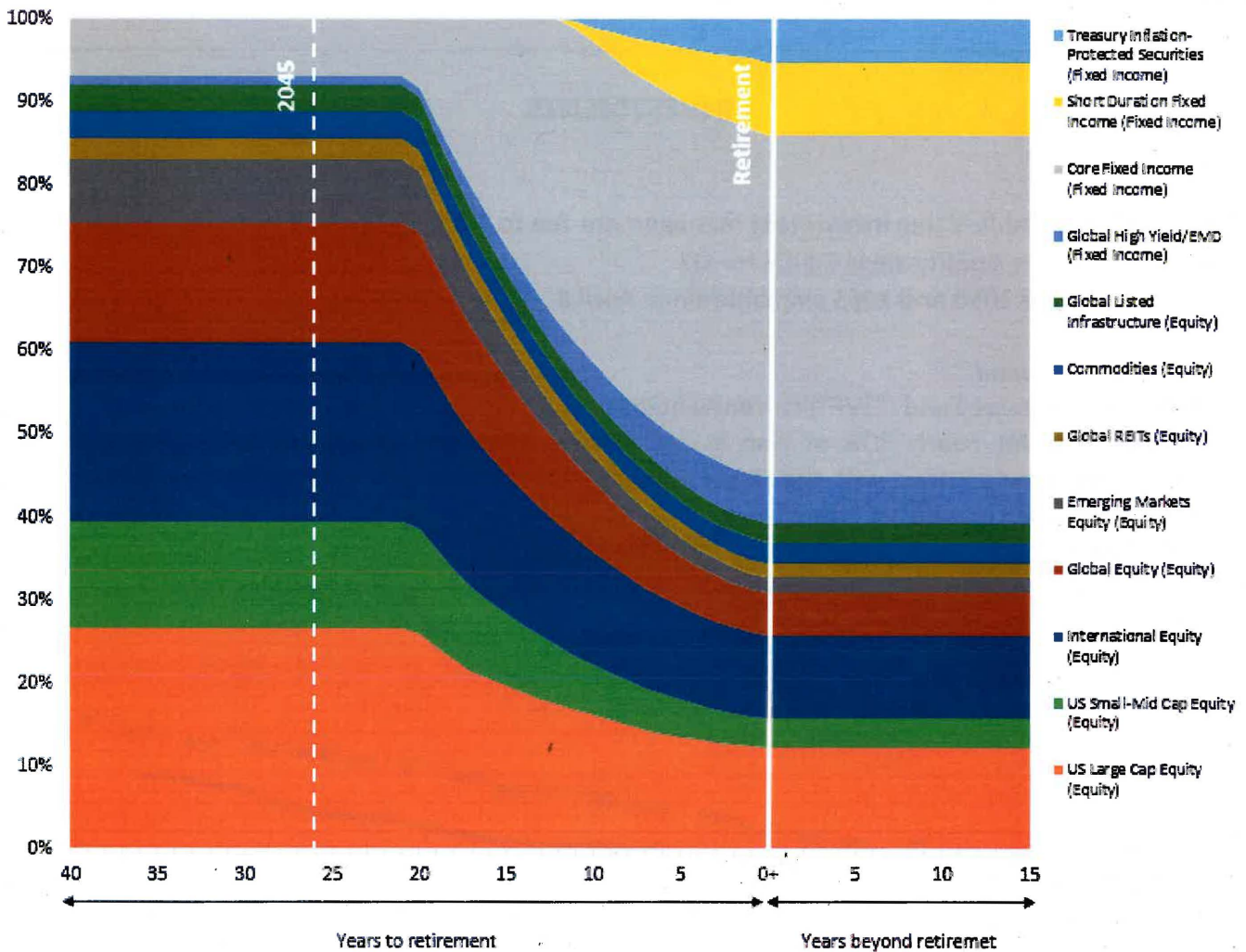
Net Crediting Rate



The SFDCP Target Date Funds (“TDF”) are the current default investment for participants who do not make an investment election. SFDCP TDF use a customized glidepath (see below) that factors in estimated SFERS pension benefits at retirement. A glidepath is an asset allocation model that reduces equity exposure over time, as participants benefit from capital preservation closer to retirement. Upon retirement, the TDF collapses into the SFDCP Retirement Fund where it maintains a static allocation of roughly 40% equity and 60% fixed income.

Russell Investments serves as the current TDF Investment Manager (since July 2011) and is responsible for designing the glidepath based on City and County of San Francisco employee demographics. TDF are a suite of eleven individual age-based funds (by estimated retirement year) and currently account for nearly \$750 Million in participant assets (~20% of Plan assets) as of March 31, 2019. The TDF 2060 and 2065 Funds were launched on April 8, 2019 and are available for participants who are between the ages 22-26, and under 21 years old, respectively.

SFDCP Target Date Funds Custom Glidepath:



MARKETING / COMMUNICATIONS




Highlights:

- 1st place Eddy award for ongoing investment education from Pensions & Investments
- SFDCP Marketing featured as best practice

Additional Background

The SFDCP continues to strive for marketing excellence, crafted for the optimal participant experience. Communications are designed to be clear, easy to understand, and to inspire action. In October 2018, the SFDCP participated in National Retirement Security Week (NRSW). NRSW is a national campaign sponsored by Congress and the National Association of Government Defined Contribution Administrators (NAGDCA). The week offers plan sponsors the opportunity to create a focused campaign that emphasizes the benefits of saving for retirement by investing in an employee-sponsored defined contribution plan.

To spur interest, NAGDCA created “Your Whole Story”, an age-based campaign designed to appeal to employees at different stages of the retirement journey. The campaign is available at no additional cost for government plan sponsors to leverage or tailor to their unique population. The SFDCP built upon the theme by using a multi-touch strategy that included emails, flash cards and a promotional poster, and further complemented the campaign with “Lunch and Learn” seminars held at the SF Public Main library. Employees received a more holistic view of retirement income by learning how the SFDCP can complement the SFERS pension to maximize benefits, and seminar feedback was overwhelmingly positive. The campaign and results not only won the SFDCP a NAGDCA award, but also garnered the prestigious 1st Place Eddy award, a recognition from Pensions & Investments for marketing excellence (see 2019 Eddy Award Listing). Judges praised the easy to understand email campaign provided below.

National Retirement Security Week																		
Sunday Oct. 21	Monday Oct. 22	Tuesday Oct. 23	Wed Oct. 24	Thurs Oct. 25	Friday Oct. 26	Saturday Oct. 27												
	Kick off email		Targeted by age: < 35 35-50 > 50		How long are you going to live in retirement?													
																		
	Email #1 to All Delivered: 14,064 Open Rate: 42%		Email #2 to 3 age groups			Email #3 to All Delivered: 14,056 Open Rate: 35%												
			<table border="1"> <thead> <tr> <th></th> <th>Delivered:</th> <th>Open Rate:</th> </tr> </thead> <tbody> <tr> <td><35</td> <td>2,317</td> <td>42%</td> </tr> <tr> <td>35-49</td> <td>6,189</td> <td>39%</td> </tr> <tr> <td>50-70</td> <td>5,881</td> <td>40%</td> </tr> </tbody> </table>		Delivered:	Open Rate:	<35	2,317	42%	35-49	6,189	39%	50-70	5,881	40%			
	Delivered:	Open Rate:																
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OPERATIONS

Highlights:

- **Online enrollment expected to be available Day 1**
- **Loan program enhancements to allow direct deposit and electronic consent**

Additional Background

Employees have come to expect convenient easy-to-use experiences that they can interact with wherever they are, whenever they want, in the channels they like to use. “Online” is easily becoming the most dominant channel, allowing employees to enroll at their leisure, such as their work desk, smart phone, or at home. The SFDCP currently uses a paper-based application enrollment process and is actively developing an online enrollment experience with Voya, the Plan’s new recordkeeper. When the transition to Voya is complete, Staff anticipates employees to be able to enroll online on Day 1.

The SFDCP Loan Program continue to be a very popular feature of the Plan, with nearly \$40 Million in outstanding balances across 3,217 loans. The loan program was launched in August 2016 and is currently rather “paper-based” despite the online application process. Upon approval of the loan, participants receive a mailed paper check attached to the promissory note, whereby endorsing the check signifies agreement to the loan terms. To decrease turnaround times, Staff is currently working with Voya to offer a loan program that allows participants to agree to the loan terms electronically and to provide direct deposit of loan funds. In addition, off-schedule or missed loan repayments may be made via ACH. These items will be discussed in more detail with the Deferred Compensation Committee in June.

SFDCP Loan Details:

Loan Initiations	1st Quarter 2019 Loan Initiation Assets	2019 Loan Initiation Assets Year-To-Date	1st Quarter 2019 Loan Initiation Participant Count	2019 Loan Initiation Participant Count Year-To-Date
General Purpose	\$3,969,082	\$3,969,082	295	295
Residential	\$127,500	\$127,500	4	4
Grand Total	\$4,096,582	\$4,096,582	299	299

Loan Statistics	1st Quarter 2019
# of Outstanding Active Loans	3,217
# of Defaulted Loans	10
# of Paid Off Loans	79
# of Offset Loans	34
# of New Loans	299
Average Loan Balance	\$12,404
Total Outstanding Loan Balance	\$39,905,143

RECORDKEEPER

Highlights:

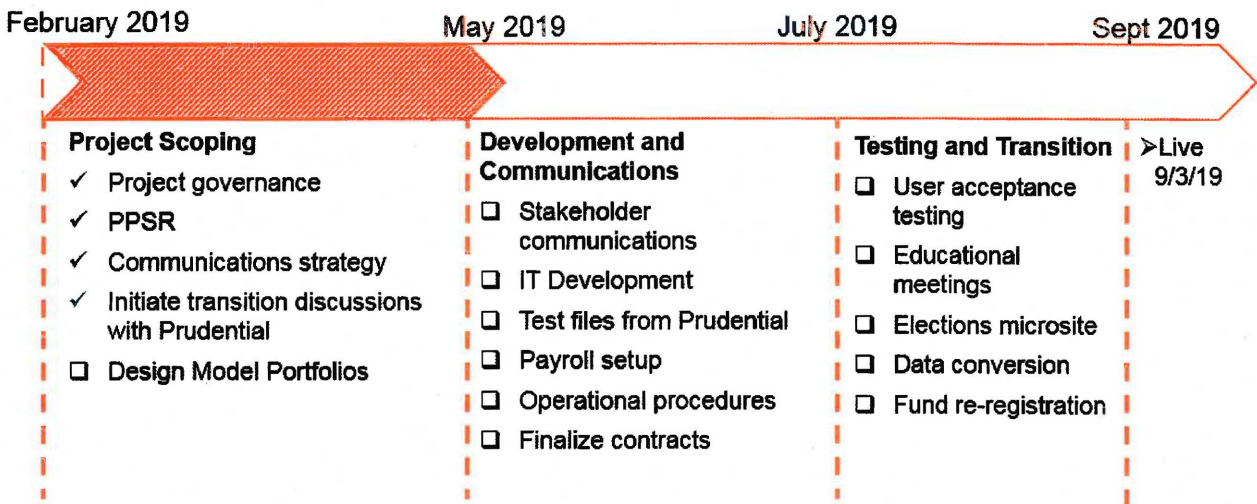
- **Transition to Voya on schedule for September launch**
- **Joe Collins returning to the SFDCP as a Voya Retirement Counselor**

Additional Background

The SFDCP is in the midst of transitioning to Voya Financial for recordkeeping services. The transition date is targeting no earlier than Tuesday, September 3, 2019 (after Labor Day) to take advantage of a three-day weekend. Blackout dates are still being negotiated with Prudential. Staff has been participating in weekly calls (two at a minimum) to provide direction on actions required and information needed, such as plan design and payroll programming. Contracting commenced in February and Voya has assigned a fully dedicated project manager to keep all tasks on track.

Participant outreach is expected to begin at least 45 days prior to transition in July. We anticipate this heightened awareness will lead to more action as Participants are likely to re-engage. In response to this, Staff and Voya are creating a Transition “Landing Page” (mini website) to allow easy access to important information in a user-friendly way. Voya is also developing a “special elections microsite” designed to capture any investment changes participants choose to make before the transition. Participants who do not use the microsite will simply have their investments mapped over in kind.

Voya Transition Timeline and Workflow:



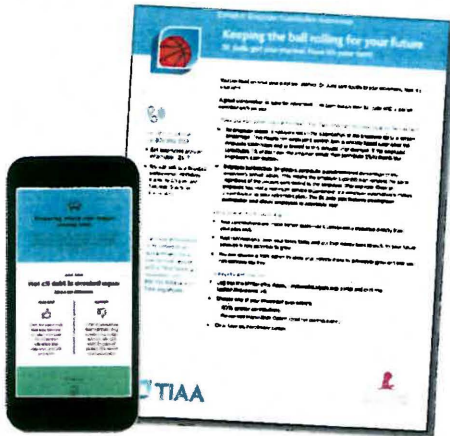
Voya is also actively recruiting for Retirement Counselors (five total) and Staff is happy to announce that Joe Collins, a long-standing SFDCP counselor who served under prior recordkeepers and left in 2017, will be returning through Voya.

The accompanying Voya Transition presentation will provide additional details on the process, timeline and communications. Voya’s Brian Merrick and Adria Campbell will be available to walk through the presentation and answer any questions.

ONGOING INVESTMENT EDUCATION

NOT FOR PROFIT/OTHER SECOND PLACE

PLAN SPONSOR: St. Jude
SERVICE PROVIDER: TIAA



St. Jude's retirement engagement campaign sought to maintain the momentum of previous years by highlighting specific issues for participants – the impact of state taxes, estate planning and beneficiary issues, to name just a few. Judges liked the campaign's strong multichannel approach, which included a daily newsletter focused on retirement topics as well as workshops and individual consultations.

PUBLIC

FIRST PLACE

PLAN SPONSOR: City and County of San Francisco
SERVICE PROVIDER: Prudential Retirement



San Francisco sought to encourage more participants to enroll in its voluntary deferred compensation plan and take a more holistic view of retirement income. Its "Big Picture" campaign, focused on emails and seminars, made a point to differentiate between employees' defined benefit and deferred compensation plans and show how they both contribute to a secure retirement. Judges praised the easy to understand emails, which were segmented by generation.

PUBLIC

SECOND PLACE

PLAN SPONSOR: Federal Retirement Thrift
Investment Board



Videos, webinars, printed materials, social media and in-person training combined in 2018 to educate military members about the Department of Defense's new retirement system, which provided participants with matching on their Thrift Savings Plan contributions up to 5% of their salary. Nearly 300,000 members of the uniformed services are now enrolled, with nearly 250,000 choosing to opt in. "Videos were excellent, very simple and very engaging," one judge noted.

City and County of San Francisco
Deferred Compensation Plan



SFDCP Quarterly Activity Report: 1st Quarter 2019

FUND	Balance as of 3/31/2019	3/31/2019 % of Total Assets	3/31/2019 3-Month Fund Performance	3/31/2019 3-Month Benchmark Performance	3/31/2019 Year-to-Date Fund Performance	3/31/2019 Year-to-Date Benchmark Performance	Benchmark
SFDCP Stable Value Fund	\$1,011,021,574	28.7%	0.59% ¹	0.60%	0.59% ¹	0.60%	3-Year Constant Maturity Treasury Index
SFDCP Core Bond Fund	\$171,184,898	4.9%	3.69%	2.94%	3.69%	2.94%	Bloomberg Barclays Aggregate
SFDCP Bond Index Fund	\$6,480,092	0.2%	2.95%	2.94%	2.95%	2.94%	Bloomberg Barclays Aggregate
SFDCP Large Cap Value Equity Fund	\$104,032,558	2.9%	11.33%	11.93%	11.33%	11.93%	Russell 1000 Value
SFDCP Large Cap Equity - S&P 500 Index Fund	\$307,200,779	8.7%	13.66%	13.65%	13.66%	13.65%	S&P 500
SFDCP Large Cap Social Equity Fund	\$52,343,396	1.5%	13.76%	13.79%	13.76%	13.79%	FTSE 4Good US Select
SFDCP Large Cap Growth Equity Fund	\$547,805,780	15.5%	16.41%	16.10%	16.41%	16.10%	Russell 1000 Growth
SFDCP Active Equity Fund	\$122,835,532	3.5%	10.45%	14.58%	10.45%	14.58%	Russell 2000
SFDCP Small-Mid Cap Equity Index Fund	\$195,902,552	5.6%	15.94%	15.99%	15.94%	15.99%	Dow Jones U.S. Compl Total Stock Mkt Index
SFDCP Small-Mid Cap Equity Fund	\$3,102,539	0.1%	17.60%	15.82%	17.60%	15.82%	Russell 2500
SFDCP International Equity Fund	\$222,841,407	6.3%	11.28%	10.31%	11.28%	10.31%	MSCI ACWI Ex US
SFDCP International Equity Index Fund	\$6,054,162	0.2%	9.98%	9.98%	9.98%	9.98%	MSCI EAFE Index
SFDCP Real Estate Fund	\$36,015,638	1.0%	14.97%	16.27%	14.97%	16.27%	MSCI US REIT Index
SFDCP Retirement Fund	\$130,949,377	3.7%	7.22%	6.63%	7.22%	6.63%	SFDCP Retirement Benchmark ²
SFDCP Target Date 2020 Fund	\$108,232,949	3.1%	7.28%	6.68%	7.28%	6.68%	SFDCP 2020 Benchmark ²
SFDCP Target Date 2025 Fund	\$137,203,104	3.9%	7.89%	7.29%	7.89%	7.29%	SFDCP 2025 Benchmark ²
SFDCP Target Date 2030 Fund	\$122,523,822	3.5%	9.02%	8.41%	9.02%	8.41%	SFDCP 2030 Benchmark ²
SFDCP Target Date 2035 Fund	\$94,035,071	2.7%	10.46%	9.93%	10.46%	9.93%	SFDCP 2035 Benchmark ²
SFDCP Target Date 2040 Fund	\$67,822,227	1.9%	12.16%	11.68%	12.16%	11.68%	SFDCP 2040 Benchmark ²
SFDCP Target Date 2045 Fund	\$44,480,967	1.3%	12.16%	11.68%	12.16%	11.68%	SFDCP 2045 Benchmark ²
SFDCP Target Date 2050 Fund	\$15,179,006	0.4%	12.16%	11.68%	12.16%	11.68%	SFDCP 2050 Benchmark ²
SFDCP Target Date 2055 Fund	\$7,024,401	0.2%	12.16%	11.68%	12.16%	11.68%	SFDCP 2055 Benchmark ²
Total Target Date Funds	\$727,450,924	20.6%					
Self Directed Brokerage	\$13,963,295	0.4%					
TOTAL	\$3,528,235,125	100.0%					

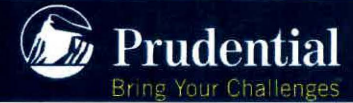
¹ The annualized crediting rate for SFDCP Stable Value Fund was 2.42% for the 1st quarter of 2019.

² The Target Date Benchmarks reflect a weighted average of the S&P 500 Index, Russell 2500 Index, MSCI All-Country World Index Ex US - Net, MSCI All-Country World Index - Net, MSCI Emerging Markets Index - Net, FTSE EPRA/NAREIT Developed Real Estate Index - Net, Bloomberg Commodity Index, S&P Global Infrastructure Index, Bloomberg Barclays US High-Yield 2% Issuer Capped Bond Index, JPM EMBI Global Diversified Index, Bloomberg Barclays US Aggregate Bond Index, Bloomberg Barclays 1-3 Year Government Index and the Bloomberg Barclays US TIPS Index.

* Total Plan assets as of 12/31/18 were \$3,251,100,736.

Standardized fund performance can be found at the following website: <http://www.prudential.com/sponsor>

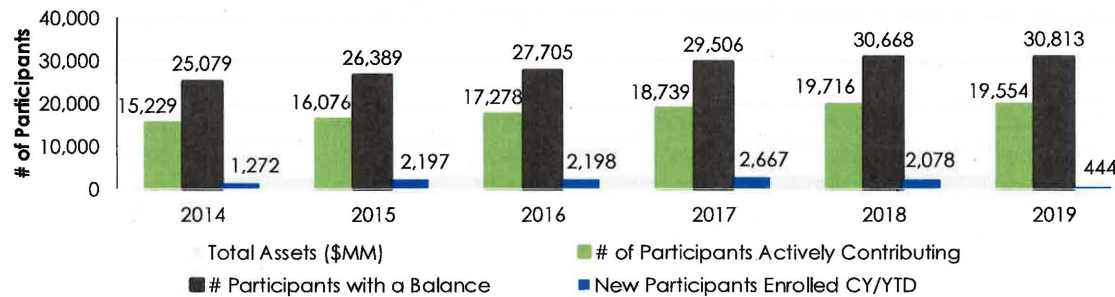
City and County of San Francisco
Deferred Compensation Plan



Plan Statistics Over Time: 2014 to Present

	12/31/2014	12/31/2015	12/31/2016	12/31/2017	12/31/2018	03/31/2019
Total Assets (MM)	\$2,727.0	\$2,770.7	\$2,930.6	\$3,357.1	\$3,251.1	\$3,528.2
Payroll Contributions to Plan for CY/YTD (\$MM)	\$129.8	\$140.5	\$147.7	\$159.2	\$173.5	\$44.2
Cash Withdrawals from the Plan for CY/YTD (\$MM)	-\$53.7	-\$60.5	-\$54.0	-\$57.0	-\$59.3	-\$13.5
Rollover In Dollars for CY/YTD (\$MM)	\$19.6	\$13.5	\$12.0	\$15.6	\$14.6	\$3.4
Rollover Out Dollars for CY/YTD (\$MM)	-\$89.6	-\$71.4	-\$83.2	-\$82.0	-\$81.1	-\$20.3
Net Cash Flows CY/YTD (inc. rollovers) (\$MM)	\$6.2	\$22.1	\$22.5	\$35.8	\$47.7	\$13.8
# of Participants Actively Contributing ¹	15,229	16,076	17,278	18,739	19,716	19,554
# of Eligibles ²	34,222	34,159	35,250	36,108	36,655	36,376
Employee Participation Rate ³	44.5%	47.1%	49.0%	51.9%	53.8%	53.8%
Employee Participation Rate (excludes As-Needed employees) ⁴	50.8%	50.8%	52.3%	55.1%	57.3%	56.8%
Deferral Rate (median)	5.94%	5.62%	5.10%	5.07%	5.30%	5.68%
Target Date Fund # Participants	11,981	11,241	11,348	12,947	14,028	14,172
Goalmaker # Participants ⁵	622	3,211	4,556	5,069	5,214	5,242
Roth Assets (\$MM) ⁶	\$0.8	\$3.9	\$9.2	\$18.9	\$28.2	\$34.8
Roth Participants ⁶	449	1,169	1,916	2,972	3,896	4,090
Group Meetings (CY/YTD)	665	754	714	649	547	89
Individual Sessions (CY/YTD)	8,114	8,116	7,456	6,355	7,351	1,877

Participants Contributing/Enrolling Since 2014



¹ Number of participants who made a contribution during the calendar year; based on updated criteria.

² # of Eligibles provided by SFDCP Staff; based on updated criteria.

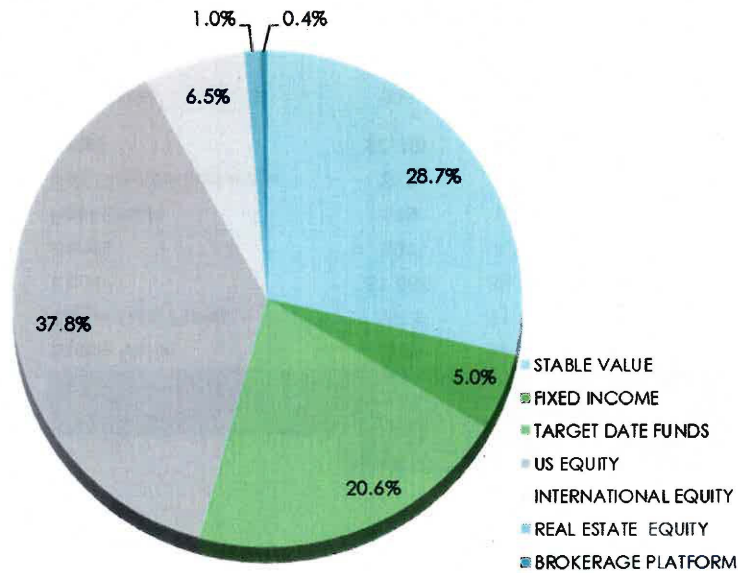
³ Employee Participation Rate % is the # of Participants Actively Contributing divided by the # of Eligibles.

⁴ Employee Participation Rate based on updated criteria, excluding Employees classified as "As Needed" in eMerge.

⁵ GoalMaker available to Plan participants September 2014.

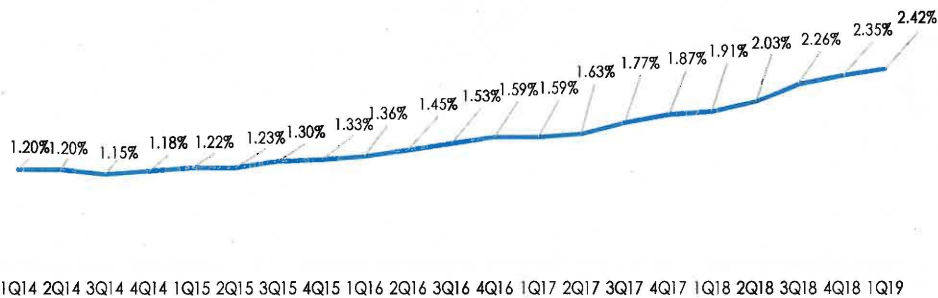
⁶ Roth available to Plan participants May 2014.

City and County of San Francisco
Deferred Compensation Plan



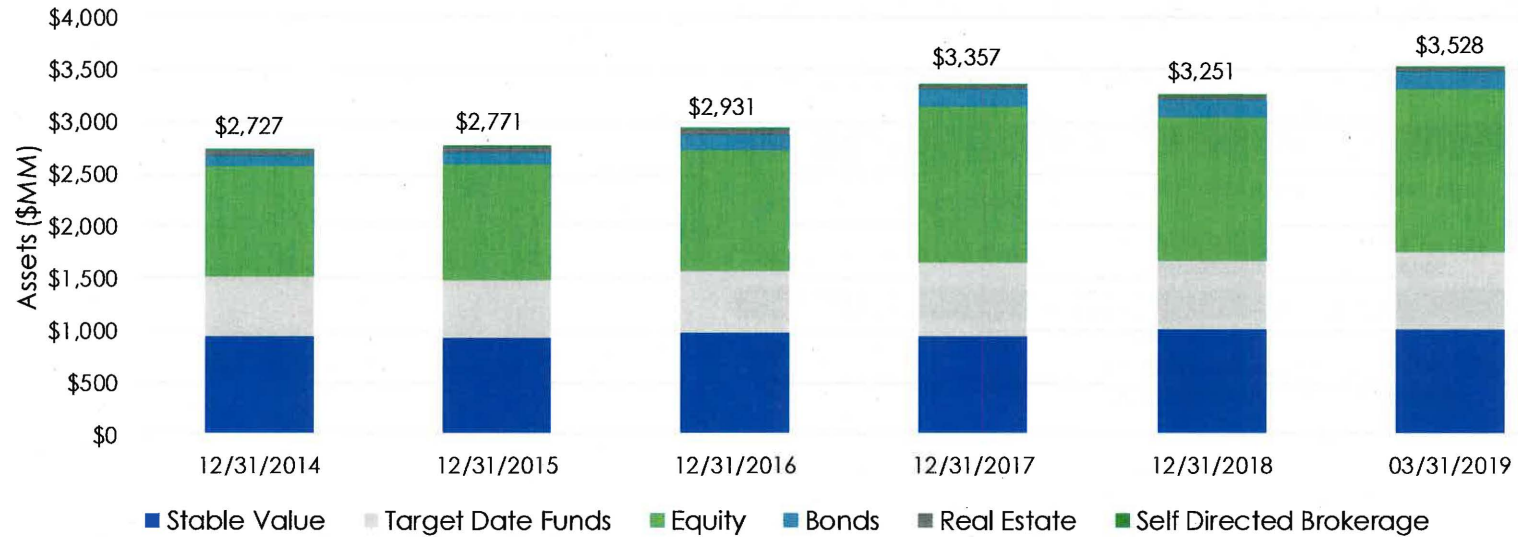
Stable Value Fund Net Crediting Rate for 1Q2019 = 2.42%

Net Crediting Rate



Underlying Fund	Assets as of 3/31/2019 (\$MM)	
STABLE VALUE	\$1,011.0	
SFDCP Stable Value Fund	Galliard Separate Account	\$1,011.0
FIXED INCOME	\$177.7	
SFDCP Core Bond Fund	Baird Core Plus Fund	\$171.2
SFDCP Bond Index Fund	Northern Trust Bloomberg Aggr Ind CIT	\$6.5
TARGET DATE FUNDS	\$727.5	
SFDCP Target Date Funds	Blend	\$727.5
US EQUITY	\$1,333.2	
SFDCP Large Cap Equity - S&P 500 Index Fund	Northern Trust S&P 500 Index CIT	\$307.2
SFDCP Large Cap Social Equity Fund	Vanguard FTSE Social Index, Instl	\$52.3
SFDCP Large Cap Growth Equity Fund	(50%) T.Rowe Price Growth Stock Fund (50%) Vanguard Growth Index	\$547.8
SFDCP Large Cap Value Equity Fund	LSV Conservative Value Equity	\$104.0
SFDCP Active Equity Fund	Fidelity Low Priced Stock Fund	\$122.8
SFDCP Small-Mid Cap Equity Index Fund	Northern Trust Dow Jones Completion/Extended Market Index CIT	\$195.9
SFDCP Small-Mid Cap Equity Fund	(50%) Westfield Capital Harbor SMID Growth (50%) Delaware/Macquarie SMID Value	\$3.1
INTERNATIONAL EQUITY	\$228.9	
SFDCP International Equity Fund	(50%) American Funds EuroPacific Growth (50%) Schroders QEP CIT	\$222.8
SFDCP International Equity Index Fund	Northern Trust MSCI EAFE Index CIT	\$6.1
REAL ESTATE EQUITY	\$36.0	
SFDCP Real Estate Fund	MSIF US Real Estate A	\$36.0
BROKERAGE PLATFORM	\$14.0	
Self Directed Brokerage	N/A	\$14.0
TOTAL	\$3,528.2	

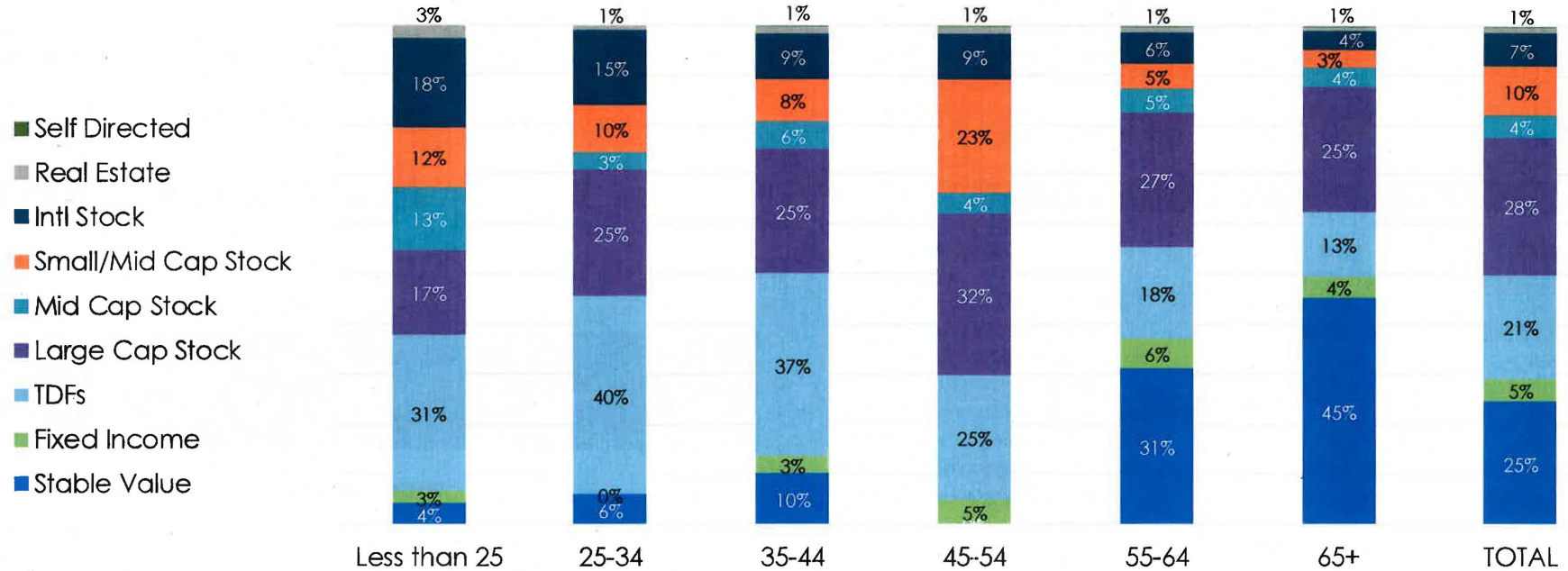
Total Plan Allocation: 2014 to Present



	12/31/2014		12/31/2015		12/31/2016		12/31/2017		12/31/2018		03/31/2019	
	Assets (\$MM)	% of Assets	Assets (\$MM)	% of Assets	Assets (\$MM)	% of Assets	Assets (\$MM)	% of Assets	Assets (\$MM)	% of Assets	Assets (\$MM)	% of Assets
Stable Value	\$936	34.3%	\$930	33.6%	\$965	32.9%	\$947	28.2%	\$998	30.7%	\$1,011	28.7%
Target Date Funds	\$574	21.0%	\$547	19.7%	\$588	20.1%	\$705	21.0%	\$665	20.5%	\$727	20.6%
Equity	\$1,066	39.1%	\$1,113	40.1%	\$1,172	40.0%	\$1,489	44.3%	\$1,378	42.3%	\$1,562	44.3%
Bonds	\$91	3.3%	\$119	4.3%	\$142	4.8%	\$163	4.9%	\$166	5.1%	\$178	5.0%
Real Estate	\$48	1.8%	\$49	1.8%	\$50	1.7%	\$39	1.2%	\$31	1.0%	\$36	1.0%
Self Directed Brokerage	\$13	0.5%	\$13	0.5%	\$13	0.5%	\$14	0.4%	\$13	0.4%	\$14	0.4%
Total	\$2,727	100.0%	\$2,771	100.0%	\$2,931	100.0%	\$3,357	100.0%	\$3,251	100.0%	\$3,528	100.0%
GoalMaker ¹	\$45	1.7%	\$168	6.1%	\$225	7.7%	\$304	9.1%	\$313	9.6%	\$349	9.9%

¹ GoalMaker available to Plan participants September 2014.

Asset Allocation by Age Group: March 31, 2019



Starting to save

Building wealth

Thinking about Retirement

Living in Retirement

	Less than 25	25-34	35-44	45-54	55-64	65+	TOTAL
Total Assets (\$MM) ¹	\$1	\$75	\$315	\$924	\$1,251	\$958	\$3,524
% of Assets	0.03%	2.14%	8.94%	26.23%	35.49%	27.18%	100.00%
Total Participants ²	208	3,691	6,218	7,822	7,578	5,310	30,827
% of Participants	0.67%	11.97%	20.17%	25.37%	24.58%	17.23%	100.00%
Average Account Balance	\$4,367	\$20,399	\$50,647	\$118,167	\$165,060	\$180,375	\$114,317
Prudential Participants Avg Account Balance	\$2,900	\$13,375	\$39,050	\$76,411	\$106,786	\$113,266	\$64,203

¹Total Assets do not include Expense Account Balance

²Represents participants with a balance.

Detail of Contributions

Plan Statistics (1st Quarter 2019)		Quarterly Activity	Year-to-Date
# Participants Actively Contributing as of Quarter-end		19,554*	
New Participants		444	444
Enrollments in Roth Source		194	194
GoalMaker Enrollments		52	52
GoalMaker Dollars of New Enrollments in Period		\$9,114,035	\$9,114,035
GoalMaker Balance as of Quarter-end		\$349,078,184	
Payroll Contributions	Total Pre Tax Payroll Contributions	\$40,662,409	\$40,662,409
	Total Roth Payroll Contributions	\$3,583,035	\$3,583,035
	Total Payroll Contributions:	\$44,245,444	\$44,245,444
Incoming Rollovers (Counts and Dollars)		90 \$3,372,277	90 \$3,372,277
Total Contributions (Payroll Contributions Plus Incoming Rollovers)		\$47,617,721	\$47,617,721

* Based on updated criteria.

Detail of Loans

Loan Initiations	Ist Quarter 2019	2019 Loan	Ist Quarter 2019	2019
	Loan Initiation Assets	Initiation Assets Year-To-Date	Loan Initiation Participant Count	Loan Initiation Participant Count
General Purpose	\$3,969,082	\$3,969,082	295	295
Residential	\$127,500	\$127,500	4	4
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Average Loan Balance	\$12,404
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Current SFDCP Loan Interest Rate is 6.50%

Detail of Withdrawals

Withdrawal Reasons (1st Quarter 2019)	Quarterly Activity	2019 Year-To-Date
UEW Dollars (Cash)	\$80,344	\$80,344
<i>UEW Counts (Cash)</i>	5	5
RMD Dollars (Cash)	\$2,659,520	\$2,659,520
<i>RMD Counts (Cash)</i>	351	351
Installment Payment Dollars (Cash)	\$2,028,171	\$2,028,171
<i>Installment Payment Counts (Cash)</i>	1,620	1,620
Service Buy Back Dollars (Rollover Out)	\$817,811	\$817,811
<i>Service Buy Back Counts (Rollover Out)</i>	54	54
Beneficiary Dollars (Cash)	\$387,550	\$387,550
Beneficiary Dollars (Rollover Out)	\$68,046	\$68,046
<i>Beneficiary Counts (Cash)</i>	73	73
<i>Beneficiary Counts (Rollover Out)</i>	1	1
QDRO Dollars (Cash)	\$63,461	\$63,461
QDRO Dollars (Rollover Out)	\$44,326	\$44,326
<i>QDRO Counts (Cash)</i>	17	17
<i>QDRO Counts (Rollover Out)</i>	1	1
Other Withdrawal Dollars (Cash)	\$8,310,130	\$8,310,130
Other Withdrawal Dollars (Rollover Out)	\$19,363,008	\$19,363,008
<i>Other Withdrawal Counts (Cash)</i>	536	536
<i>Other Withdrawal Counts (Rollover Out)</i>	120	120
Total Cash Withdrawal Dollars	\$13,529,176	\$13,529,176
<i>Total Cash Withdrawal Counts</i>	<i>2,602</i>	<i>2,602</i>
Total Rollover Out Dollars	\$20,293,191	\$20,293,191
<i>Total Rollover Out Counts</i>	<i>176</i>	<i>176</i>
Total Dollars	\$33,822,367	\$33,822,367
Total Counts	2,778	2,778

Withdrawal Types (1st Quarter 2019)	Quarterly Activity	2019 Year-To-Date
Partial Withdrawals - Dollars	\$12,103,680	\$12,103,680
<i>Partial Withdrawals - Counts</i>	<i>877</i>	<i>877</i>
Full Withdrawals - Dollars	\$19,516,941	\$19,516,941
<i>Full Withdrawals - Counts</i>	<i>221</i>	<i>221</i>
Installment Withdrawals - Dollars	\$2,201,746	\$2,201,746
<i>Installment Withdrawals - Counts</i>	<i>1,680</i>	<i>1,680</i>
Total Withdrawals - Dollars	\$33,822,367	\$33,822,367
Total Withdrawals - Counts	2,778	2,778

Note: Transaction counts may include participants with multiple distributions.

Customer should promptly report any inaccuracy or discrepancy to the brokerage firm(s).

All oral communications should be re-confirmed in writing to protect the customer's legal rights, including rights under the Securities Investor Protection Act (SIPA).

This information should not be considered an offer or solicitation of securities, insurance products or services. No offer is intended nor should this material be construed as an offer of any product. The information is being presented by us solely in our role as the plan's service provider and/or record keeper.

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Prudential's Book of Business averages are as of 12/31/2018.

SFDCP Implementation Overview

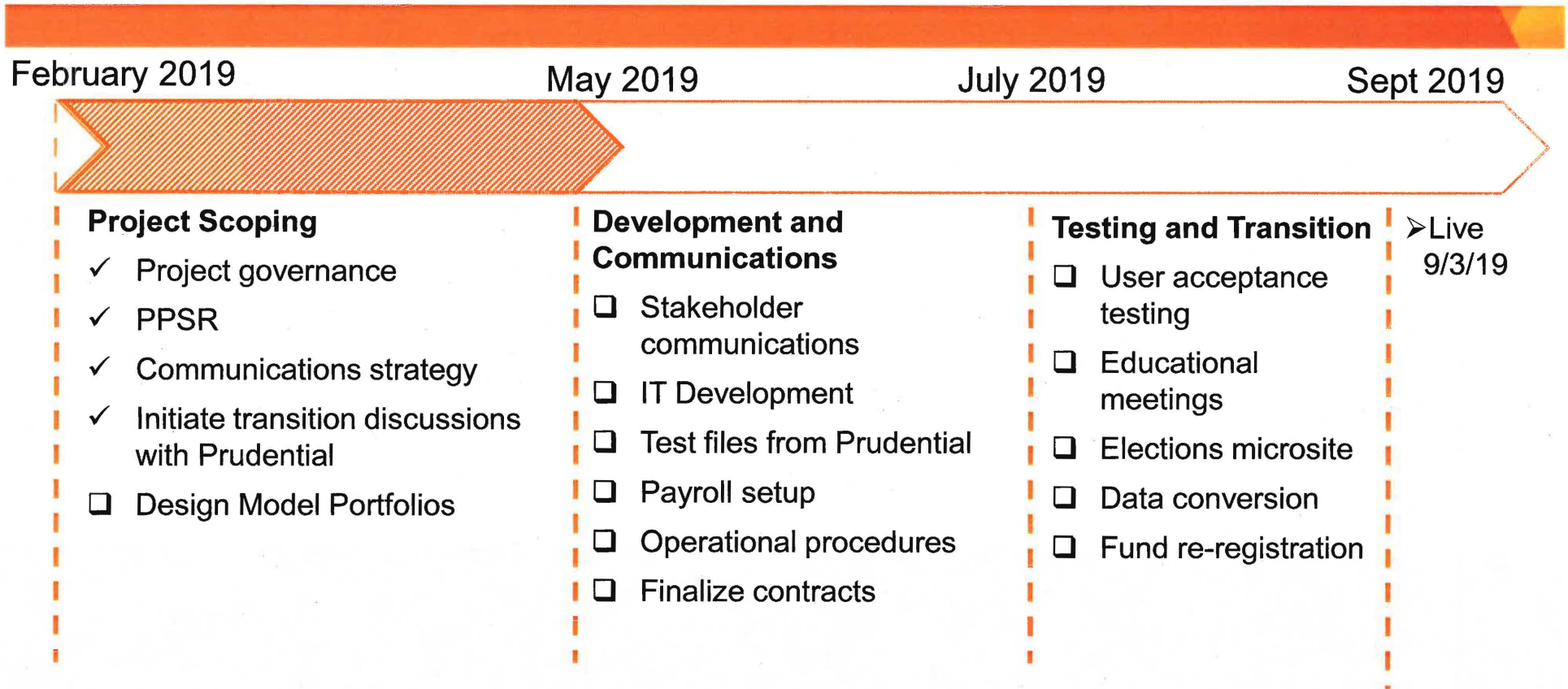
May 8, 2019

Information contained herein is proprietary, confidential and non-public and is not for public release.

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Project Timeline



Communications Timeline

90 Days Before Go Live	45 Days Before Go Live	40 Days Before Go Live	30 Days Before Go Live	Go Live Date	Post Go Live
June	Mid July	Late July	Early August	September	September →
Announcements	Transition Details		Reminder	Go Live	Plan Information
<ul style="list-style-type: none"> ▪ To Stakeholders (Benefits/Payroll/ Department Heads) ▪ Via MySFERS.org > Announcements ▪ Via DHR website 	<ul style="list-style-type: none"> ▪ Transition Newsletter to all participants' home addresses with applicable inserts ▪ Preview Plan Web Page with link to Transition Newsletter, fund fact sheets, FAQs, contact information for local reps and onsite education/webinar dates 	<ul style="list-style-type: none"> ▪ Seminar Email and Posters to promote onsite education and webinar dates ▪ Special Elections Microsite to allow chosen participants to make investment elections before the transition 	<ul style="list-style-type: none"> ▪ Reminder Email and Postcard with key dates for blackout ▪ Onsite Education/ Webinars to promote Plan and answer questions ▪ Appointment site opens to schedule in-person 1-on-1 meetings 	<ul style="list-style-type: none"> ▪ Account Access Postcard and Email 	<ul style="list-style-type: none"> ▪ All baseline plan materials available online and in-person ▪ On-demand Brainshark Plan presentations ▪ 1-on-1 account reviews at City-approved locations

Special election microsite audience

Recommendation: Allow all participants to be able to choose from all the investment options including the Model Portfolios.

Promotes:

- ✓ Investment education and diversification
- ✓ Model Portfolio awareness
- ✓ Proper Target Date Fund usage
- ✓ Current asset allocation review
- ✓ Consistent transition experience for all

Investment Options	Considerations
Model Portfolios	<ul style="list-style-type: none"> • Display recommended Model Portfolio option based on current GoalMaker portfolio (for GM users) or age (for all other participants)
Target Date Funds	<ul style="list-style-type: none"> • Opportunity to address “incorrect” usage of TDFs • Restrict election to 100% TDFs or 100% to one TDF • Display recommended TDF based on participant date of birth
Core Funds	<ul style="list-style-type: none"> • Offer participants the opportunity to reconsider their current core fund allocation relative to their risk and investment horizon
Professional Account Management	<ul style="list-style-type: none"> • Introduce new Professional Account Management service for participants who want direct assistance managing their investment portfolio

New Program Features and Enhancements

Voya Retirement Advisors

- In-plan investment advice available to all participants
- Free access to phone based advisors and online tools
- Professional account management for a fee
- Annual retirement evaluation mailing
- Integrated with participant website myOrangeMoney experience
- Pension modeling and integration

New Model Portfolios

- Designed by Financial Engines
- Available at no additional cost
- Includes both time horizon and risk tolerance
- Rebalanced quarterly – (TBD)
- Automatic gliding over time
- Default allocation for participants in Goal Maker

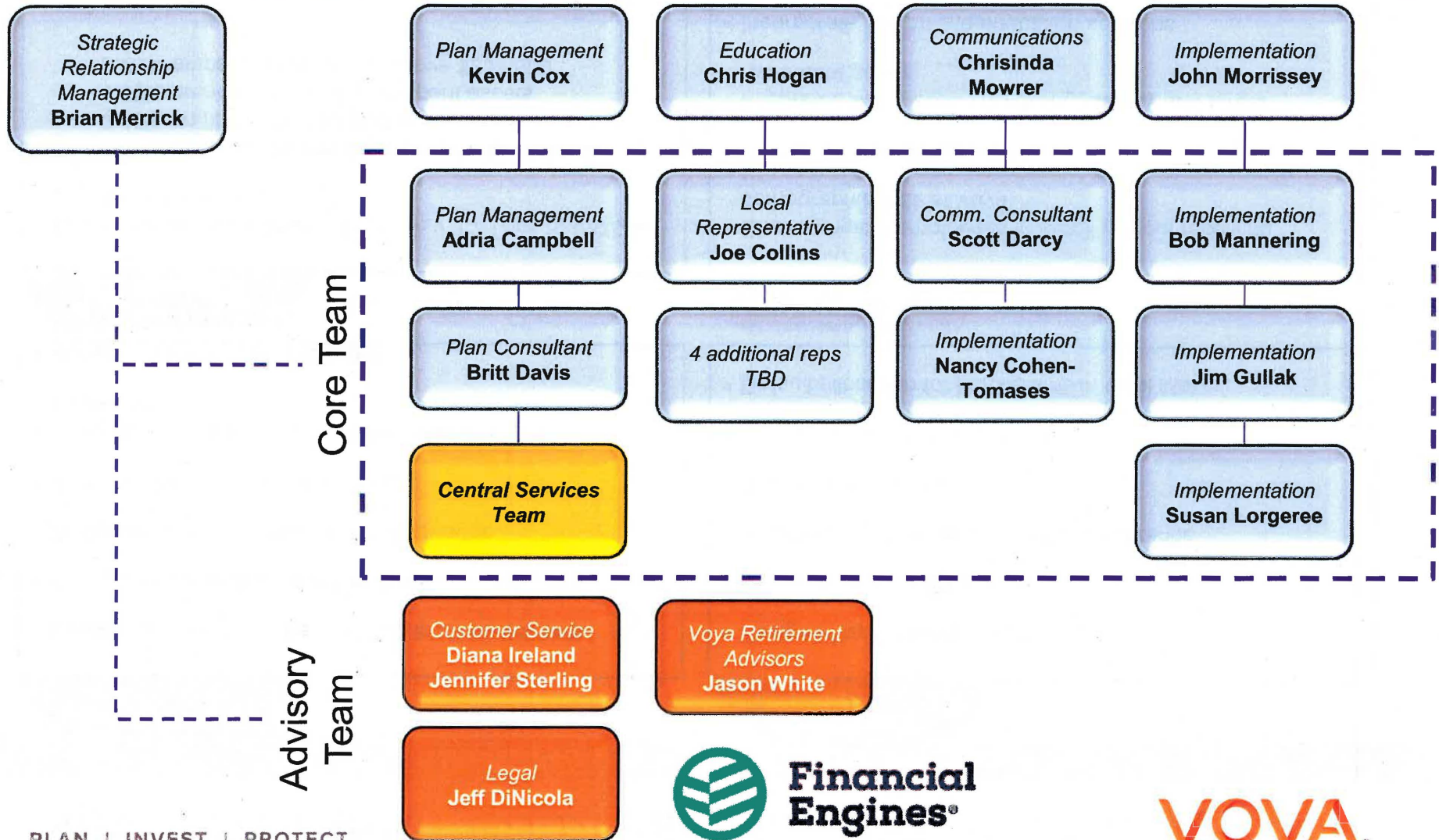
New Fee Schedule

- New recordkeeper administrative fee = 3.75 bps (0.0375%) on participant assets
- Tiered Professional Account Management fee schedule
 - 0.45% on first \$100,000 participant assets
 - 0.35% on next \$150,000 participant assets
 - 0.25% on participant assets above \$250,000

PINless Enrollment

- Enable eligible employees to enroll without receiving demographic data at Voya
- Guided enrollment experience
- Integrated with website myOrangeMoney and target retirement goals
- Incorporate into on site education sessions

Voya SFDCP Team – Ongoing



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