



Government of the District of Columbia

401(a) and 457(b) Retirement Plans Annual Report

FOR FISCAL YEAR **2019**

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Mayor



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Chief Financial Officer



Executive Summary

Fiscal year 2019 was largely a good year for investors in domestic fixed income markets with the Bloomberg Barclays Aggregate Index returning 10.30%, driven by lower interest rates. Non-U.S. fixed income returned 7.60%. U.S. equity markets experienced some headwinds and was up 4.25%, international equity markets lagged as developed markets were down 1.34% and emerging markets were down 2.02%.

Assets in the 401(a) Defined Contribution Plan (“401(a) Plan”) increased 6.46% from \$1.022 billion to \$1.088 billion as asset appreciation and contributions outpaced withdrawals. The plan had 28,651 participants with an average account balance of \$37,971. The District contributed \$71.3 million in fiscal year 2019 compared to \$69.9 million for the prior year.

Assets in the 457(b) Deferred Compensation Plan (“457(b) Plan”) increased 6.05% from \$822.9 million to \$872.7 million. The plan had 23,122 participants with an average account balance of \$37,742. Participants contributed \$87.2 million in fiscal year 2019 compared to \$76.8 million for the prior year. The employee participation rate for the 457(b) Plan in 2019 was 54% vs. 53% in 2018 representing a one percent increase, which we still consider to be too low for the program.

However, effective July 7, 2019, we implemented an automatic enrollment feature. New employees are automatically enrolled in the 457(b) Plan at a 5% salary deferral rate with an option to change the contribution rate or opt out within the first 30 days of employment. The new plan feature will increase the enrollment rate and help move employees toward a better financial future.

This report also provides more detailed information regarding the plans’ investment funds and investment performance; reviews of our financial educational programs, lists of relevant plan statistics and outlines the administrative work performed by our partners at the District government and ICMA-RC.

The Office of Finance and Treasury regularly reviews the performance of the funds with our independent investment management consulting firm, Segal Marco Advisors. The operations of the Plans and their assets are examined each year by an independent accounting firm. The Plans received an unqualified (clean) opinion from the auditor, F.S. Taylor & Associates, P.C. The audited financial statements are included in this report as an appendix.

We continued a robust educational program for participants that included monthly financial literacy seminars and individual account reviews. During the fiscal year 9,949 employees attended 522 seminars held by ICMA-RC (recordkeeper) and 1,700 employees met one-on-one with an ICMA-RC representative. The highlight of the summer was the Realize Retirement Tour Series where ICMA-RC featured a mobile public sector escape game. It included retirement-themed puzzles and fully immersive rooms in which participants tackled exciting challenges with a team of colleagues, receiving some financial retirement education along the way. Our proactive outreach, group educational seminars, vibrant postcards and e-blast articles informed and further educated plan participants.

We hope you find the information in this report helps you gain a better understanding of the District’s retirement plans, as well as the oversight performed on an ongoing basis by the Office of Finance and Treasury and the D.C. Department of Human Resources.

ICMA-RC Fund Information and Benchmark Descriptions

The following is a summary of the current investment options offered by asset class in the 401(a) and 457(b) Retirement Plans. This summary includes a description of the benchmark for each fund. More detailed information on each investment option, including fund fact sheets, can be found on www.DCRetire.com. The fund menu consists of 30 investment options ranging from conservative stability of principal funds to a more aggressive global/international fund option and a brokerage window. The District monitors all investment options offered on an ongoing basis. This investment review evaluates investment performance, fund manager performance, and other factors.

Stable Value/Cash Management

VANTAGEPOINT PLUS FUND R10

ICMA-RC employs a structured, multi-product, multi-manager approach in managing this fund. The fund invests primarily in a diversified and tiered portfolio of stable-value investment contracts and fixed-income securities, fixed-income mutual funds, and fixed-income commingled trust funds ("fixed income assets") that back certain stable-value investment contracts. In addition, the fund invests in money-market mutual funds, as well as cash and cash equivalents. The fund's portfolio may include different types of investments with a wide variety of negotiated terms and maturities and is diversified across sectors and issuers. The composition of the fund's portfolio and its allocations to various stable-value investments and fixed-income investment sectors, across the fund's multiple tiers, is determined based on prevailing economic and capital market conditions, relative value analysis, liquidity needs, and other factors.

The fund invests in stable-value investment contracts to seek to achieve, over the long run, returns higher than those of money-market funds and short-term bank rates and relatively stable returns compared to short-to-intermediate term fixed-income funds. The fund generally will not track shorter-term interest rates as closely as money-market mutual funds because of its longer maturity, potential adverse market changes, and provisions in stable-value contracts held by the fund. In

addition, while the fund's returns are generally expected to follow interest rate trends over time, they typically will do so on a lagged basis.

BENCHMARK: *The ICE BofA ML US 1-3 Year Treasury Index is an unmanaged index consisting of all public U.S. Treasury obligations having maturities from 1 to 2.99 years. Returns are annualized for all periods.*

VANGUARD FEDERAL MONEY MARKET FUND

The investment seeks to provide current income while maintaining liquidity and a stable share price of \$1. The fund invests primarily in high-quality, short-term money market instruments. Under normal circumstances, at least 80% of the fund's assets are invested in securities issued by the U.S. government and its agencies and instrumentalities. It maintains a dollar-weighted average maturity of 60 days or less and a dollar-weighted average life of 120 days or less. The fund generally invests 100% of its assets in government securities and therefore will satisfy the 99.5% requirement for designation as a government money market fund.

BENCHMARK: *The BofA ML US Treasury Bill 3 Month Index is comprised of a single U.S. Treasury Bill issue purchased at the beginning of each month and held for a full month, at which time that issue is sold and rolled into a newly selected issue. The issue selected each month is that having a maturity date closest to, but not beyond 90 days from the rebalance date.*



Bond

DC PLUS FIXED INCOME FUND

The portfolio invests 50% of its assets in the Vanguard® Total Bond Market Index Fund and 50% of its assets in the Touchstone Impact Bond Y Fund, and derives its objectives and strategies from these underlying mutual funds. The Vanguard fund seeks to track the performance of a broad, market-weighted bond index by employing an indexing investment approach designed to track the performance of the Barclays U.S. Aggregate Float Adjusted Index. Investments are selected using a sampling process, and at least 80% of its assets will be invested in bonds held by that index. The Touchstone fund seeks current income; capital appreciation is a secondary goal. It invests at least 80% of its assets in investment-grade fixed-income securities. It may invest up to 20% of its total assets in non-investment-grade debt securities (“junk bonds”).

BENCHMARK: *The Bloomberg Barclays U.S. Aggregate Bond Index consists of investment-grade U.S. fixed income securities.*

PIMCO REAL RETURN COLLECTIVE TRUST II

The objective of the PIMCO Real Return Fund is to seek maximum real return (total return less inflation).

The Fund’s investment strategy is to invest for both current income (bond coupons and dividends) and capital appreciation (bond price movements), consistent with preservation of capital and prudent investment management.

BENCHMARK: *The Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index (Series-L), consists of all U.S. Treasury inflation protected securities rated investment grade or better, having at least one year to final maturity and at least \$250 million par amount outstanding. The Series-L reference identifies this index as the former Lehman Brothers U.S. TIPS Index.*

Guaranteed Lifetime Income

VT RETIREMENT INCOME ADVANTAGE FUND

The objective of the fund is to seek both moderate capital growth and current income while providing a guaranteed lifetime income feature that protects retirement income against market downturns. The Fund invests in a Separate Account under a group variable annuity issued by Prudential Retirement Insurance and Annuity Company.

The Separate Account, in turn, invests in collective trust funds with an asset allocation of approximately 60% equities (both domestic and foreign) and 40% fixed



income. ICMA-RC is responsible for managing the assets of the Separate Account. The Separate Account’s target allocation to each collective trust fund is as follows:

- Equity Funds — Vantagepoint Broad Market Index Fund: 25%; Vantagepoint Growth & Income Fund: 20%; Vantagepoint International Fund: 15%
- Fixed Income Funds — Prudential Core Conservative Intermediate Bond Fund: 30%; Vantagepoint Inflation Focused Fund: 10%

BENCHMARK: *Fund performance is shown comparing it to a “benchmark” which may be a (i) broad-based securities market index (ii) a group of mutual funds with similar investment objectives, or (iii) a short term government backed debt obligation such as a U.S. Treasury Bill. An index is not available for direct investment, is unmanaged, and does not reflect the costs of portfolio management or trading. A fund’s portfolio may differ from the securities held in an index.*

Target Date/Lifecycle/Allocation

VANGUARD TARGET DATE INVESTMENTS

The trusts seek to provide growth of capital and current income consistent with its current target allocation by investing in a gradually more conservative mix of the following Vanguard funds: Total Stock Market Index

Fund, Total Bond Market II Index Fund, Total International Bond Index Fund, Short-Term Inflation- Protected Securities Index Fund, and Total International Stock Index Fund.

VANGUARD TARGET RETIREMENT INCOME TRUST I

Vanguard Target Retirement Income Trust uses an asset allocation strategy designed for investors currently in retirement. As of 9/30/2019, the Fund’s target mix is as follows: 37.2% in the Total Bond Market II Index Fund, 18.0% in the Total Stock Market Index Plus Fund, 16.8% in the Short-Term Inflation-Protected Securities Index Fund, 16.0% in the Total Int’l Bond Index Fund, and 12.0% in the Total Int’l Stock Index Fund.

BENCHMARK: *Target Income Composite Index — the Target Date Composite Indexes represent the performance of the target date fund’s asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2015 TRUST I

Vanguard Target Retirement 2015 Trust uses an asset-allocation strategy designed for investors who retired between 2013 and 2017. As of 9/30/2019, the Fund’s target mix is as follows: 34.1% in the Total Bond Market II Index Fund, 22.6% in the Total Stock Market Index

Institutional Plus Fund, 15.1% Total Int'l Stock Index Institutional Plus Fund, 14.9% in the Total Int'l Bond Index Institutional Fund, and 13.3% in the Short-Term Inflation-Protected Securities Index Institutional Fund.

BENCHMARK: *Target 2015 Composite Index — the Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2020 TRUST I

Vanguard Target Retirement 2020 Trust Plus uses an asset-allocation strategy designed for investors with planned retirements between 2018 and 2022. As of 9/30/2019, the Fund's target mix is as follows: 30.7% in the Total Stock Market Index Institutional Plus Fund, 29.1% in the Total Bond Market II Index Fund, 20.5% in the Total Int'l Stock Index Institutional Fund, 12.7% in the Total Int'l Bond Index Institutional Fund, and 7.0% in the Short-Term Inflation-Protected Securities Index Institutional Fund.

BENCHMARK: *Target 2020 Composite Index — the Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2025 TRUST I

Vanguard Target Retirement 2025 Trust uses an asset-allocation strategy designed for investors planning to retire between 2023 and 2027. As of 9/30/2019, the Fund's target mix is as follows: 36.5% in the Total Stock Market Index Institutional Plus Fund, 27.5% in the Total Bond Market II Index Fund, 24.2% in the Total Int'l Stock Index Institutional Plus Fund, and 11.7% in the Total Int'l Bond Index Institutional Fund.

BENCHMARK: *Target 2025 Composite Index — the Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2030 TRUST I

Vanguard Target Retirement 2030 Trust uses an asset-allocation strategy designed for investors planning to retire between 2028 and 2032. As of 9/30/2019, the

Fund's target mix is as follows: 41.1% in the Total Stock Market Index Institutional Plus Fund, 27.2% in the Total Int'l Stock Index Institutional Plus Fund, 22.2% in the Total Bond Market II Index Fund, and 9.5% in the Total Int'l Bond Index Institutional Fund.

BENCHMARK: *Target 2030 Composite Index — the Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2035 TRUST I

Vanguard Target Retirement 2035 Trust Plus uses an asset-allocation strategy designed for investors planning to retire between 2033 and 2037. As of 9/30/2019, the Fund's target mix is as follows: 45.7% in the Total Stock Market Index Institutional Plus Fund, 30.1% in the Total Int'l Stock Index Institutional Plus Fund, 17.0% in the Total Bond Market II Index Fund, and 7.3% in the Total Int'l Bond Index Institutional Fund.

BENCHMARK: *Target 2035 Composite Index — the Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2040 TRUST I

Vanguard Target Retirement 2040 Trust uses an asset-allocation strategy designed for investors planning to retire between 2038 and 2042. As of 9/30/2019, the Fund's target mix is as follows: 50.2% in the Total Stock Market Index Institutional Plus Fund, 33.0% in the Total Int'l Stock Index Institutional Plus Fund, 11.7% in the Total Bond Market II Index Fund, and 5.0% in the Total Int'l Bond Index Institutional Fund.

BENCHMARK: *Target 2040 Composite Index — the Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2045 TRUST I

Vanguard Target Retirement 2045 Trust uses an asset-allocation strategy designed for investors planning to retire between 2043 and 2047. As of 9/30/2019, the Fund's target mix is as follows: 54.3% in the Total Stock

Market Index Institutional Plus Fund, 35.6% in the Total Int'l Stock Index Institutional Plus Fund, 7.1% in the Total Bond Market II Index Fund, and 3.0% in the Total Int'l Bond Index Institutional Fund.

BENCHMARK: *Target 2045 Composite Index — the Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2050 TRUST I

Vanguard Target Retirement 2050 Trust uses an asset-allocation strategy designed for investors planning to retire between 2048 and 2052. As of 9/30/2019, the Fund's target mix is as follows: 54.3% in the Total Stock Market Index Institutional Plus Fund, 35.6% in the Total Int'l Stock Index Institutional Plus Fund, 7.1% in the Total Bond Market II Index Fund, and 3.0% in the Total Int'l Bond Index Institutional Fund.

BENCHMARK: *Target 2050 Composite Index — the Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2055 TRUST I

Vanguard Target Retirement 2055 Trust uses an asset-allocation strategy designed for investors planning to retire between 2053 and 2057. As of 9/30/2019, the Fund's target mix is as follows: 54.5% in the Total Stock Market Index Institutional Plus Fund, 35.4% in the Total Int'l Stock Index Institutional Plus Fund, 7.1% in the Total Bond Market II Index Fund, and 3.0% in the Total Int'l Bond Index Institutional Fund.

BENCHMARK: *Target 2055 Composite Index — the Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2060 TRUST I

Vanguard Target Retirement 2060 Trust uses an asset-allocation strategy designed for investors planning to retire between 2058 and 2062. As of 9/30/2019, the Fund's target mix is as follows: 54.3% in the Total Stock Market Index Institutional Plus Fund, 35.6% in the Total



Int'l Stock Index Institutional Plus Fund, 7.2% in the Total Bond Market II Index Fund, and 2.9% in the Total Int'l Bond Index Institutional Fund.

BENCHMARK: *Target 2060 Composite Index — the Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

VANGUARD TARGET RETIREMENT 2065 TRUST I

Vanguard Target Retirement 2065 Trust uses an asset-allocation strategy designed for investors planning to retire between 2063 and 2067. As of 9/30/2019, the Fund's target mix is as follows: 54.1% in the Total Stock Market Index Institutional Plus Fund, 35.8% in the Total Int'l Stock Index Institutional Plus Fund, 7.0% in the Total Bond Market II Index Fund, and 3.0% in the Total Int'l Bond Index Institutional Fund.

BENCHMARK: *Target 2065 Composite Index — the Target Date Composite Indexes represent the performance of the target date fund's asset class benchmarks according to their respective weightings in each fund. Please visit DCRetire.com to view the underlying composite index compositions.*

PIMCO ALL ASSET FUND

This investment seeks maximum real return, consistent with preservation of real capital and prudent investment management. The fund is a “fund of funds,” which is a term used to describe mutual funds that pursue their investment objective by investing in other funds. It seeks to achieve its investment objective by investing substantially all of its assets in the least expensive class of shares of any actively managed or smart beta funds (including mutual funds or exchange-traded funds) of the Trust, or PIMCO ETF Trust or PIMCO Equity Series, each of which is an affiliated open-end investment company, except other funds of funds.

BENCHMARK: *The Bloomberg Barclays U.S. 1-10 Year Treasury Inflation Notes Index is the 1-10 Year maturity component of the unmanaged U.S. Treasury Inflation Notes Index and consists of Inflation-Protection securities issued by the U.S. Treasury.*

U.S. Stock**DC PLUS LARGE CAP VALUE**

The portfolio invests 85% of its assets in the T. Rowe Price Equity Income Portfolio, collective investment fund, and 15% of its assets in the Edgar Lomax Value Fund, and derives its objectives and strategies from these underlying investments. The T. Rowe Price Equity Income Portfolio seeks a high level of dividend income and long-term growth of capital primarily through investments in stocks. Under normal market conditions, it invests at least 80% of its net assets (plus borrowings for investment purposes) in common stocks, with an emphasis on large-capitalization stocks that have a strong track record of paying dividends or that are believed to be undervalued. The Edgar Lomax Value Fund seeks long-term capital growth while providing some income by investing primarily in large, well-recognized companies which the fund’s adviser believes are undervalued. It invests at least 85% of its total assets in equity securities.

BENCHMARK: *The Russell 1000® Value Index measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000® Index companies with lower price-to-book ratios and lower expected growth values.*

AMERICAN FUNDS FUNDAMENTAL

The investment seeks long-term growth of capital and income. The fund invests primarily in common stocks of companies that appear to offer superior opportunities

for capital growth and most of which have a history of paying dividends. It may invest significantly in securities of issuers domiciled outside the United States. The investment adviser uses a system of multiple portfolio managers in managing the fund’s assets.

BENCHMARK: *The S&P 500 Index consists of 500 companies representing larger capitalization stocks traded in the U.S.*

VANGUARD INSTITUTIONAL INDEX INSTITUTIONAL PLUS

The investment seeks to track the performance of a benchmark index that measures the investment return of large capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the Standard & Poor’s 500 Index, a widely recognized benchmark of U.S. stock market performance that is dominated by the stocks of large U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

BENCHMARK: *The S&P 500 Index consists of 500 companies representing larger capitalization stocks traded in the U.S.*

DFA U.S. CORE EQUITY I PORTFOLIO

The investment seeks to achieve long-term capital appreciation. The fund purchases a broad and diverse group of securities of U.S. companies with a greater emphasis on small capitalization, value and high profitability companies as compared to their representation in the U.S. Universe. The Advisor generally defines the U.S. Universe as a market capitalization weighted portfolio of U.S. operating companies listed on a securities exchange in the United States that is deemed appropriate by the Advisor.

BENCHMARK: *The Russell 3000® Index includes, and measures the performance of, the largest 3,000 U.S. publicly traded companies based on market capitalization, representing a substantial portion of the investable U.S. equity market.*

DC PLUS LARGE CAP GROWTH

The portfolio invests 70% of its assets in the American Funds The Growth Fund of America® and 30% of its assets in the Vanguard Growth Index Fund, and derives its objectives and strategies from these underlying mutual funds. The Growth Fund of America® seeks growth of capital by primarily investing in common stocks, and

seeks to invest in companies that appear to offer superior opportunities for growth of capital.

It may invest up to 25% of its assets in securities of issuers domiciled outside the United States. The Vanguard Growth Index Fund employs an indexing investment approach designed to track the performance of the CRSP US Large Cap Growth Index, a broadly diversified index predominantly made up of growth stocks of large U.S. companies. The fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

BENCHMARK: *The Russell 1000® Growth Index measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000® Index companies with higher price-to-book ratios and higher forecasted growth values.*

ARIEL INSTITUTIONAL

The investment seeks long-term capital appreciation. The fund invests in small/mid cap undervalued companies that show strong potential for growth. It invests primarily in equity securities of U.S. companies that have market capitalizations within the range of the companies in the Russell 2500TM Index, measured at the time of initial purchase.

BENCHMARK: *The Russell 2500® Value Index measures the performance of those Russell 2500 companies with lower price-to-book ratios and lower forecasted growth values.*

VANGUARD SMALL-CAP INDEX INSTITUTIONAL

The investment seeks to track the performance of a benchmark index that measures the investment return of small-capitalization stocks. The fund employs an indexing investment approach designed to track the performance of the CRSP US Small Cap Index, a broadly diversified index of stocks of small U.S. companies. The advisor attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the index, holding each stock in approximately the same proportion as its weighting in the index.

BENCHMARK: *The Spliced Small Cap Index represents the performance of stocks of small U.S. companies. It tracks the performance of the MSCI US Small Cap 1750 Index through January 30, 2013, and the CRSP US Small Cap Index thereafter.*

BROWN CAPITAL MANAGEMENT SMALL COMPANY INSTITUTIONAL

The investment seeks long-term capital appreciation; current income is a secondary consideration in selecting portfolio investments. The fund invests at least 80% of its net assets (plus any borrowings for investment purposes) in the equity securities of those companies with total operating revenues of \$250 million or less at the time of the initial investment. It typically invests in common stocks. The advisor seeks to build a portfolio of exceptional small companies with the wherewithal to become exceptional large companies. The fund typically holds a portfolio of between 40 to 65 securities which the advisor believes have the potential for growth.

BENCHMARK: *The Russell 2000® Growth Index measures the performance of those Russell 2000® companies with higher price-to-book ratios and higher forecasted growth values.*

International/Global Stock

AMERICAN FUNDS NEW PERSPECTIVE FUND®

The investment seeks long-term growth of capital; future income is a secondary objective. The fund seeks to take advantage of investment opportunities generated by changes in international trade patterns and economic and political relationships by investing in common stocks of companies located around the world. In pursuing its primary investment objective, it invests primarily in common stocks that the investment adviser believes have the potential for growth. In pursuing its secondary objective, the fund invests in common stocks of companies with the potential to pay dividends in the future.

BENCHMARK: *The MSCI All Country World Index (Net) is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of large and mid-cap segments of developed and emerging markets. The net version of this index reinvests dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.*

HARBOR INTERNATIONAL INSTITUTIONAL

The investment seeks long-term total return, principally from growth of capital. The fund invests primarily (no less than 65% of its total assets under normal market conditions) in common and preferred stocks of foreign



companies located principally in developed markets across Europe, Japan and Asia Pacific ex Japan.

The Subadviser's investment strategy focuses on identifying attractive long-term investment opportunities that can arise as a result of certain capital cycle, or supply-side, conditions.

BENCHMARK: *The MSCI Europe Australasia Far East (EAFE) Index (Net) is a free float-adjusted market capitalization index of equity securities that is designed to measure the equity market performance of developed markets, excluding the U.S. and Canada. The net version of this index reinvests dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.*

VIRTUS VONTOBEL EMERGING MARKETS OPPORTUNITIES FUND

The investment seeks capital appreciation. The fund offers investors exposure to emerging economies through well-established companies. Under normal circumstances, it invests at least 80% of its assets in equity securities or equity-linked instruments of issuers located in emerging markets countries; such issuers may be of any capitalization. Emerging markets countries generally include every nation except the U.S., Canada, Japan, Australia, New Zealand, and most nations in Western Europe.

BENCHMARK: *The MSCI Emerging Markets Index (Net) is a free float-adjusted market capitalization index of equity securities that is designed to measure the equity market performance of emerging markets. The net version of this index reinvests dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.*

NUVEEN REAL ESTATE SECURITIES FUND

The investment seeks to provide above average current income and long-term capital appreciation. The fund normally invests at least 80% of the sum of its net assets and the amount of any borrowings for investment purposes in income-producing common stocks of publicly traded companies engaged in the real estate industry. The advisor expects to emphasize investments in equity REITs, although it may invest in all three kinds of REITs. It may invest up to 15% of its total assets in non-dollar denominated equity securities of non-U.S. issuers. Up to 15% of the fund's total assets may be invested in equity securities of emerging market issuers.

BENCHMARK: *The MSCI US REIT Index reflects the aggregate common stock performance of REIT's (Real Estate Investment Trusts) that own, develop, and manage properties.*

ICMA-RC Fund Performance Summary *(as of September 30, 2019)*

Mutual funds and collective investment trusts are long-term investment vehicles designed for retirement purposes, which allow individuals to allocate contributions among a variety of investment options that have the potential to grow tax-deferred until withdrawal upon retirement. Early withdrawals from your 401(a) Defined Contribution Plan will reduce your account value, and if taken prior to age 59½, a 10% IRS penalty may apply.

The performance data quoted represents past performance. Past performance does not guarantee future results. For month-end performance, which may be lower or higher than the performance data shown, call Participant Services at 800-669-7400 or www.DCRetire.com. The value of an investment will fluctuate so that, when sold, an investment may be worth more or less than the original cost.

There is a plan administration fee of 2 to 22 basis points (0.02 percent to 0.22 percent), which is assessed to participant accounts. The investment expense ratio and revenue sharing component of the calculation are subject to change at the discretion of each mutual fund's manager. The administration fee of 2 to 22 basis points is based on the contract between the District of Columbia and ICMA-RC.

You should consider the investment objectives, risks and charges, and expenses of the variable product and its underlying fund options carefully before investing. The disclosure booklet contains this and other information. Before investing, please read the applicable Fund Fact

Sheet(s), the Fund's Disclosure Memorandum, and/or the fund prospectus carefully for a complete summary of all fees, expenses, investment objectives and strategies, and risks. This information is available when you log in at www.DCRetire.com, or upon request by calling 800-669-7400.

Returns for less than one year are not annualized. The fund inception date is the date used in calculating the periodic returns. This date may also precede the portfolio's inclusion in the product.

The following performance chart reports performance of each fund over short (1-year), mid (5-years), and long (10-years) range time periods, or for as long as the fund has commenced operation ("Since Fund Inception"). The "Since Fund Inception" column illustrates performance only for funds that have been in operation for less than 10 years and do not have a 1-, 5-, or 10-year history to report. If a fund has been in existence longer than 10 years, performance for the 1-, 5-, and 10-year time periods is reported and the "Since Fund Inception" information is not necessary.

ICMA-RC Fund Performance (as of September 30, 2019)

Fund Name	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Stable Value/Cash Management								
Vantagepoint PLUS Fund R10	0.62%	1.84%	2.44%	2.25%	2.15%	2.49%	N/A	10/11/13
<i>ICE BofAML US 1-3 YR Treasury Index (Annualized)</i>	<i>0.58%</i>	<i>3.03%</i>	<i>4.36%</i>	<i>1.52%</i>	<i>1.32%</i>	<i>1.18%</i>	<i>N/A</i>	
Vanguard Federal Money Market	0.54%	1.71%	2.26%	1.46%	0.93%	0.47%	4.15%	7/13/81
<i>ICE BofAML US 3 Month Treasury Bill Index</i>	<i>0.56%</i>	<i>1.81%</i>	<i>2.39%</i>	<i>1.54%</i>	<i>0.98%</i>	<i>0.54%</i>	<i>N/A</i>	
Bond								
DC Plus Fixed Income — 401(a)	2.36%	8.46%	10.15%	2.99%	3.30%	4.01%	N/A	5/5/09
<i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	<i>2.27%</i>	<i>8.52%</i>	<i>10.30%</i>	<i>2.92%</i>	<i>3.38%</i>	<i>3.75%</i>	<i>N/A</i>	
DC Plus Fixed Income — 457(b)	2.36%	8.46%	10.15%	2.97%	3.30%	4.01%	N/A	5/5/09
<i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	<i>2.27%</i>	<i>8.52%</i>	<i>10.30%</i>	<i>2.92%</i>	<i>3.38%</i>	<i>3.75%</i>	<i>N/A</i>	
PIMCO Real Return CIT	0.82%	7.10%	6.35%	2.05%	1.89%	N/A	1.23%	3/30/12
<i>Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index (Series-L)</i>	<i>1.35%</i>	<i>7.58%</i>	<i>7.13%</i>	<i>2.21%</i>	<i>2.45%</i>	<i>3.46%</i>	<i>N/A</i>	
Guaranteed Lifetime Income								
VT Retirement IncomeAdvantage	0.55%	12.39%	3.09%	6.22%	4.92%	N/A	6.80%	8/23/10
<i>Custom Benchmark</i>	<i>1.10%</i>	<i>13.72%</i>	<i>4.88%</i>	<i>7.95%</i>	<i>6.59%</i>	<i>N/A</i>	<i>N/A</i>	
Balanced/Asset Allocation								
Vanguard Target Retire Inc Tr	1.52%	10.35%	6.82%	5.14%	4.64%	5.84%	5.13%	6/22/07
<i>Target Income Composite Index</i>	<i>1.46%</i>	<i>10.40%</i>	<i>6.83%</i>	<i>5.24%</i>	<i>4.73%</i>	<i>5.90%</i>	<i>N/A</i>	
Vanguard Target Retire 2015 Tr	1.41%	11.30%	6.08%	6.23%	5.40%	7.34%	5.14%	6/28/07
<i>Target 2015 Composite Index</i>	<i>1.35%</i>	<i>11.36%</i>	<i>6.17%</i>	<i>6.36%</i>	<i>5.51%</i>	<i>7.40%</i>	<i>N/A</i>	
Vanguard Target Retire 2020 Tr	1.18%	12.67%	5.35%	7.14%	6.06%	8.05%	5.41%	6/22/07
<i>Target 2020 Composite Index</i>	<i>1.16%</i>	<i>12.74%</i>	<i>5.45%</i>	<i>7.27%</i>	<i>6.16%</i>	<i>8.19%</i>	<i>N/A</i>	
Vanguard Target Retire 2025 Tr	1.09%	13.76%	4.95%	7.85%	6.48%	8.57%	5.47%	6/28/07
<i>Target 2025 Composite Index</i>	<i>1.07%</i>	<i>13.82%</i>	<i>5.02%</i>	<i>7.98%</i>	<i>6.58%</i>	<i>8.71%</i>	<i>N/A</i>	
Vanguard Target Retire 2030 Tr	0.91%	14.33%	4.25%	8.38%	6.75%	9.01%	5.52%	6/28/07
<i>Target 2030 Composite Index</i>	<i>0.88%</i>	<i>14.40%</i>	<i>4.30%</i>	<i>8.50%</i>	<i>6.86%</i>	<i>9.16%</i>	<i>N/A</i>	
Vanguard Target Retire 2035 Tr	0.70%	14.89%	3.49%	8.87%	7.02%	9.44%	5.67%	6/28/07
<i>Target 2035 Composite Index</i>	<i>0.68%</i>	<i>14.96%</i>	<i>3.57%</i>	<i>9.00%</i>	<i>7.13%</i>	<i>9.58%</i>	<i>N/A</i>	
Vanguard Target Retire 2040 Tr	0.48%	15.40%	2.69%	9.35%	7.24%	9.71%	5.91%	6/28/07
<i>Target 2040 Composite Index</i>	<i>0.48%</i>	<i>15.52%</i>	<i>2.83%</i>	<i>9.51%</i>	<i>7.39%</i>	<i>9.87%</i>	<i>N/A</i>	
Vanguard Target Retire 2045 Tr	0.30%	15.79%	2.16%	9.49%	7.32%	9.75%	5.91%	6/28/07
<i>Target 2045 Composite Index</i>	<i>0.31%</i>	<i>15.92%</i>	<i>2.32%</i>	<i>9.66%</i>	<i>7.49%</i>	<i>9.92%</i>	<i>N/A</i>	
Vanguard Target Retire 2050 Tr	0.30%	15.75%	2.14%	9.48%	7.31%	9.76%	5.96%	6/28/07
<i>Target 2050 Composite Index</i>	<i>0.31%</i>	<i>15.92%</i>	<i>2.32%</i>	<i>9.66%</i>	<i>7.49%</i>	<i>9.92%</i>	<i>N/A</i>	
Vanguard Target Retire 2055 Tr	0.28%	15.76%	2.14%	9.48%	7.29%	N/A	9.52%	10/5/10
<i>Target 2055 Composite Index</i>	<i>0.31%</i>	<i>15.92%</i>	<i>2.32%</i>	<i>9.66%</i>	<i>7.49%</i>	<i>N/A</i>	<i>N/A</i>	
Vanguard Target Retire 2060 Tr	0.28%	15.77%	2.14%	9.49%	7.30%	N/A	9.23%	3/1/12
<i>Target 2060 Composite Index</i>	<i>0.31%</i>	<i>15.92%</i>	<i>2.32%</i>	<i>9.66%</i>	<i>7.49%</i>	<i>N/A</i>	<i>N/A</i>	
Vanguard Target Retire 2065 Tr	0.29%	15.80%	2.25%	N/A	N/A	N/A	8.65%	7/7/17
<i>Target 2065 Composite Index</i>	<i>0.31%</i>	<i>15.92%</i>	<i>2.32%</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	<i>N/A</i>	
PIMCO All Asset Instl	-0.60%	7.56%	4.04%	5.11%	3.19%	5.34%	6.66%	7/31/02
<i>Bloomberg Barclays U.S. 1-10 Year Treasury Inflation Notes Index</i>	<i>0.60%</i>	<i>5.80%</i>	<i>5.75%</i>	<i>1.94%</i>	<i>1.95%</i>	<i>2.69%</i>	<i>N/A</i>	

ICMA-RC Fund Performance (as of September 30, 2019)

Fund Name	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
U.S. Stock								
DC Plus Large Cap Value — 401(a)	2.42%	18.02%	3.97%	10.64%	7.61%	10.82%	N/A	5/5/09
<i>Russell 1000 Value Index</i>	1.36%	17.81%	4.00%	9.43%	7.79%	11.46%	N/A	
DC Plus Large Cap Value — 457(b)	2.43%	18.02%	3.97%	10.64%	7.61%	10.82%	N/A	5/5/09
<i>Russell 1000 Value Index</i>	1.36%	17.81%	4.00%	9.43%	7.79%	11.46%	N/A	
Vanguard Institutional Index Inst'l Plus	1.70%	20.55%	4.24%	13.38%	10.83%	13.24%	7.52%	7/7/97
<i>S&P 500 Index</i>	1.70%	20.55%	4.25%	13.39%	10.84%	13.24%	N/A	
American Funds Fundamental Inv	-0.01%	15.26%	0.97%	11.62%	10.00%	12.22%	13.86%	5/1/09
<i>S&P 500 Index</i>	1.70%	20.55%	4.25%	13.39%	10.84%	13.24%	N/A	
DFA US Core Equity 1	0.84%	19.22%	0.21%	12.00%	9.53%	12.82%	8.58%	9/15/05
<i>Russell 3000 Index</i>	1.16%	20.09%	2.92%	12.83%	10.44%	13.08%	N/A	
DC Plus Large Cap Growth — 401(a)	-0.87%	18.15%	-0.07%	14.00%	10.30%	12.45%	N/A	5/5/09
<i>Russell 1000 Growth Index</i>	1.49%	23.30%	3.71%	16.89%	13.39%	14.94%	N/A	
DC Plus Large Cap Growth — 457(b)	-0.86%	18.18%	-0.05%	14.00%	10.30%	12.45%	N/A	5/5/09
<i>Russell 1000 Growth Index</i>	1.49%	23.30%	3.71%	16.89%	13.39%	14.94%	N/A	
Ariel Institutional	-3.20%	14.90%	-6.86%	7.63%	6.96%	N/A	12.63%	12/30/11
<i>Russell 2500 Value Index</i>	0.13%	15.41%	-4.35%	6.87%	6.98%	11.00%	N/A	
Vanguard Small-Cap Index Instl	-1.45%	17.81%	-3.80%	9.64%	8.63%	12.40%	8.74%	7/7/97
<i>Spliced Small Cap Index</i>	-1.47%	17.79%	-3.80%	9.61%	8.60%	12.35%	N/A	
Brown Cap Mgmt Small Co Instl	-3.43%	23.86%	-6.23%	16.21%	15.47%	N/A	17.16%	12/15/11
<i>Russell 2000 Growth Index</i>	-4.17%	15.34%	-9.63%	9.79%	9.08%	12.25%	N/A	
International/Global Stock								
American Funds New Perspective	-0.42%	18.45%	2.88%	12.38%	9.72%	10.67%	12.86%	5/1/09
<i>MSCI ACWI Index (Net)</i>	-0.03%	16.20%	1.38%	9.71%	6.65%	8.35%	N/A	
Harbor International Instl	-0.97%	11.80%	-3.35%	2.56%	0.84%	4.16%	9.89%	12/29/87
<i>MSCI EAFE Index (Net)</i>	-1.07%	12.80%	-1.34%	6.48%	3.27%	4.90%	N/A	
Virtus Vontobel Emerg Mkts Ops	-3.25%	10.74%	5.91%	4.23%	2.83%	6.40%	6.54%	10/20/97
<i>MSCI Emerging Markets Index (Net)</i>	-4.25%	5.89%	-2.02%	5.97%	2.33%	3.37%	N/A	
Specialty								
Nuveen Real Estate Securities	7.15%	26.89%	18.77%	7.25%	9.94%	N/A	8.12%	4/30/13
<i>MSCI US REIT Index</i>	7.69%	26.82%	18.31%	7.26%	10.11%	13.00%	N/A	

Education Summary

The education strategy for District of Columbia (“District”) employees incorporates a wide range of communications outreach to ensure that plan messages reach participants of all learning styles and preferences. These methods include one-on-one sessions; on-site group educational seminars and meetings with dedicated, local ICMA-RC Retirement Plans Specialists (“RPS”); messages and information shared on the DCRetire.com website; monthly e-blasts that arrive in participants’ email inboxes; quarterly newsletters available in print and via email; and “experiential marketing” via the RealizeRetirement® Tour. The Tour has also visited the District and provided fun, virtual reality and other engaging educational experiences designed to inspire employees to think ahead to their life in retirement.

Educational materials were developed to support plan goals, including increasing awareness and understanding of the 401(a) Defined Contribution Plan; updating beneficiary information across both plans; increasing enrollment in the 457(b) Deferred Compensation Plan; and boosting participants’ contributions to their 457(b) Deferred Compensation Plan accounts.

Helping District employees adequately and confidently prepare for retirement is a top priority for the local service team as well as for the D.C. Office of the Chief Financial Officer (OCFO)/Office of Finance and Treasury (OFT), and the D.C. Department of Human Resources (DCHR). Working in partnership with the OCFO/OFT and DCHR, dedicated RPS planned and implemented a strong local-service strategy for all District employees in fiscal year 2019.

The local team’s dedication to increasing the financial literacy of District employees was supported by our continued presence and availability to employees via numerous new-hire orientations; on-site group education seminars and meetings; more than 2,300 phone calls to the local office; and more than 1,700 one-on-one appointments.

On-Site Services: Group Meetings

The D.C. Education Team regularly deliver seminars on topics related to retirement savings and investing, understanding your retirement plan account(s), and plan-related product and services.

The following is a list of seminars offered to District employees throughout the year:

- Beneficiary Decisions
- Bridging Your Income Gap
- Build Your Investment Portfolio
- Capital Area Asset Builders (CAAB) — Identity Theft
- Guided Pathways® Advisory Services
- Get to Know Your Roth Option
- Investing in Retirement Basics
- Investing in Volatile Markets
- Juggling Financial Goals
- Questions to Guide Your Retirement
- Retirement Income Solutions
- VT Retirement Income Advantage Fund (RIA): Making Your Money Last in Retirement
- Capital Area Asset Builders (CAAB) — Retirement
- Student Loan Paydown
- Capital Area Asset Builders (CAAB) — Take Charge of Your Credit
- The Art of Budgeting
- Understanding Your Financial Wellness
- Your Savings and Investing Goals

On-Site Services: Individual Meetings

Eligible employees, participants, and retirees are welcome to visit one of our D.C. Retirement Service Centers located at DCHR (1015 Half Street, SE, Washington, D.C.), or 777 North Capitol Street, NE, Washington, D.C., to meet with an RPS. Employees can talk about everything relating to retirement readiness, from enrolling into the 401(a) Defined Contribution Plan or 457(b) Deferred Compensation Plan, to planning their retirement. These one-on-one interactions give participants the opportunity to receive the direct attention they need while discussing their financial well-being. Across all retire plan events, in 2019, ICMA-RC RPSs met with 9,949 individuals.

On-Site Services: New Employee Orientation

Our RPS actively participate in the “New Employee Orientation” process during the year to encourage employees to consider their retirement options when they are hired. Our goal is to educate new employees on the benefits of their 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan, and encourage these employees to enroll and contribute into the 457(b) Deferred Compensation Plan immediately as they are eligible to participate starting on their first day of employment. During orientation new and rehired employees have the opportunity to learn about auto enrollment and its features. The RPS team reviews the 5% default contribution rate, the 30 days opt-out period, as well as the process to make change to their contribution amounts. Employees will also sign a DCHR Auto-Enrollment Acknowledgement form.

The D.C. Department of Human Resources, D.C. Housing Authority, D.C. Public Schools, the D.C. Office of the Chief Financial Officer, and Office of the Attorney General conduct new employee orientations on a bi-weekly basis.

Agencies such as the Fire and Emergency Medical Services Department, the Metropolitan Police Department, and the Department of Health conduct new employee orientations as needed.

Bi-weekly orientation meetings are conducted at the 1015 Half Street, SE location, for all agencies under the control of the Mayor.

On-Site Services: Agency Visits

In 2019, the RPSs visited 85 agencies across the District. Regularly scheduled meetings and seminars were held at the following locations throughout the District:

- Office of the Chief Financial Officer
(1101 4th Street, SW)
- Department of Human Resources
(1015 Half Street, SE)
- Department of Employment Services
(4058 Minnesota Avenue, NE)
- Department of Disability
(1125 15th Street, NW)
- Department of Behavioral Health
(64 New York Avenue, NE)
- Department of Human Services
(64 New York Avenue, NE)
- D.C. Metropolitan Police Department
(Various Locations)
- Reeves Center
(2000 14th Street, NW)
- D.C. Housing Authority
(1133 North Capitol Street, NE)
- Department of Public Works
(1725 West Virginia Avenue, NE)
- Department of Child and Family Services
(200 I Street, SW)
- Department of Corrections
(1901 D Street, SW)
- D.C. Fire and Emergency Medical Services
(33 Locations)

The local service team continues to proactively meet with participants and eligible employees, and they take pride in providing excellent service throughout the District.

Special Events

In 2019, the local team held numerous special events for District employees. Events included Pizza Socials, lunch-and-learn sessions, breakfast-and-learn sessions, and educational sessions about security. For employees working later schedules, we also provided numerous second- and third-shift seminars. These events were held as part of our commitment to meet with District employees “where they are,” at their convenience.

RealizeRetirement® Tour

Public sector employees across the country are faced with the challenge of making sure they have enough money saved when they reach retirement. ICMA-RC launched its first RealizeRetirement Tour Series in 2016 as a way to engage with public sector employees in the communities they serve using an exciting combination of innovative technology and a team of knowledgeable local RPSs.

In 2019, ICMA-RC’s RealizeRetirement Time Machine Tour visited the District, inviting participants to take an engaging, lively approach to visualizing and preparing for their retirement. The RealizeRetirement Tour featured a mobile retirement-themed machine trivia game, tech table featuring retirement savings technology, and on-site RPSs to answer attendees’ questions. The Tour provided an engaging and fun way for employees to gain financial and retirement-planning education through a platform that was convenient to them.

During its course, the tour visited five locations around the District on six separate dates. The tour visited SW Village, 64 New York Ave, 1133 N. Capitol Street, NE; UMC; and 1101 4th Street, SW. One of the most unique and productive tour stop was 1101 4th Street, SW.

During this tour stop, each employee who completed the experience was given a ticket for free lunch provided by local food truck vendors. With over 485 D.C. employees in attendance, the tour resulted in 168 employees registering for a one-on-one consultation at a later date, 54 on-site contribution increases to their 457(b) Plan, 28 on-site enrollments, and 16 beneficiary forms collected on-site; this tour was a tremendous success.

Monthly E-Blast Newsletters and Quarterly Statement Newsletter Inserts



The District sent monthly e-blast newsletters and quarterly statement newsletter inserts to participating and eligible employees in an effort to boost employee awareness and knowledge of the District’s retirement plans. Each newsletter and statement insert featured articles on financial wellness, retirement education and investing, and information specific to the 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan.

Campaigns and Mailings

Several communication campaigns were developed throughout the year addressing the various goals of the District and the needs of employees. Campaigns were designed to motivate employees to enroll in the 457(b) Plan, increase savings rates, highlight investing strategies for retirement savings, and promote beneficiary(ies) designation updates.

Selected campaigns are featured below.

Tax Time Campaign

Early in 2019, messaging focused on tax time and strategies participants could apply. Focus included the benefits of saving pre-tax, the Saver’s Credit, and why it is important to begin saving early.

One-Year Anniversary

To recognize those enrolled into the 401(a) Plan for one year, a postcard was mailed to this audience. The objective of the postcard was to remind participants of the benefit of their 401(a) Plan and to encourage them to take advantage of this savings vehicle.

RealizeRetirement® Time Machine Tour

ICMA-RC's RealizeRetirement Time Machine Tour visited the District six times in 2019, using flyers, e-blasts, and emails to invite participants to take part in an engaging, lively approach to visualizing and preparing for their retirement. This mobile escape room featured a retirement-themed machine trivia game, tech table featuring retirement-savings technology, and on-site RPSs to answer attendees' questions.

The Tour visited the District multiple times, with stops at DHS, DCHA, OSSE and OSSE DOT, OCFO and DBH. As an incentive for participation, the team with the best escape time was awarded a \$50 gift card.

National Retirement Security Week

During this national effort to raise public awareness about the importance of saving for retirement. The event is held every year during the third week of October.

Participants were encouraged to contact their ICMA-RC CERTIFIED FINANCIAL PLANNER™ professional for help with topics such as their retirement savings, estate planning, saving for education, and setting long-term financial goals. Participants were also reminded about the availability of ICMA-RC local representatives, who could help them with developing a retirement-savings strategy, including ways to stay on track and reach those retirement goals.

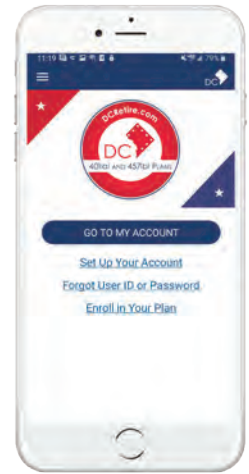
DCRetire.com

The www.DCRetire.com website continues to serve as a resource for eligible employees and participants who need information about retirement planning. The site is updated monthly, and updates include the addition of new dynamic banners and content on the homepage slide show.

Participants can also visit the website to log into their accounts using Account Access, ICMA-RC's account management portal, to conduct transactions and view details of their accounts and investments. In addition, participants can register online for one-on-one appointments and on-site group education seminars with the local RPS for their agency. Descriptions of upcoming group seminars and schedules are available online.

Custom District Mobile App

District employees can access their 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan accounts with convenience and flexibility using the custom District mobile app. In 2019, the mobile app was enhanced to improve users' experience. New and enhanced features included facial and touch recognition, simplified app layout, and enhanced design. A raffle was held in July 2019 to promote the mobile app and increase downloads.



Participants can manage their accounts and boost their investing knowledge directly from their smartphone or tablet. The mobile app can be downloaded from the App Store® and Google Play™ and can be used on any compatible smartphone or tablet. With the mobile app, participants can:

- View account balances, year-to-date account activity, retirement income projection, and fund performance
- Change fund selections and update personal information
- Review messages within their retirement savings account to stay current on updates to the retirement plan services and features
- Check out our online RealizeRetirement® Education Center (www.icmarc.org/education) with a variety of videos, calculators, and other easy-to-use tools designed to help participants save and invest for retirement

Participants can download the free District mobile app to keep track of their 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan account(s) whenever it is convenient for them.

Participants can simply visit the App StoreSM or Google Play™, and do the following:

1. Search for ICMA-RC, and click **Install**.
2. Then click **Open**.

TextAccess Texting Feature

ICMA-RC offers TextAccess, a feature that allows participants to send a text to ICMA-RC and have certain account information sent directly to their mobile phones. As of September 2019, the following activities occurred:

- 3,646 District participants were using TextAccess

The top three requests or actions among District users of TextAccess were BAL to find out their account balance, ROR to find out their investments' rate of return, and LOAN to find out their most recent loan amount. The TextAccess codes most used were:

- 27,660 times for code BAL
- 2,209 times for code ROR
- 823 times for code LOAN

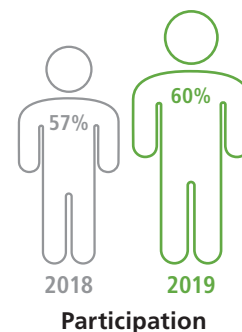
Participant Services and Voice Response Unit (VRU)

Participants can reach plan representatives by dialing in to the VRU. Participants may use the system to obtain account information 24 hours a day, in addition to using the plan's dedicated website. During the past fiscal year 28,645 District participants called into the toll-free phone line to obtain account information, and of those calls 25,787 were answered by Participant Services.

Targeted Agencies

Department of Human Services (DHS)

We conducted 25 financial literacy seminars for the 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan at DHS headquarters. In 2020 we expect to continue these seminars at all the service centers in the District.



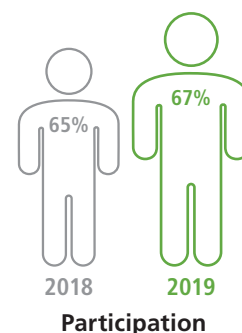
We continue to work with the HR department and managers at the service centers to conduct 401 (a) Defined Contribution Plan and 457(b) Deferred Compensation Plan seminars at these locations.

As part of our education efforts, we had the RealizeRetirement® Tour Bus visit DHS headquarters on September 5, 2019. This visit gave us the opportunity to provide information and education to DHS employees in a more relaxed and fun atmosphere.

We continue to conduct "Lobby Days" at the service centers to educate DHS employees about the 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan. We conducted one on one appointments at these locations as part of the services we offer to field personnel of the five service centers.

Fire Department and EMS (Fire/EMS)

ICMA-RC visited the fire stations several days a week, with the goal of reaching all four shifts at all 33 firehouses and conduct 457(b) Plan seminars and one-on-ones. We have established a constant presence at the stations and provide firefighters the opportunity to understand their 457(b) Deferred Compensation Plan and their financial options.



We conducted 457(b) Plan seminars at the Academy for cadets and recruits, emphasizing the automatic enrollment for new employees effective July 7, 2019, and the options available.

New and seasoned FEMS professionals are more involved with their 457(b) Deferred Compensation accounts and

request visits from the Retirement Plans Specialist to provide more educational interactions at the firehouses. There were 54 visits and 147 seminars combined for the year.

D.C. Department of Housing Authority (DCHA)

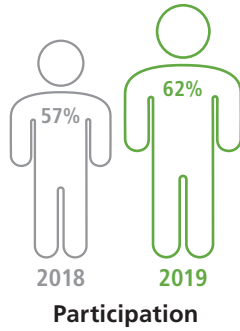
In 2019 ICMA-RC and DCHA collaborated in numerous capacities to make sure retirement planning was at the forefront of their benefit training classes. We conducted 26 scheduled educational classes and were present at all new employees orientation, which occurs every other Monday.

When DCHA offered an “Early Out Incentive” to their employees they reached out to the RPS to conduct all informational and educational meetings to inform participants about the benefits of deferring payments to their retirement account and the tax advantages of doing so. We conducted six classes on the “Early Out Incentive Program” and in excess of 35 one-on-one participant consultations.

Jamal Bryant and Paula Holmes were instrumental in fostering the partnership between DCHA and ICMA-RC. Outside of scheduled seminars and events, DCHA was included as one of our stops during our RealizeRetirement Tour in September. During this event the RPS team was able to interact with over 100 employees, conduct 40 participant account reviews, had 10 follow-up meetings and numerous new enrollments into the plan.

Department of Corrections (DOC)

The Retirement Plans Specialist educates DOC employees about their retirement plans and financial-planning topics using group sessions, lobby and lunch-room visits, and one-on-one sessions. The RPS attended the monthly pre-service and cadet in-service training at the DOC training facility, as well as the annual wellness benefit fair for the agency at the jail location in the summer, which was well attended. In



addition, the RPS met with the director, Quincy Booth, and the wellness coordinator, Michael Phetphongsy, and discussed plan and agency updates. There have been 20 seminars.

OSSE and OSSE DOT

We have concentrated our efforts in outreach to the drivers, attendants, and other staff at the four OSSE DOT terminals. Our visits and seminars have provided much needed knowledge and understanding of the 401 (a) Defined Contribution Plan and 457(b) Deferred Compensation Plan.

As part of our efforts at the terminals we brought the RealizeRetirement® Tour Bus to the Southwest Terminal on July 19 and July 23. We assisted over 80 employees with account reviews, enrollments, beneficiary designations, and increased contributions.

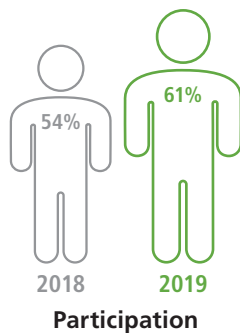
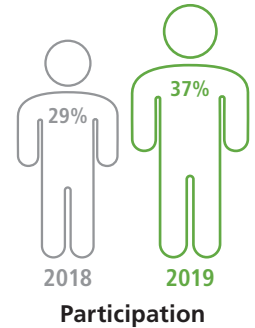
We conducted “Lobby Day” visits at the terminals and will continue to schedule them for 2020 in all four terminals.

There were 12 visits this year and the RPS will continue to do more next year.

Department of Behavioral Health (DBH)

Participation at the Department of Behavioral Health increased from 69% to 73%. The increase is attributable to an effective partnership with the department’s human resources specialist Dr. Louisa Buadoo-Amoa, who has been instrumental in ensuring that we are included in all New Employee

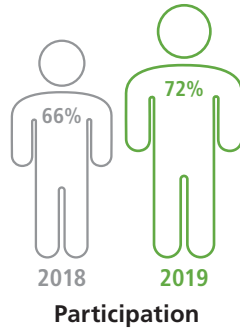
Orientations for the department and St. Elizabeth Hospital. We continued to be a part of the onboarding of all new participants for agencies, delivering a 401(a) and 457(b) Plans presentation. In total we had 14 seminars at the agency. ICMA-RC is also present all day every first Wednesday at St. Elizabeth servicing participants on-site. The Retirement Plans Specialist also has a constant presence at St. Elizabeth Hospital and is there



for participant one-on-ones on every first Wednesday of every month. This has been very beneficial to hospital staff as in most cases the commute to our offices is inconvenient for them.

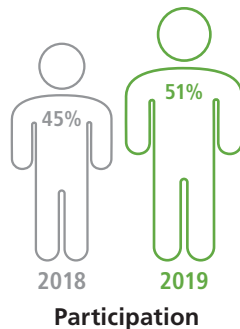
Department of Disability Services (DDS)

Participation at the department increased from 66% to 72%. In September we attended the department’s annual employee appreciation picnic where we interacted with over 100 participants. The Retirement Plans Specialist continues to meet with and educate plan participants on their 401 (a) Defined Contribution Plan and 457(b) Deferred Compensation Plan accounts.



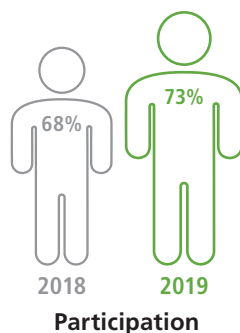
Department of General Services (DGS)

The overall percentage of employees enrolled in the Plan increased for the year ending 2019. Just like all the past years, we continued to educate and empower the employees of DGS with prudent and proven savings strategies by conducting over 10 seminars and 3 informational sessions for the year. We will be hosting a seminar there in November for Open Enrollment Week and should have pretty good attendance. We also continue to present the 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan to all new hires and existing employees a well.



The Office of the Chief Financial Officer (OCFO)

The RPS continues to participate in orientations for OCFO personnel every two weeks. We conduct seminars at the OCFO’s 1101 4th Street location every month, with one-on-one appointments before and after both seminars and orientation sessions; there were 20 seminars

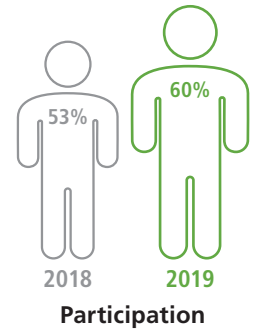


and 2 visits. The RPS also visited the OCFO office located inside the Wilson Building.

The RPS and team coordinated a successful visit from the ICMA-RC RealizeRetirement “Time Machine” for the agency during the summer and conducted a Pizza Social during National Retirement Security Week.

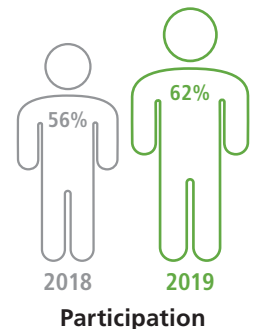
Department of Youth Rehabilitation Services (DYRS)

The RPS visited various DYRS locations throughout 2019, including the New Beginnings and Mt. Olivet locations. RPS attended an orientation session in the spring, as well as the Wellness Benefit Fair and the union meeting in the summer at the Mt. Olivet location to reach out to employees and promote 401(a) and 457(b) Plan services, in addition to holding lobby days and conducting one-on-one appointments. The RPS conducted a total of 20 seminars and 2 visits.



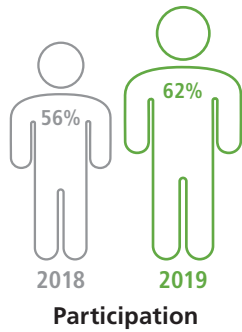
Metropolitan Police Department (MPD)

The overall percentage of employees enrolled in the Plan increased for the year ending 2019. Just like all the past years, we continued to educate and empower the men and women of MPD with prudent and proven savings strategies by conducting over 29 seminars and informational sessions for the year. We attended National Night Out and offered support to all the men and women of MPD. We continue to present the 457(b) Deferred Compensation Plan at all new hires orientations at the Blue Plains location. Providing one-on-one consultation, visits to local police stations and presentations during Roll Call is the foundation of our communication strategies.



Office of Attorney General (OAG)

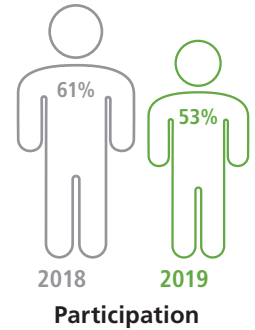
The overall percentage of employees enrolled in the Plan increased for the year ending 2019. Just like all the past years, we continued to educate and empower the employees of the Attorney General’s Office with prudent and proven savings strategies by conducting over 28 seminars and one-on-one informational sessions. We also participated in special Retirement information sessions for the Directors and levels above at this agency. We continue to present the 401(a) Defined Contribution Plan and the 457(b) Deferred Compensation Plan to all new hires coming through their orientation.



participants. We have reached out to our HR contact to conduct financial literacy seminars offered by our CFP®, CAAB and the RPS in 2020.

Department of Public Works (DPW)

In 2019 we continued with our two seminars a month at the department. We also dedicated the month of August to our annual Financial Wellness Program which we started in 2016. The weekly Financial Wellness Program is a collaboration between ICMA-RC, CAAB, and DPW

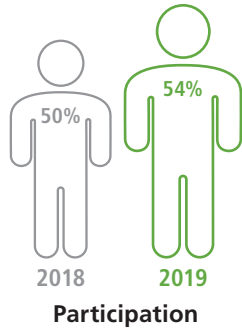


where we bring a variety of financial educational seminars which covered requested topics like Saving for Retirement, Budgeting and Understanding your Credit. In August there were 8 classes (4 from CAAB and 4 from the RPS) dedicated to the Financial Wellness Program, as well as a Pizza party at Reeves Bldg. and an additional 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan seminar. In total we had 30 classes at the agency.

Velma Hill and Ralph Sookraj were the primary contacts who facilitated training in 2019. The participation rate decreased slightly due to an increase of approximately 200 new hires who were onboarded toward the end of the fiscal year.

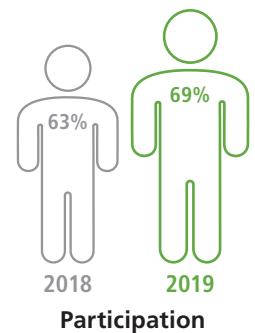
Department of Consumer and Regulatory Affairs (DCRA)

The overall percentage of employees enrolled in the Plan increased for the year ending 2019. Just like all the past years, we continued to educate and empower the employees of DCRA with prudent and proven savings strategies by conducting over 15 seminars, one-on-one’s and informational sessions. At the outdoor Plaza Event on 4th St. SW this year, an event that was held by DCRA in which ICMA-RC was invited to attend, many DCRA Employees were in attendance and really enjoyed themselves. We also continue to present the 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan to all new hires and existing employees as well.



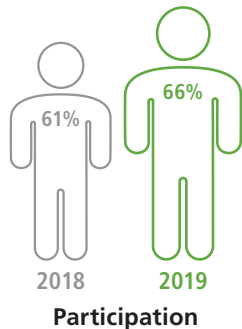
Child and Family Services Agency (CFSA)

The RPS co-hosted a financial-wellness seminar with CAAB during the first quarter of 2019 and continued to work with HR to conduct orientation sessions and seminars. The number of seminars conducted for the year equaled 19. The RPS also attended the annual wellness benefit fair in the summer for CFSA, which was heavily attended, to promote 401(a) and 457(b) Plan services.



Office of the Medical Examiner/ Forensic Sciences (OCME)

We have conducted 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan educational sessions at their location, including 4 educational sessions (seminars) and 4 different one-on-one dates with





401(a) Defined Contribution Plan

401(a) Defined Contribution Plan

The 401(a) Defined Contribution Plan is a retirement program created in 1987 as the basic retirement plan for general employees of the District, hired for the first time on or after October 1, 1987.

Performance Summary

Fiscal year 2019 was a rewarding, yet volatile, year for plan participants. We had positive returns as of September 30, 2019, for twenty-five of thirty funds. The Vanguard Target Retirement Trusts provided returns that were in line with their respective benchmarks and are provided below:

- Vanguard Target Retire Income Trust gained 6.82%
- Vanguard Target Retire 2015 Trust gained 6.08%
- Vanguard Target Retire 2020 Trust gained 5.35%
- Vanguard Target Retire 2025 Trust gained 4.95%
- Vanguard Target Retire 2030 Trust gained 4.25%
- Vanguard Target Retire 2035 Trust gained 3.49%
- Vanguard Target Retire 2040 Trust gained 2.69%
- Vanguard Target Retire 2045 Trust gained 2.16%
- Vanguard Target Retire 2050 Trust gained 2.14%
- Vanguard Target Retire 2055 Trust gained 2.14%
- Vanguard Target Retire 2060 Trust gained 2.14%
- Vanguard Target Retire 2065 Trust gained 2.25%

For comparison purposes, the S&P 500 Index rose 4.25% and the Bloomberg Barclays U.S. Aggregate Bond Index was up 10.30%.

Plan assets increased from \$1,022.4 million to \$1,087.9 million or 6.40% as asset contributions outpaced depreciation and withdrawals. The Plan had 28,651 participants with an average account balance of \$37,968.

Eligibility

District government employees (except for police officers, firefighters, teachers and civil service employees) serving in covered employment and hired for the first time on or after October 1, 1987, are eligible for participation in the 401(a) Plan. Eligible employees automatically become participants in the Plan in the first pay period following completion of one year of creditable service.

Contributions

The District contributes an annual amount equal to 5% of base salary (5.5% for detention officers) to an account in the employee's name. Contributions are made each pay period based on the employee's pre-tax base salary (excluding overtime, holiday and Sunday compensation). Employee contributions under the Plan are not permitted.

Benefits

Participants' benefits are determined by the value of their account balances, specifically, District contributions plus (or minus) investment earnings (or losses). Each calendar quarter, participants will receive a detailed statement showing the District's contributions made during the quarter, any interest and investment gains or losses, and the current account balance.



Participants become fully vested (entitled to the full value of their account) upon:

- Prior to December 8, 2009, completion of five years of creditable service in covered employment,
- Effective December 8, 2009, graded vesting is based on the following schedule:

Less than 2 years	0%
2 years	20%
3 years	40%
4 years	60%
5 or more years	100%
- permanent disability, or
- death.

Distributions

Benefits under the Plan can be distributed at termination of employment (if vested), death or permanent disability. The employee may choose from various payment options: lump-sum cash payment, installment payments, rollovers or annuity payments. All payments distributed (excluding rollover amounts) are subject to federal and state taxes. In addition, participants will incur a 10% federal tax penalty on distributions received prior to age 59½.

The IRS requires that participants begin receiving payments by April 1st of the calendar year following the calendar year the employee attains age 70½ or retires, whichever is later. Failure to receive the Required Minimum Distribution (RMD) for any tax year may result in a 50% Excise Tax being imposed on the participant for the amount required that was not distributed.

401(a) Plan Statistics

The charts in this section illustrate the allocation of assets and deferrals by asset class and investment option. In addition, this section includes charts that display total distributions.

Asset Allocation by Asset Class/Fund (as of September 30, 2019)

Asset Class/Fund Name	Assets as of September 30, 2019	Percentage of Total Assets	Number of Participants Invested
Stable Value/Cash Management			
Vantagepoint PLUS Fund R10	\$ 69,463,247	6.39	1,879
Vanguard Federal Money Market	2,719,542	0.25	142
	\$ 72,182,789	6.64	2,021
Bond			
DC Plus Fixed Income	\$ 15,575,335	1.43	740
PIMCO Real Return CIT II	1,824,709	0.17	272
	\$ 17,400,044	1.60	1,012
Guaranteed Lifetime Income			
VT Retirement IncomeAdvantage	\$ 1,731,365	0.16	90
	\$ 1,731,365	0.16	90
Balanced/Asset Allocation			
Vanguard Target Retire Inc Tr	\$ 18,650,575	1.71	500
Vanguard Target Retire 2015 Tr	44,972,537	4.13	959
Vanguard Target Retire 2020 Tr	98,496,798	9.05	1,869
Vanguard Target Retire 2025 Tr	140,651,029	12.93	2,786
Vanguard Target Retire 2030 Tr	158,394,320	14.56	3,401
Vanguard Target Retire 2035 Tr	158,437,328	14.56	3,863
Vanguard Target Retire 2040 Tr	109,649,545	10.08	3,537
Vanguard Target Retire 2045 Tr	86,919,048	7.99	3,895
Vanguard Target Retire 2050 Tr	50,326,220	4.63	3,865
Vanguard Target Retire 2055 Tr	19,830,151	1.82	2,811
Vanguard Target Retire 2060 Tr	2,195,494	0.20	777
Vanguard Target Retire 2065 Tr	405,061	0.04	77
PIMCO All Asset Instl	285,577	0.03	35
	\$ 889,213,684	81.74	28,375
U.S. Stock			
American Funds Fundamental Inv	\$ 4,455,206	0.41	515
Ariel Institutional	9,476,686	0.87	821
Brown Cap Mgmt Small Co Instl	13,482,266	1.24	645
DC Plus Large Cap Growth	13,838,610	1.27	763
DC Plus Large Cap Value	7,429,264	0.68	768
DFA US Core Equity 1	2,571,976	0.24	367
Vanguard Institutional Index	31,551,859	2.90	1,346
Vanguard Small-Cap Index Instl	5,772,720	0.53	665
	\$ 88,578,588	8.14	5,890

Asset Class/Fund Name	Assets as of September 30, 2019	Percentage of Total Assets	Number of Participants Invested
International/Global Stock			
American Funds New Perspective	\$ 5,824,977	0.54	597
Harbor International Instl	6,886,391	0.63	980
Virtus Vontobel Emerg Mkts Ops	2,191,346	0.20	488
	\$ 14,902,714	1.37	2,065
Specialty			
Nuveen Real Estate Securities	\$ 3,892,257	0.36	743
	3,892,257	0.36	743
401(a) PLAN	\$ 1,087,901,442	100.00	40,196

Contributions by Investment Option *(as of September 30, 2019)*

ICMA-RC Fund Name	October 1, 2018 through September 30, 2019	Percent of Total Contributions
Stable Value/Cash Management		
Vantagepoint PLUS Fund R10	\$ 3,049,932	3.93
Vanguard Federal Money Market	124,466	0.16
	\$ 3,174,397	4.10
Bond		
DC Plus Fixed Income	\$ 448,265	0.58
PIMCO Real Return CIT II	77,956	0.10
	\$ 526,221	0.68
Guaranteed Lifetime Income		
VT Retirement Income Advantage	\$ 39,157	0.05
	\$ 39,157	0.05
Balanced/Asset Allocation		
Vanguard Target Retirement Income Trust	\$ 761,240	0.98
Vanguard Target Retirement 2015 Trust	2,005,887	2.59
Vanguard Target Retirement 2020 Trust	4,441,385	5.73
Vanguard Target Retirement 2025 Trust	7,083,957	9.14
Vanguard Target Retirement 2030 Trust	8,884,496	11.46
Vanguard Target Retirement 2035 Trust	10,344,315	13.35
Vanguard Target Retirement 2040 Trust	9,276,669	11.97
Vanguard Target Retirement 2045 Trust	9,668,042	12.47
Vanguard Target Retirement 2050 Trust	8,975,880	11.58
Vanguard Target Retirement 2055 Trust	5,277,978	6.81
Vanguard Target Retirement 2060 Trust	1,141,569	1.47
Vanguard Target Retirement 2065 Trust	94,678	0.12
PIMCO All Asset Instl	23,687	0.03
	\$ 67,979,784	87.71

ICMA-RC Fund Name	October 1, 2018 through September 30, 2019	Percent of Total Contributions
U.S. Stock		
American Funds Fundamental Inv	\$ 307,050	0.40
Ariel Institutional	502,614	0.65
Brown Cap Mgmt Small Co Instl	652,327	0.84
DC Plus Large Cap Growth	624,361	0.81
DC Plus Large Cap Value	413,012	0.53
DFA US Core Equity 1	182,543	0.24
Vanguard Institutional Index	1,463,733	1.89
Vanguard Small Cap Index Instl	425,316	0.55
	\$ 4,570,955	5.90
International/Global Stock		
American Funds New Perspective	\$ 377,117	0.49
Harbor International Instl	465,424	0.60
Virtus Vontobel Emerg Mkts Ops	157,329	0.20
	\$ 999,869	1.29
Specialty		
Nuveen Real Estate Securities	\$ 217,499	0.28
	\$ 217,499	0.28
401(a) PLAN FUND ASSETS	\$ 77,507,882	100.00

Contributions by Asset Class

ICMA-RC Asset Class	October 1, 2018 through September 30, 2019	Percent of Total Contributions
Stable Value/Cash Management	\$ 3,174,397	4.45
Bond	526,221	0.74
Guaranteed Lifetime Income	39,157	0.05
Balanced/Asset Allocation	67,979,784	95.29
U.S. Stock	4,570,955	6.41
International/Global Stock	999,869	1.40
Specialty	217,499	0.30
Contributions Subtotal	\$ 77,507,882	108.66
401(a) Plan Rollover Contributions	179,205	0.25
Net Change in Employer Contribution Receivable*	(4,243,612)	(5.95)
Activity Adjustment	(2,111,308)	(2.96)
Total Contributions	\$ 71,332,167	100.00

*See page 13 of 401(a) Plan Audit Report

FIGURE 1 Investment Assets

Reporting Period	Fixed Assets	Variable Assets	Other Assets**	Total Assets
As of 9/30/2015*	\$55,064,732	\$628,299,264		\$ 683,363,996
As of 9/30/2016	59,475,845	729,447,535	3,767,367	792,690,747
As of 9/30/2017	61,735,282	856,796,124		918,531,406
As of 9/30/2018	63,679,463	958,764,890		1,022,444,353
As of 9/30/2019	72,182,789	1,015,718,653		1,087,901,442

*2015 data is provided by Voya from 10/1/2014–9/18/2015 and ICMA-RC from 9/19/2015–9/30/2015.

**See page 10 of 401(a) Plan Audit Report (Employer Account Receivables)

■ Fixed Assets
■ Variable Assets
■ Total Assets

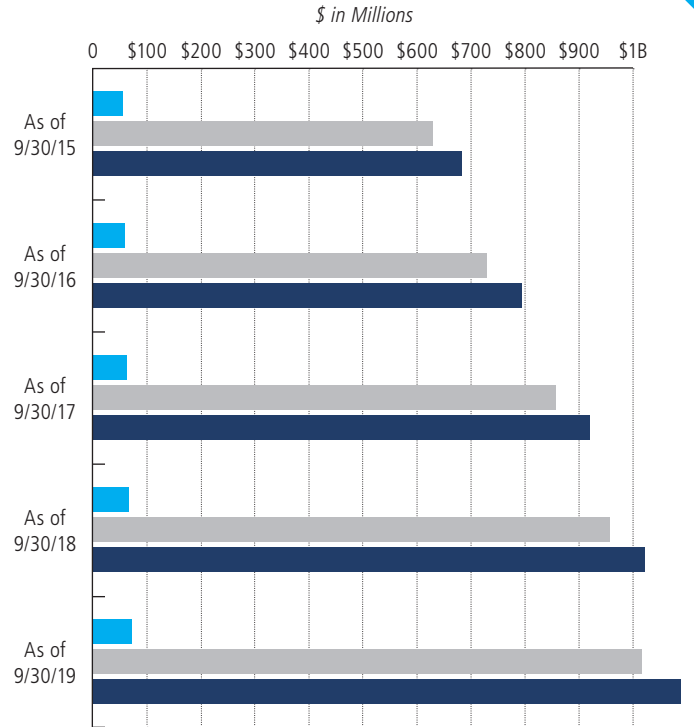


FIGURE 2 Historical Contributions

Reporting Period	Total Contributions
As of 9/30/2015*	\$ 56,739,850
As of 9/30/2016	62,350,539
As of 9/30/2017	66,357,299
As of 9/30/2018	70,488,848
As of 9/30/2019	77,687,087

*2015 data is provided by Voya from 10/1/2014–9/18/2015 and ICMA-RC from 9/19/2015–9/30/2015.

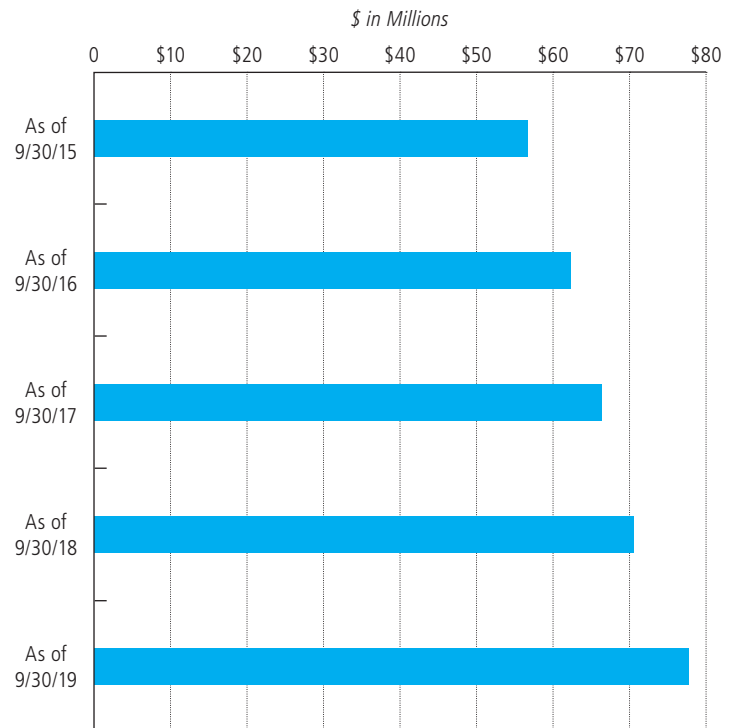


FIGURE 3 Historical Withdrawals

Reporting Period	Total Withdrawals
As of 9/30/2015*	\$ 33,693,887
As of 9/30/2016	26,212,306
As of 9/30/2017	34,004,204
As of 9/30/2018	37,928,548
As of 9/30/2019	42,667,017

* 2015 data is provided by Voya from 10/1/2014–9/18/2015 and ICMA-RC from 9/19/2015–9/30/2015.

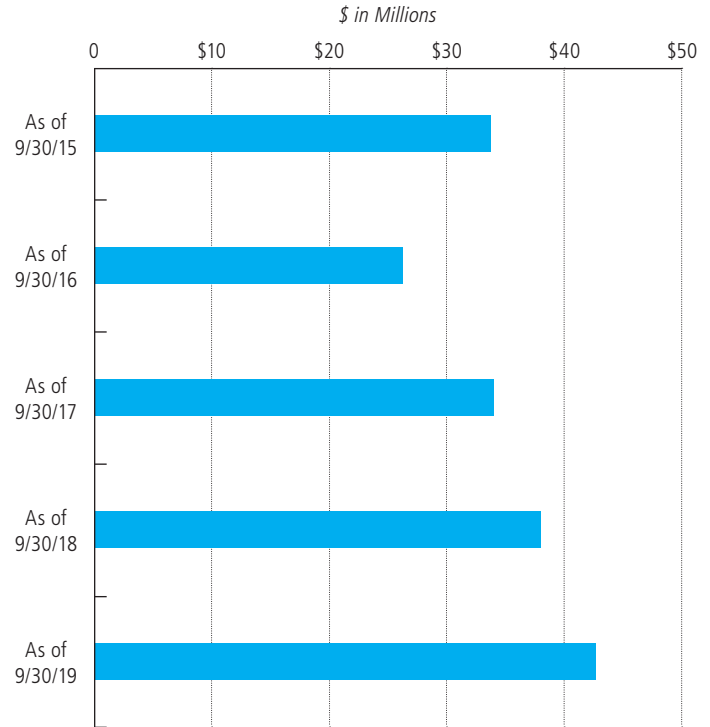


FIGURE 4 Dividends/Appreciation/Depreciation of Total Assets

Reporting Period	Dividends	Appreciation/Depreciation	Total Earnings
As of 9/30/2015*	\$ 3,546,444	\$ (29,558,005)	\$ (26,011,561)
As of 9/30/2016	2,900,391	70,050,412	72,950,803
As of 9/30/2017	2,181,528	98,398,299**	100,579,827**
As of 9/30/2018	3,130,174	70,962,854	74,093,028
As of 9/30/2019	5,626,458	30,519,240	36,145,698

* 2015 data is provided by Voya from 10/1/2014–9/18/2015 and ICMA-RC from 9/19/2015–9/30/2015.

**Earnings adjustment of \$1.2 Million.

■ Total Earnings

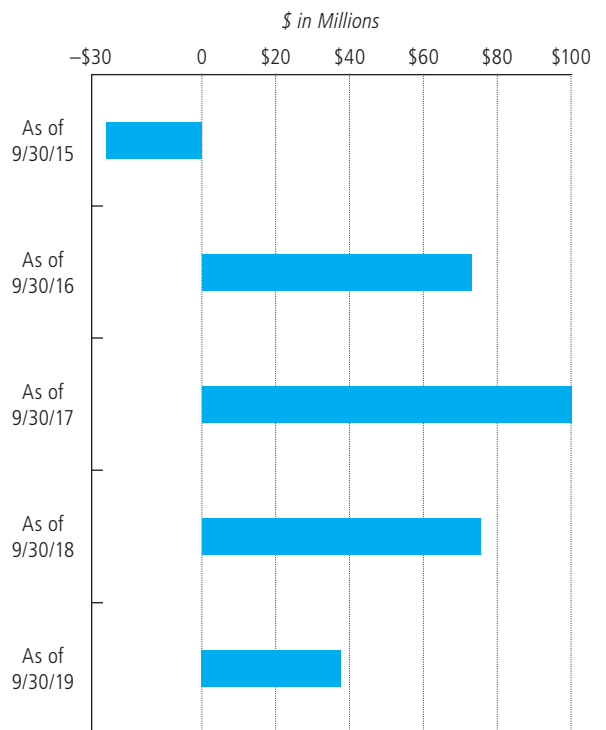
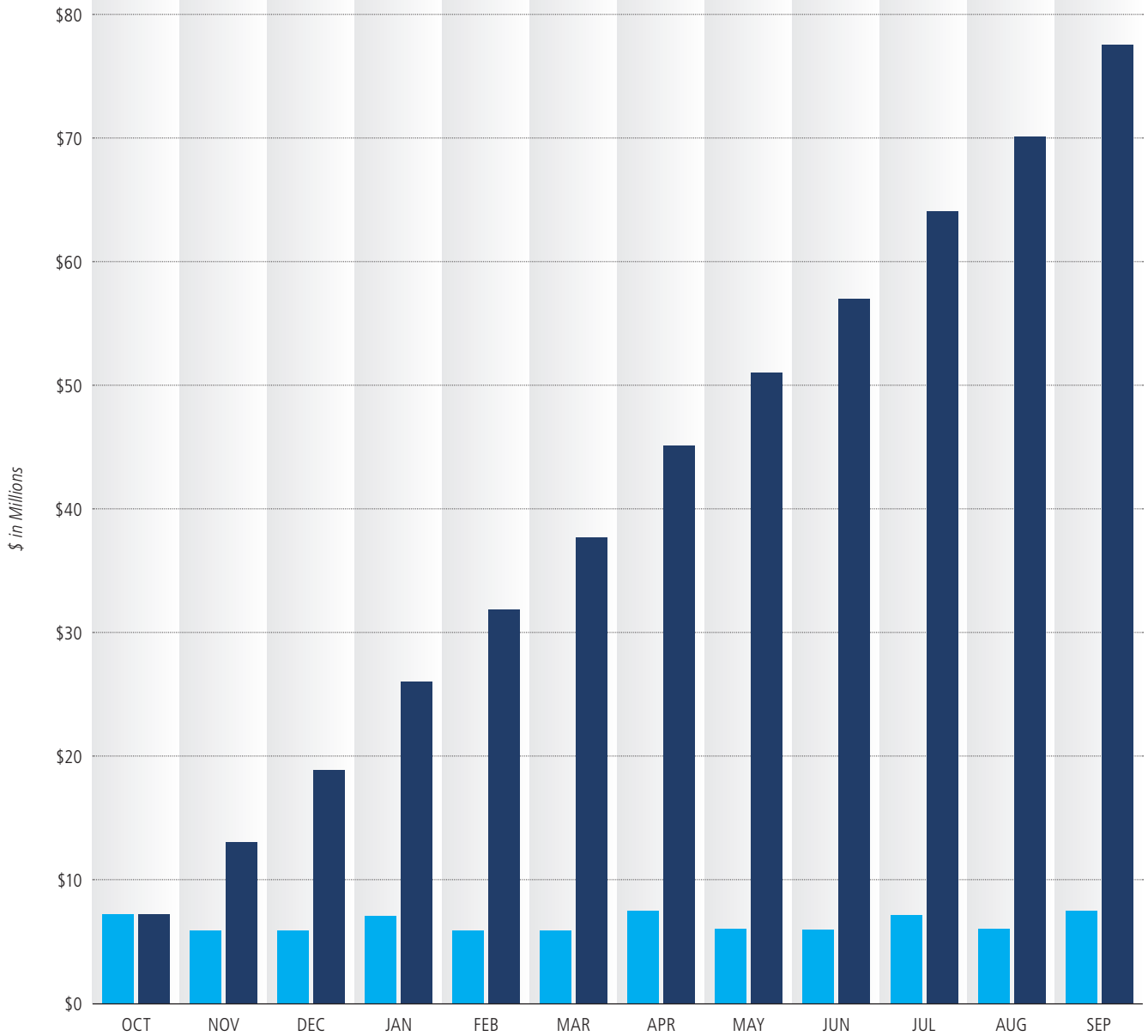


FIGURE 5 Monthly Contributions (Reporting Period October 1, 2018 through September 30, 2019)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Monthly Contributions (\$)	7,215,933	5,855,595	5,829,345	7,074,969	5,824,892	5,841,252	7,448,122	5,962,427	5,882,667	7,152,432	6,015,456	7,404,791
Aggregate Contributions YTD (\$)	7,215,933	13,071,528	18,900,873	25,975,842	31,800,735	37,641,987	45,090,109	51,052,536	56,935,203	64,087,635	70,103,091	77,507,882

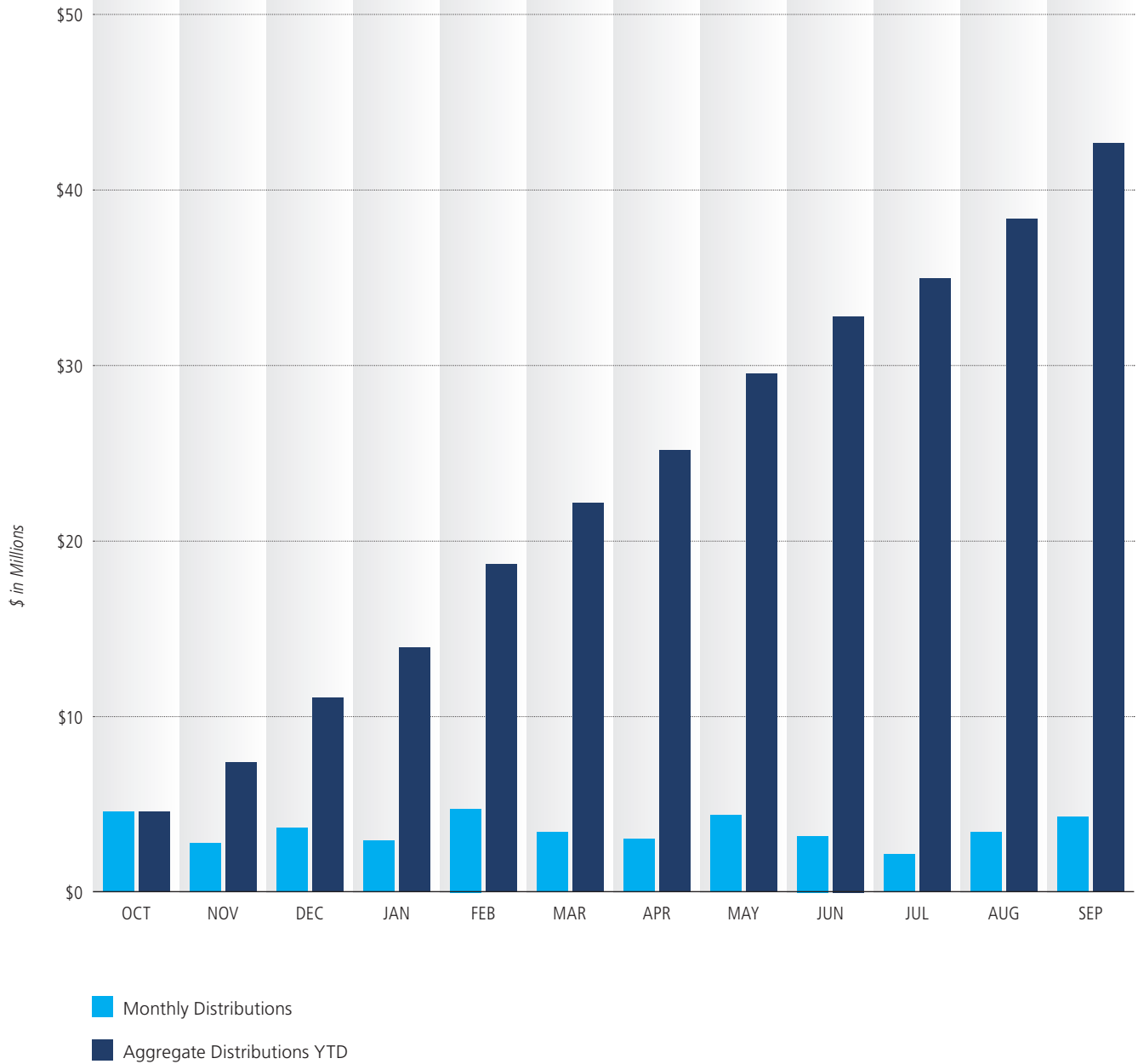


*This chart excludes rollovers, receivables and activity adjustments to the plan.

■ Monthly Contributions ■ Aggregate Contributions YTD

FIGURE 6 Monthly Distributions (Reporting Period October 1, 2018 through September 30, 2019)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Monthly Distributions (\$)	(4,575,402)	(2,812,782)	(3,660,332)	(2,926,419)	(4,728,441)	(3,423,673)	(3,046,280)	(4,401,320)	(3,205,580)	(2,170,877)	(3,417,831)	(4,295,450)
Aggregate Distributions YTD (\$)	(4,575,402)	(7,388,183)	(11,048,515)	(13,974,935)	(18,703,375)	(22,127,049)	(25,173,328)	(29,574,648)	(32,780,228)	(34,951,105)	(38,368,935)	(42,664,385)



Participant Demographics

The charts included in this section highlight participation by age group and new and terminated participants.

FIGURE 7 Age Stratification

This table illustrates participation and asset levels by age group as of September 30, 2019.

Age Ranges	Number of Participants	Total Investments	Average Balance
Under 30	2,099	\$ 11,409,827	\$ 5,436
30–39	7,286	112,424,922	15,430
40–49	7,318	273,223,972	37,336
50–59	6,921	386,606,054	55,860
60–69	4,065	253,544,472	62,373
Over 69	962	50,616,822	52,616
Total*	28,651	\$ 1,087,901,442	\$ 37,971

*Excludes beneficiary plans.

FIGURE 8 New vs. Terminated Plan Participants (Reporting Period October 1, 2018 through September 30, 2019)

This graph shows the number of new and terminated participants by month.

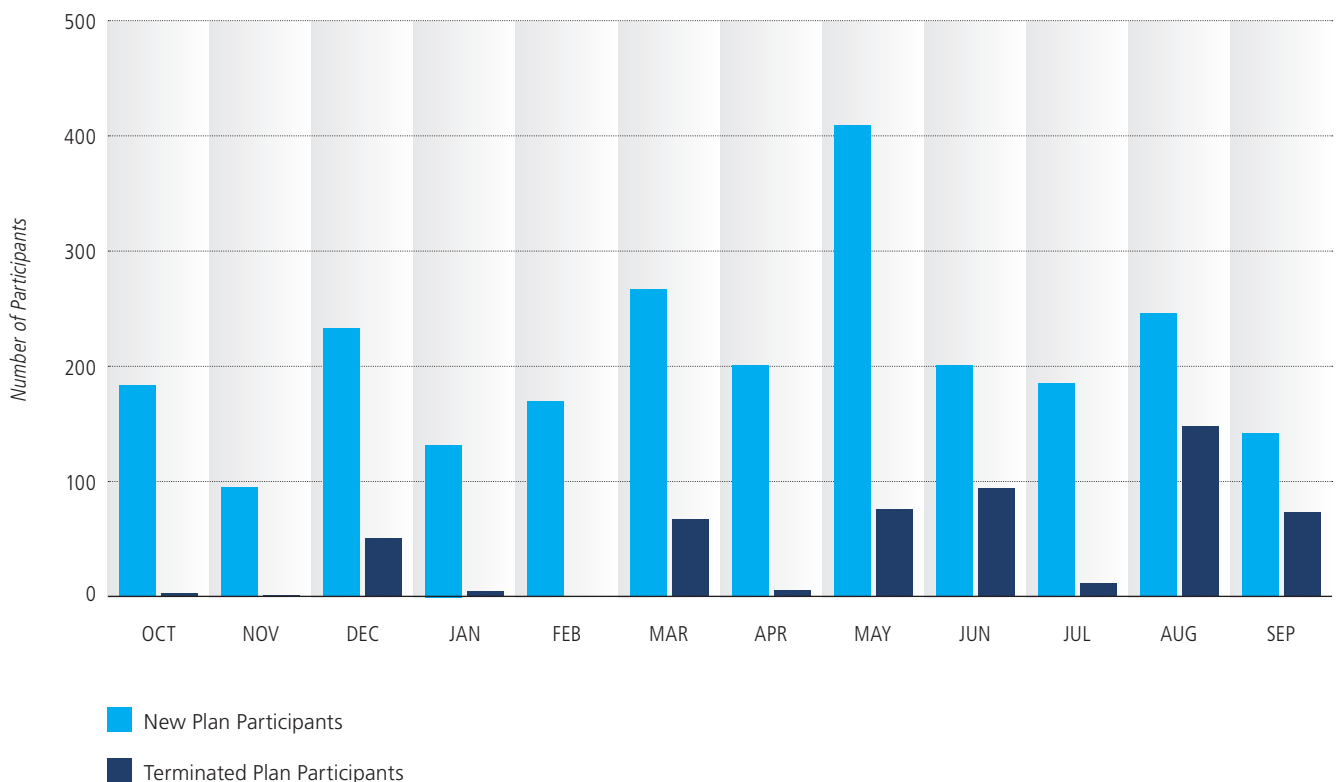
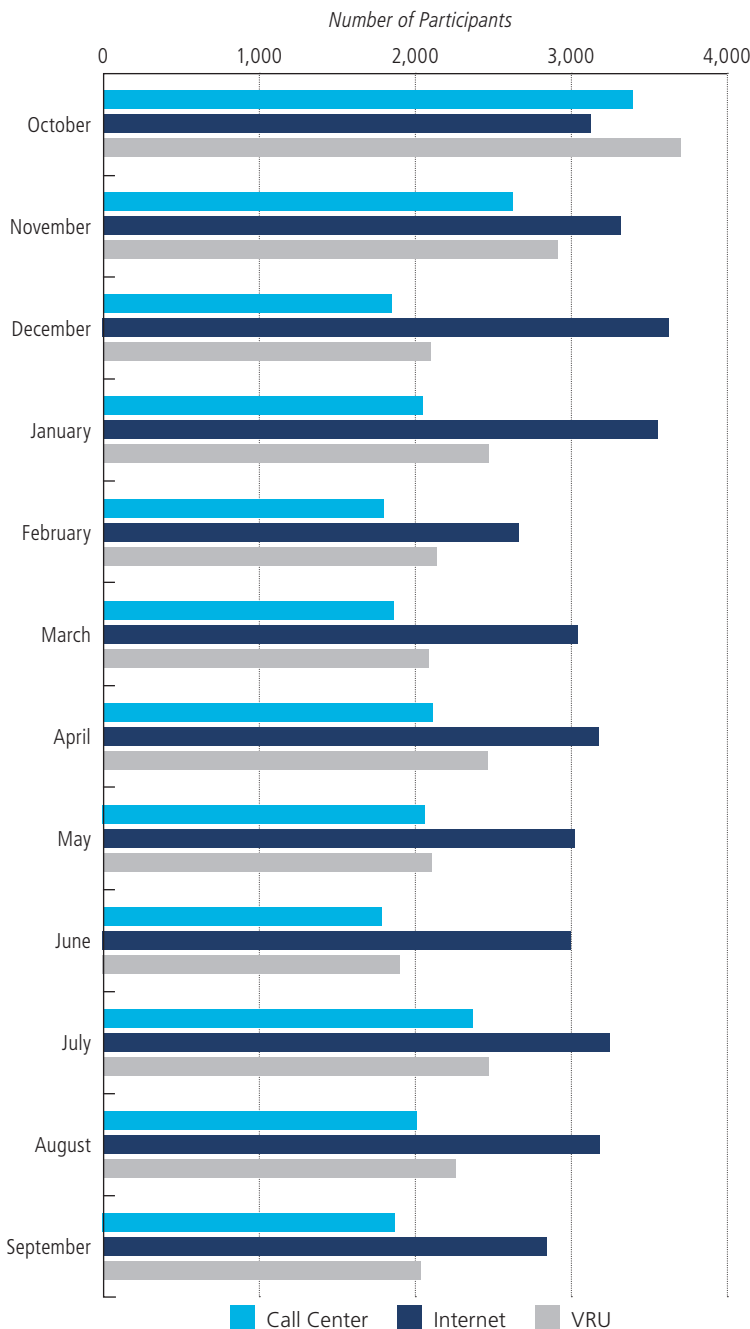


FIGURE 9 Participant Service Utilization (Reporting Period October 1, 2018 through September 30, 2019)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Average per Month
VRU	3,698	2,913	2,098	2,472	2,139	2,088	2,462	2,105	1,903	2,470	2,260	2,037	2,387
Call Center	3,391	2,625	1,850	2,048	1,801	1,860	2,111	2,064	1,789	2,367	2,011	1,870	2,149
Internet	3,122	3,318	3,627	3,551	2,665	3,045	3,176	3,018	2,999	3,246	3,184	2,842	3,149



PARTICIPANT PHONE CALLS

HANDLED BY:
**VOICE RESPONSE
UNIT (VRU)**

28,645

REMAIN IN VOICE
RESPONSE UNIT

2,858

HANDLED BY
PARTICIPANT SERVICES

25,787

HANDLED BY:
**LOCAL FIELD
OFFICE**

2,300

*TOTAL CALLS
FROM
PARTICIPANTS

30,945

**Statistics are for all District of Columbia (401(a) and 457(b)) Retirement Plans combined.*



457(b) Deferred Compensation Plan

457(b) Deferred Compensation Plan

As of July 7, 2019, all eligible new District government employees are automatically enrolled into the 457(b) Deferred Compensation Plan. The retirement program allows all eligible District government employees to make tax-deferred and after-tax contributions (Roth) into investment options offered under the Plan. Taxes are due upon withdrawal for tax-deferred contributions only.

Performance Summary

Fiscal year 2019 was a rewarding, yet volatile, year for plan participants. We had positive returns as of September 30, 2019, for twenty-five of thirty funds. The Vanguard Target Retirement Trusts provided returns that were in line with their respective benchmarks and are provided below:

- Vanguard Target Retire Income Trust gained 6.82%
- Vanguard Target Retire 2015 Trust gained 6.08%
- Vanguard Target Retire 2020 Trust gained 5.35%
- Vanguard Target Retire 2025 Trust gained 4.95%
- Vanguard Target Retire 2030 Trust gained 4.25%
- Vanguard Target Retire 2035 Trust gained 3.49%
- Vanguard Target Retire 2040 Trust gained 2.69%
- Vanguard Target Retire 2045 Trust gained 2.16%
- Vanguard Target Retire 2050 Trust gained 2.14%
- Vanguard Target Retire 2055 Trust gained 2.14%
- Vanguard Target Retire 2060 Trust gained 2.14%
- Vanguard Target Retire 2065 Trust gained 2.25%

For comparison purposes, the S&P 500 Index rose 4.25% and the Bloomberg Barclays U.S. Aggregate Bond Index was up 10.30%.

Plan assets increased from \$822.9 million to \$872.7 million or 6.05% as asset contributions outpaced depreciation and withdrawals. The Plan had 23,122 participants with an average account balance of \$37,713.

Eligibility

Employees eligible to participate in the Plan are employees of: 1) an agency under the personnel authority of the mayor; 2) a subordinate agency as defined in the Comprehensive Merit Personnel Act of 1978; and 3) if approved by the mayor, an agency not under the personnel authority of the mayor or an independent agency.

Contributions

The District does not make contributions into the 457(b) Plan for employees; contributions are made solely by employees on a pre-tax and/or after-tax basis. The automatic deferral rate is 5% of employee's compensation as Pre-Tax Deferrals for newly enrolled employees. Within the first 30 days of employment an employee may elect to opt-out and request a withdraw of any default deferral (adjusted for gains and losses to the date of distribution). Employees who elect to remain in the plan may also elect to increase or decrease their contribution as well as employees enrolled in the plan prior to automatic enrollment. District employees employed prior to July 7, 2019, are required to contribute a minimum of \$20 per biweekly payroll period or \$43 per monthly payroll period, if they elect to participate in the Plan.

The maximum amount an employee could contribute for the 2019 calendar year was \$19,000, unless a higher amount was available under IRS catch-up provisions. The 2019 calendar year age 50+ catch-up contribution limit was \$25,000, while the 457(b) Plan special catch-up contribution limit was a maximum of \$38,000, subject to certain limitations.

There are no age or length of service requirements to participate in the Plan, and participants are immediately 100% vested (the participants' right to receive the account balance) upon enrollment.

Roth Contributions

Roth contributions can be made to the 457(b) Plan on an after-tax basis. Participants pay taxes on contributions now, rather than later. (Participants may make Roth and pre-tax contributions for a combined total of no more than \$19,000 for calendar year 2019.

Roth contributions may be most appropriate for participants who expect to be in a higher tax bracket in retirement. (If income is higher when a participant retires, and they wait to pay taxes — they could wind up paying more in taxes.)

Roth contributions are tax-free withdrawals. Qualified withdrawal of Roth assets are not subject to taxes.

Withdrawals of Roth assets (contributions and associated earnings) are qualified if:

- a period of five years has passed since January 1 of the year in which the first contribution (including rollovers) was made to the Roth account; and
- the participant is at least 59½ years old (or disabled or deceased).

If the requirements for a qualified distribution are not met, and the assets are not rolled-over to another eligible plan, the earnings portion of the distribution will be taxable.

Having pre-tax and Roth options allows employees to choose the option that best fits their lifestyle.

Compared to Roth IRAs — 457(b) Plan participants have higher contribution limits; all income levels are eligible.

Benefits

Participants' benefits are determined by the value of their account balances; specifically, their contributions, plus (or minus) investment earnings (or losses). Each calendar quarter, participants will receive a detailed statement showing the timing of the deferrals made during the quarter, the share/unit price, the number of shares or units purchased, any interest and investment gains or losses, and the current account balance. Statements are mailed within 15 business days after the end of each calendar quarter.

Loans

The Plan offers two types of loans: a personal loan and a residential loan. Participants can borrow up to 50 percent of their account balance or \$50,000, whichever is lower. Employees are only allowed to have one outstanding loan at a time.

Distributions

Benefits under the Plan can be distributed upon severance from employment, attainment of age 70½, death, or incurring of an unforeseeable emergency. The employee may choose from various payment options: lump sum, installment, annuity, and direct rollover to another employer-sponsored eligible retirement plan or traditional IRA. All of the payments that a participant receives are subject to federal and state income taxes when distributed. Plan benefits must be applied for in writing.

The IRS requires that participants under a 457(b) Plan begin receiving payments by April 1st of the calendar year following the calendar year the employee reaches age 70½, or retires, whichever is later. Failure to receive the Required Minimum Distribution (RMD) for any tax year will result in a 50% excise tax being imposed on the participant for the amount required that was not distributed.

457(b) Plan Statistics

The charts in this section illustrate the allocation of assets and deferrals by asset class and investment option. In addition, this section includes charts that display total distributions.

Asset Allocation by Asset Class/Fund (as of September 30, 2019)

Asset Class/Fund Name	Assets as of September 30, 2019	Percentage of Total Assets	Number of Participants Invested
Stable Value/Cash Management			
Vantagepoint PLUS Fund R10	\$ 246,335,190	28.23	9,932
Vanguard Federal Money Market	7,975,573	0.91	495
Insurance Premium	N/A	0.00	0
	\$ 254,310,763	29.14	10,427
Bond			
DC Plus Fixed Income	\$ 30,775,519	3.53	2,698
PIMCO Real Return CIT II	3,752,781	0.43	570
	\$ 34,528,300	3.96	3,268
Guaranteed Lifetime Income			
VT Retirement IncomeAdvantage	\$ 2,773,520	0.32	107
	\$ 2,773,520	0.32	107
Balanced/Asset Allocation			
Vanguard Target Retire Inc Tr	\$ 6,220,616	0.71	151
Vanguard Target Retire 2015 Tr	5,897,557	0.68	215
Vanguard Target Retire 2020 Tr	14,119,754	1.62	550
Vanguard Target Retire 2025 Tr	20,653,078	2.37	935
Vanguard Target Retire 2030 Tr	19,398,830	2.22	1,166
Vanguard Target Retire 2035 Tr	21,676,289	2.48	1,473
Vanguard Target Retire 2040 Tr	18,299,328	2.10	1,543
Vanguard Target Retire 2045 Tr	17,725,497	2.03	1,900
Vanguard Target Retire 2050 Tr	14,603,075	1.67	1,881
Vanguard Target Retire 2055 Tr	6,833,039	0.78	1,583
Vanguard Target Retire 2060 Tr	1,950,364	0.22	767
Vanguard Target Retire 2065 Tr	431,522	0.05	70
PIMCO All Asset Instl	345,437	0.04	73
	\$ 148,154,386	16.97	12,307
U.S. Stock			
American Funds Fundamental Inv	\$ 22,015,492	2.52	2,503
Ariel Institutional	68,869,090	7.89	5,448
Brown Cap Mgmt Small Co Instl	32,555,767	3.73	2,211
DC Plus Large Cap Growth	35,502,071	4.07	3,161
DC Plus Large Cap Value	94,486,978	10.83	4,938
DFA US Core Equity 1	4,081,567	0.47	714
Vanguard Institutional Index	96,868,893	11.10	4,126
Vanguard Small-Cap Index Instl	21,019,081	2.41	2,379
	\$ 375,398,939	43.02	25,480

Asset Class/Fund Name	Assets as of September 30, 2019	Percentage of Total Assets	Number of Participants Invested
International/Global Stock			
American Funds New Perspective	\$ 11,067,125	1.27	1,385
Harbor International Instl	26,311,424	3.02	4,438
Virtus Vontobel Emerg Mkts Ops	3,469,268	0.40	1,049
	\$ 40,847,817	4.69	6,872
Specialty			
Nuveen Real Estate Securities	\$ 10,481,167	1.20	2,302
VantageBroker	6,173,354	0.71	82
	\$ 16,654,521	1.91	2,384
457(b) PLAN	\$ 872,668,246	100.00	60,845

Contributions by Investment Option *(as of September 30, 2019)*

ICMA-RC Fund Name	October 1, 2018 through September 30, 2019	Percent of Total Contributions
Stable Value/Cash Management		
Vantagepoint PLUS Fund R10	\$ 18,046,942	21.98
Vanguard Federal Money Market	526,582	0.64
Insurance Premium	115,989	0.14
	\$ 18,689,512	22.76
Bond		
DC Plus Fixed Income	\$ 2,356,075	2.87
PIMCO Real Return CIT II	228,773	0.28
	\$ 2,584,848	3.15
Guaranteed Lifetime Income		
VT Retirement Income Advantage	\$ 76,836	0.09
	\$ 76,836	0.09
Balanced/Asset Allocation		
Vanguard Target Retirement Income Trust	\$ 204,180	0.25
Vanguard Target Retirement 2015 Trust	614,397	0.75
Vanguard Target Retirement 2020 Trust	1,445,267	1.76
Vanguard Target Retirement 2025 Trust	2,970,691	3.62
Vanguard Target Retirement 2030 Trust	3,131,109	3.81
Vanguard Target Retirement 2035 Trust	3,601,289	4.39
Vanguard Target Retirement 2040 Trust	3,759,572	4.58
Vanguard Target Retirement 2045 Trust	4,456,684	5.43
Vanguard Target Retirement 2050 Trust	4,389,480	5.35
Vanguard Target Retirement 2055 Trust	2,722,201	3.32
Vanguard Target Retirement 2060 Trust	914,598	1.11
Vanguard Target Retirement 2065 Trust	85,567	0.10
PIMCO All Asset Instl	67,809	0.08
	\$ 28,362,844	34.54

ICMA-RC Fund Name	October 1, 2018 through September 30, 2019	Percent of Total Contributions
U.S. Stock		
American Funds Fundamental Inv	\$ 1,923,003	2.34
Ariel Institutional	4,860,154	5.92
Brown Cap Mgmt Small Co Instl	2,504,327	3.05
DC Plus Large Cap Growth	3,009,720	3.67
DC Plus Large Cap Value	4,917,727	5.99
DFA US Core Equity 1	526,921	0.64
Vanguard Institutional Index	6,602,006	8.04
Vanguard Small Cap Index Instl	2,290,485	2.79
	\$ 26,634,343	32.44
International/Global Stock		
American Funds New Perspective	\$ 1,209,266	1.47
Harbor International Instl	3,008,217	3.66
Virtus Vontobel Emerg Mkts Ops	507,669	0.62
	\$ 4,725,152	5.75
Specialty		
Nuveen Real Estate Securities	\$ 972,498	1.18
VantageBroker	62,760	0.08
	\$ 1,035,257	1.26
ICMA-RC SUBTOTAL	\$ 82,108,793	100.00

Contributions by Asset Class

ICMA-RC Asset Class	October 1, 2018 through September 30, 2019	Percent of Total Contributions
Stable Value/Cash Management	\$ 18,689,512	21.44
Bond	2,584,848	2.97
Guaranteed Lifetime Income	76,836	0.09
Balanced/Asset Allocation	28,362,844	32.54
U.S. Stock	26,634,343	30.56
International/Global Stock	4,725,152	5.42
Specialty	1,035,257	1.19
Contributions Subtotal	\$ 82,108,793	94.21
457(b) Plan Rollover Contributions	6,142,788	7.05
Subtotal	\$ 88,251,581	101.26
Net Change in Employee Contribution Receivable*	(1,212,424)	(1.39)
Activity Adjustment	114,142	0.13
Total Contributions	\$ 87,153,299	100.00

*See page 10 of 457(b) Plan Audit Report

FIGURE 1 Investment Assets

Reporting Period	Fixed Assets	Variable Assets	Other Assets**	Total Assets
As of 9/30/2015*	\$ 234,079,084	\$ 342,306,534		\$ 576,385,618
As of 9/30/2016	238,888,649	401,061,928	23,317,332	663,267,909
As of 9/30/2017	239,404,690	491,971,472		731,376,161
As of 9/30/2018	243,338,388	579,531,093		822,869,481
As of 9/30/2019	254,310,763	618,357,483		872,668,246

*2015 data is provided by Voya from 10/1/2014–9/18/2015 and ICMA-RC from 9/19/2015–9/30/2015.

**See page 9 of 457(b) Plan Audit Report.

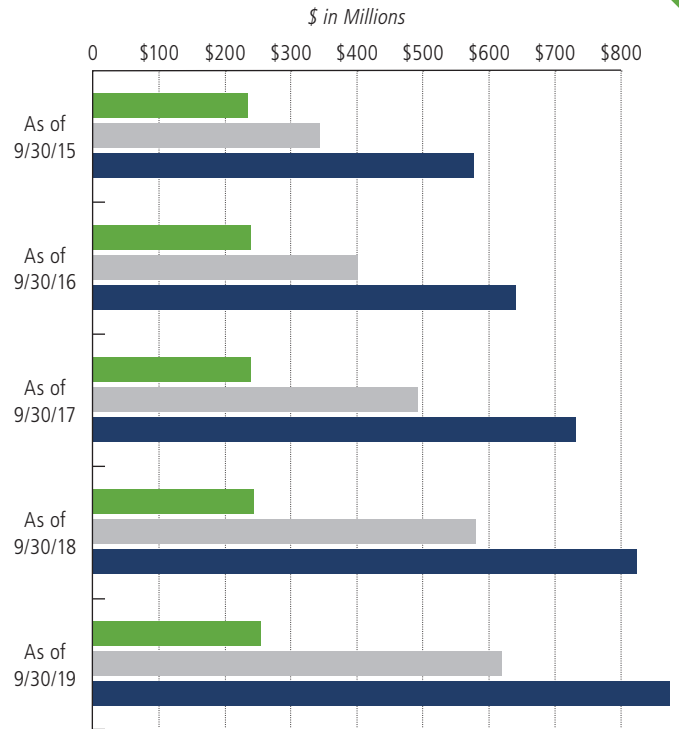
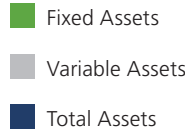


FIGURE 2 Historical Contributions

Reporting Period	Employee Deferrals	Rollovers	Total Contributions
As of 9/30/2015*	\$ 50,662,788	\$ 5,339,800	\$ 56,002,588
As of 9/30/2016	56,038,970 ¹	2,617,877	58,656,847
As of 9/30/2017	62,352,854 ¹	5,769,264	68,122,118
As of 9/30/2018	69,756,688	5,029,528	74,786,216
As of 9/30/2019	81,010,511	6,142,788	87,153,299

*2015 data is provided by Voya from 10/1/2014–9/18/2015 and ICMA-RC from 9/19/2015–9/30/2015.

¹ Includes Net Change in Participant Receivable — see page 10 of 457(b) Plan Audit Report.

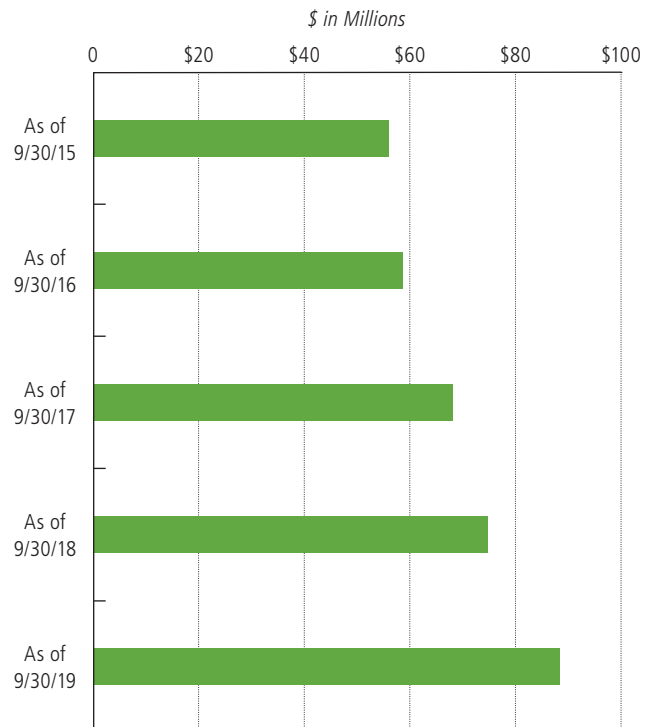


FIGURE 3 Historical Distributions

Reporting Period	Distributions	Deemed Distributions and Offset Loans	Total Distributions [†]
As of 9/30/2015*	\$ 44,597,880	\$ 709,563	\$ 45,307,443
As of 9/30/2016	38,295,841	1,292,042	39,587,883
As of 9/30/2017	41,714,269	1,054,850	42,769,119
As of 9/30/2018	46,291,106	1,266,022	47,557,128**
As of 9/30/2019	47,133,348	1,850,059	48,983,407

[†] Includes Cash Surrenders from Life Insurance Policies that were applied to participants accounts and later withdrawn.

* 2015 data is provided by Voya from 10/1/2014–9/18/2015 and ICMA-RC from 9/19/2015–9/30/2015.

** Amount differs from financial statement by \$18,707 due to interest added to deemed loans.

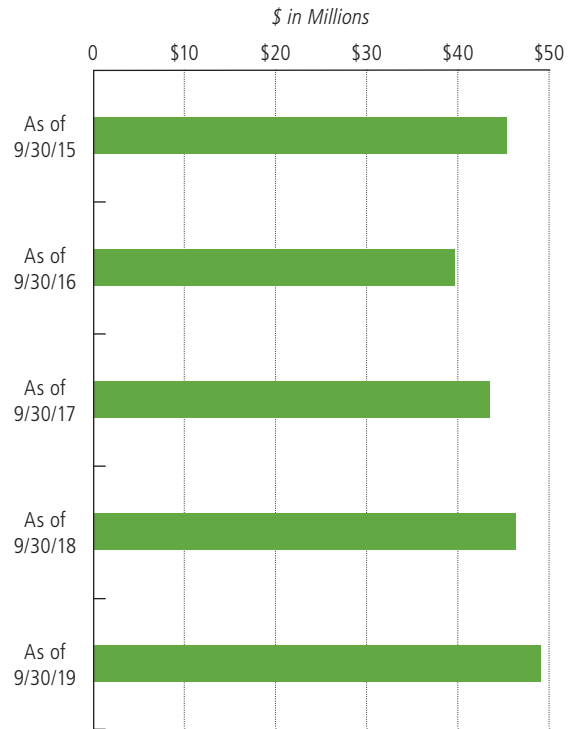


FIGURE 4 Dividends/Appreciation/Depreciation of Total Assets

Reporting Period	Dividends	Appreciation/Depreciation	Total Earnings
As of 9/30/2015*	\$ 6,309,089	\$ (13,773,331)	\$ (7,464,242)
As of 9/30/2016	14,110,216	38,513,319	52,623,535
As of 9/30/2017	9,218,093	59,673,300	68,891,393
As of 9/30/2018	12,475,893	54,935,573	67,411,466
As of 9/30/2019	22,758,858	(9,640,662)	13,118,196

*2015 data is provided by Voya from 10/1/2014–9/18/2015 and ICMA-RC from 9/19/2015–9/30/2015.

■ Dividends
 ■ Appreciation/Depreciation
 ■ Total Earnings

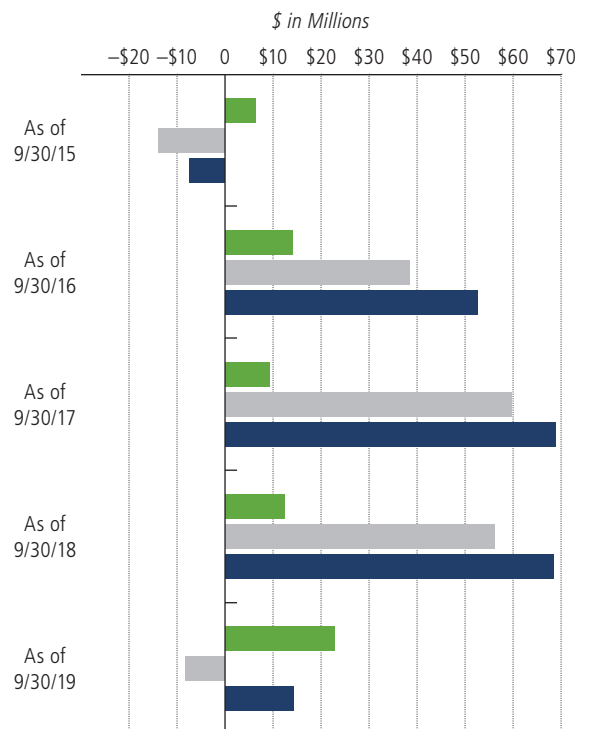
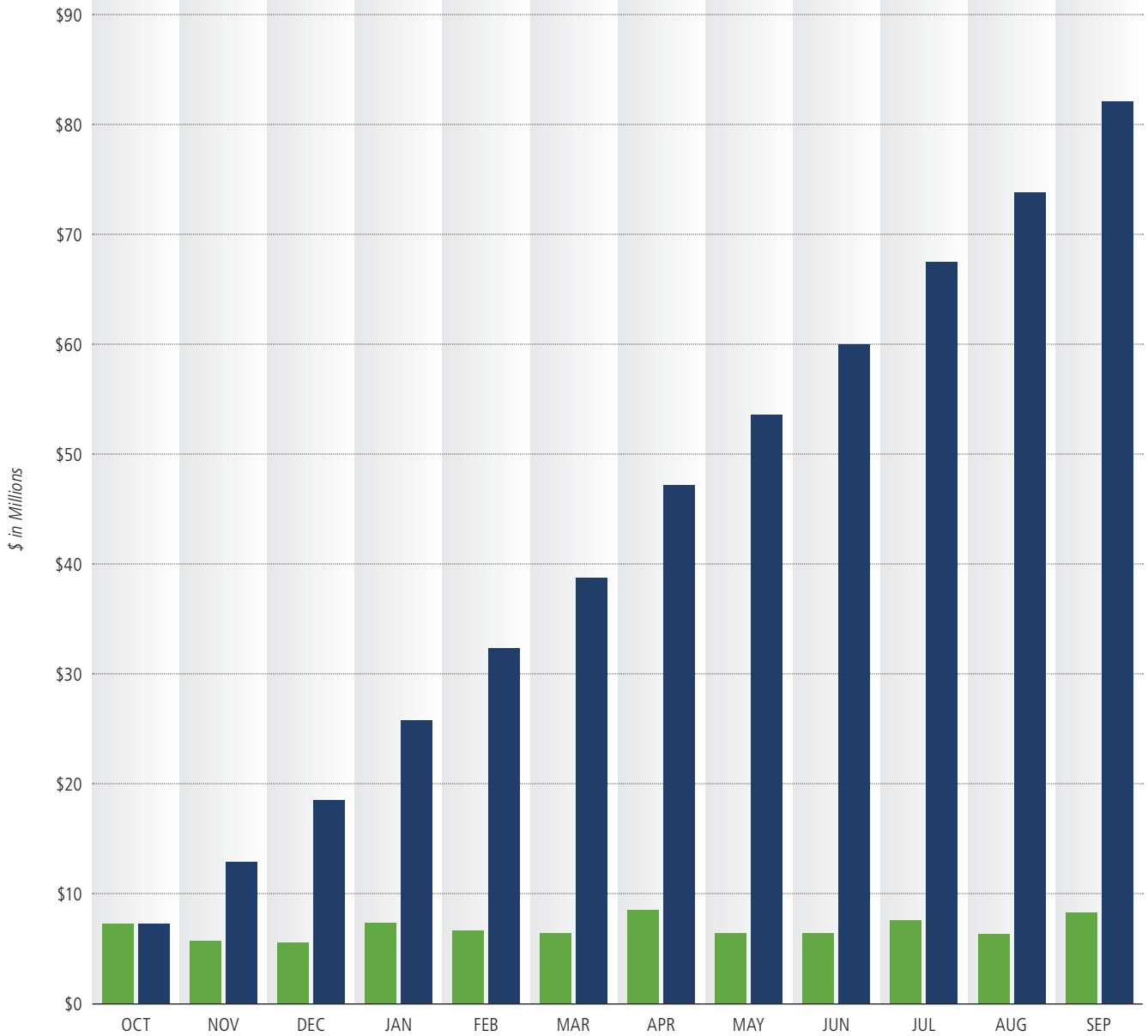


FIGURE 5 Monthly Contributions* (Reporting Period October 1, 2018 through September 30, 2019)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Monthly Contributions (\$)	7,233,895	5,673,398	5,503,122	7,294,364	6,612,025	6,346,350	8,475,184	6,427,747	6,403,994	7,539,458	6,307,048	8,292,208
Aggregate Contributions YTD (\$)	7,233,895	12,907,293	18,410,415	25,704,778	32,316,803	38,663,153	47,138,338	53,566,085	59,970,079	67,509,537	73,816,585	82,108,793



*This chart excludes rollovers, receivables and activity adjustments to the plan.

■ Monthly Contributions ■ Aggregate Contributions YTD

FIGURE 6 Monthly Distributions (Reporting Period October 1, 2018 through September 30, 2019)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Monthly Distributions (\$)	(4,516,281)	(2,877,273)	(4,589,914)	(4,438,381)	(3,666,476)	(4,556,686)	(2,786,458)	(4,435,843)	(3,882,826)	(3,829,972)	(3,547,369)	(5,952,365)
Aggregate Distributions YTD (\$)	(4,516,281)	(7,393,554)	(11,983,468)	(16,421,849)	(20,088,325)	(24,645,011)	(27,431,470)	(31,867,313)	(35,750,139)	(39,580,111)	(43,127,480)	(49,079,845)

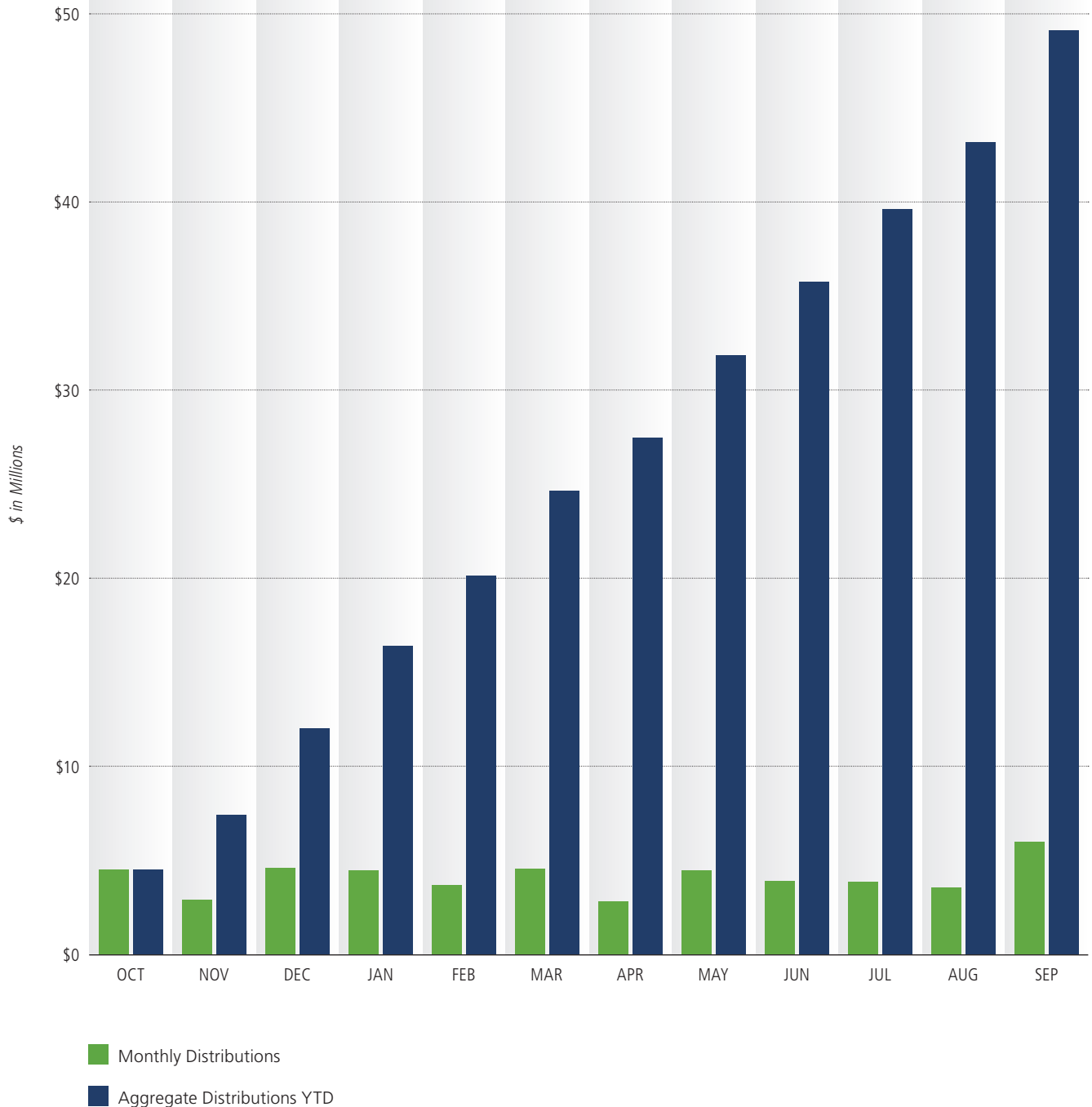
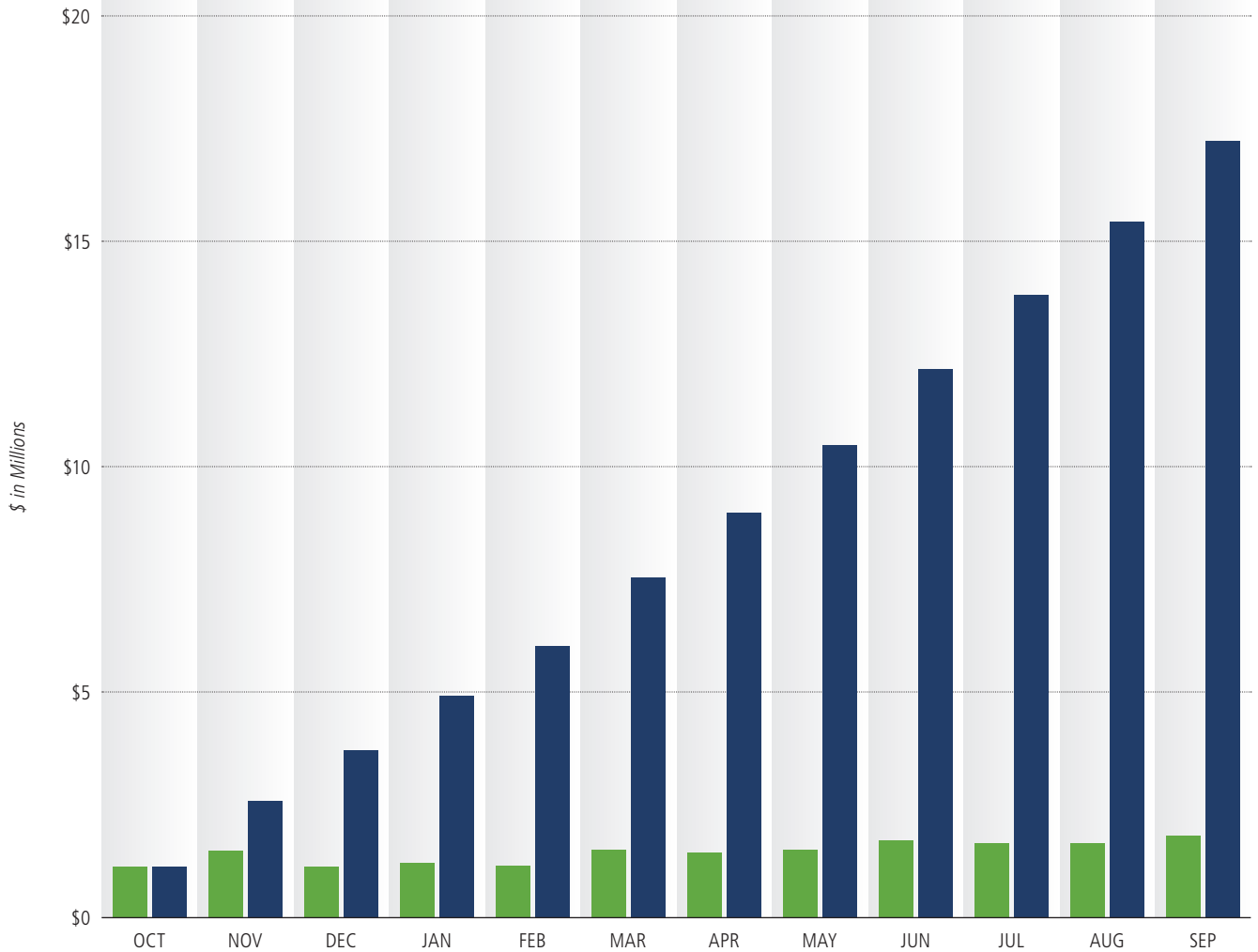


FIGURE 7 New Loan Activity (Reporting Period October 1, 2018 through September 30, 2019)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Monthly Distributions (\$)	(1,128,615)	(1,459,361)	(1,112,326)	(1,194,606)	(1,134,504)	(1,501,195)	(1,428,978)	(1,499,944)	(1,700,507)	(1,630,275)	(1,630,355)	(1,799,338)
Aggregate Outstanding Balance YTD (\$)	(1,128,615)	(2,587,976)	(3,700,302)	(4,894,908)	(6,029,412)	(7,530,607)	(8,959,585)	(10,459,529)	(12,160,036)	(13,790,312)	(15,420,667)	(17,220,004)



■ Monthly Distributions
■ Aggregate Outstanding Balance YTD

FIGURE 8 Age Stratification

This table illustrates participation and asset levels by age group as of September 30, 2019.

Age Group	Number of Participants	Total Assets	Average Balance
Under 30	2,201	\$ 9,399,326	\$ 4,270
30–39	5,587	80,340,070	14,380
40–49	5,499	175,678,397	31,947
50–59	5,384	256,087,032	47,564
60–69	3,315	243,687,387	73,511
Over 69	1,136	106,816,672	94,029
Total*	23,122	\$ 872,688,246	\$ 37,742

*Excludes Beneficiary Plans and Outstanding Loan Balance

FIGURE 9 New vs. Terminated Plan Participants (Reporting Period October 1, 2018 through September 30, 2019)

This graph shows the number of new and terminated participants by month.

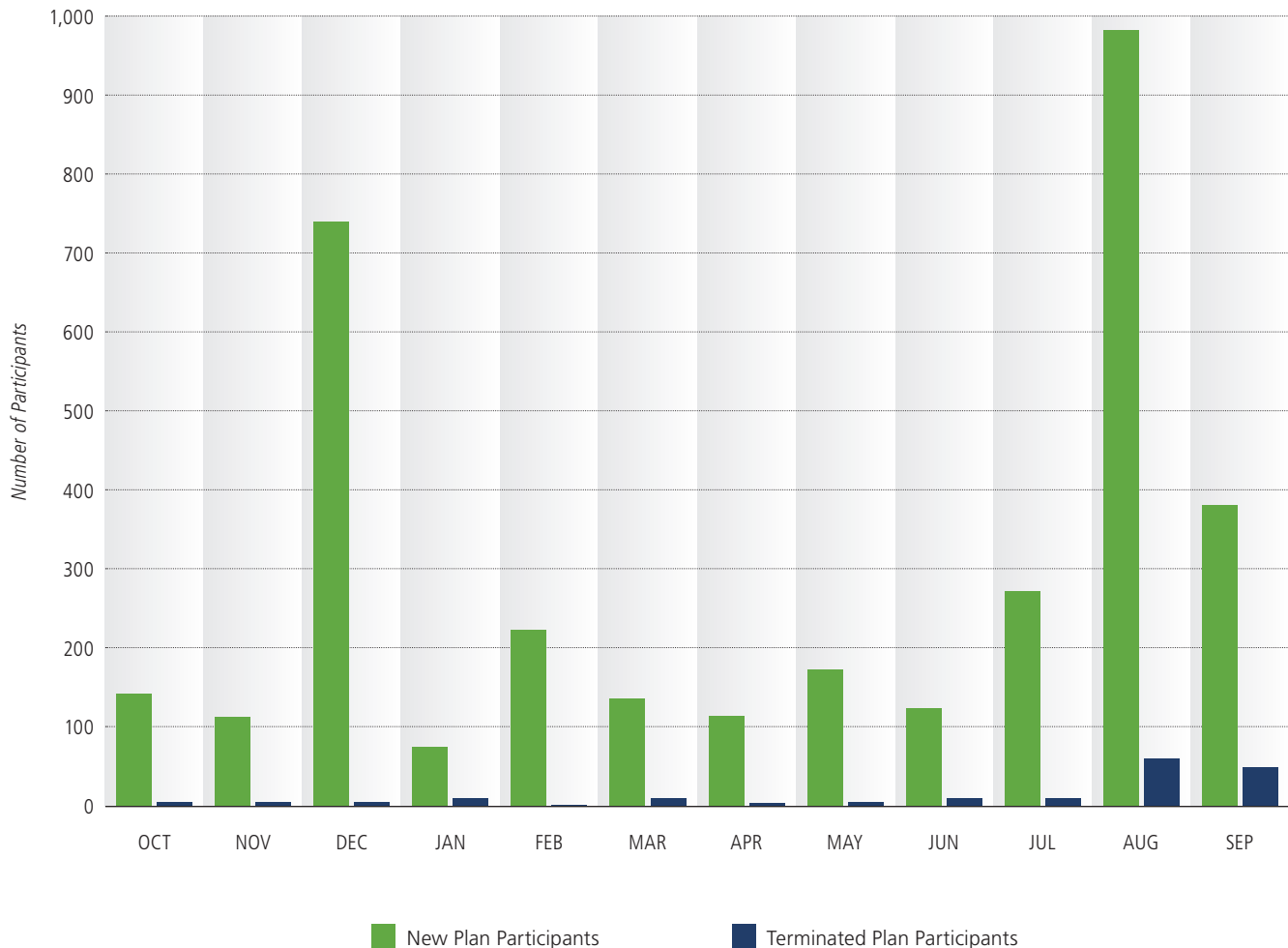


FIGURE 10 Monthly Meeting Attendance (Reporting Period October 1, 2017 through September 30, 2019)

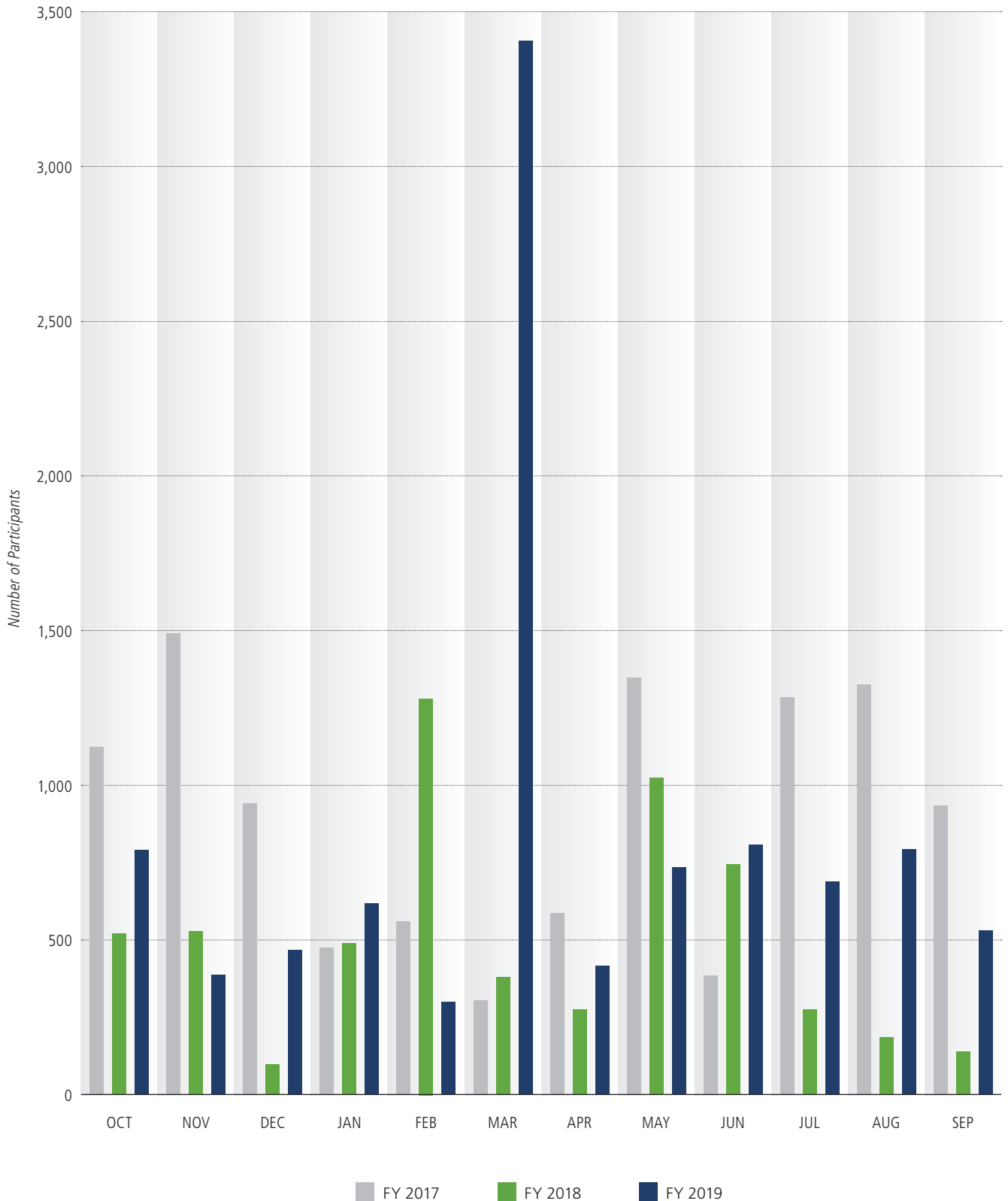


FIGURE 11 Overall Attendance by Meeting Type (Reporting Period October 1, 2017 through September 30, 2019)

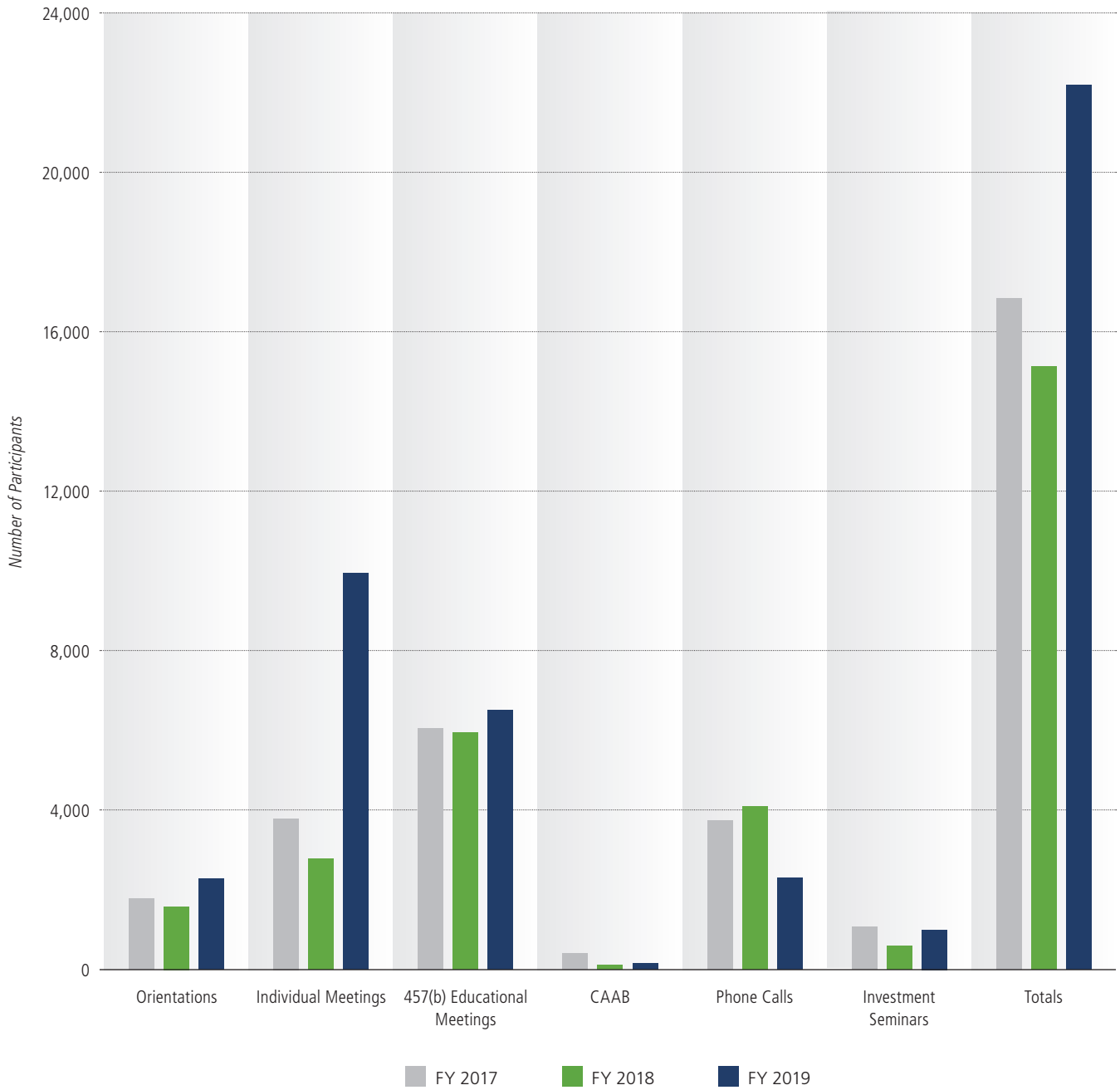
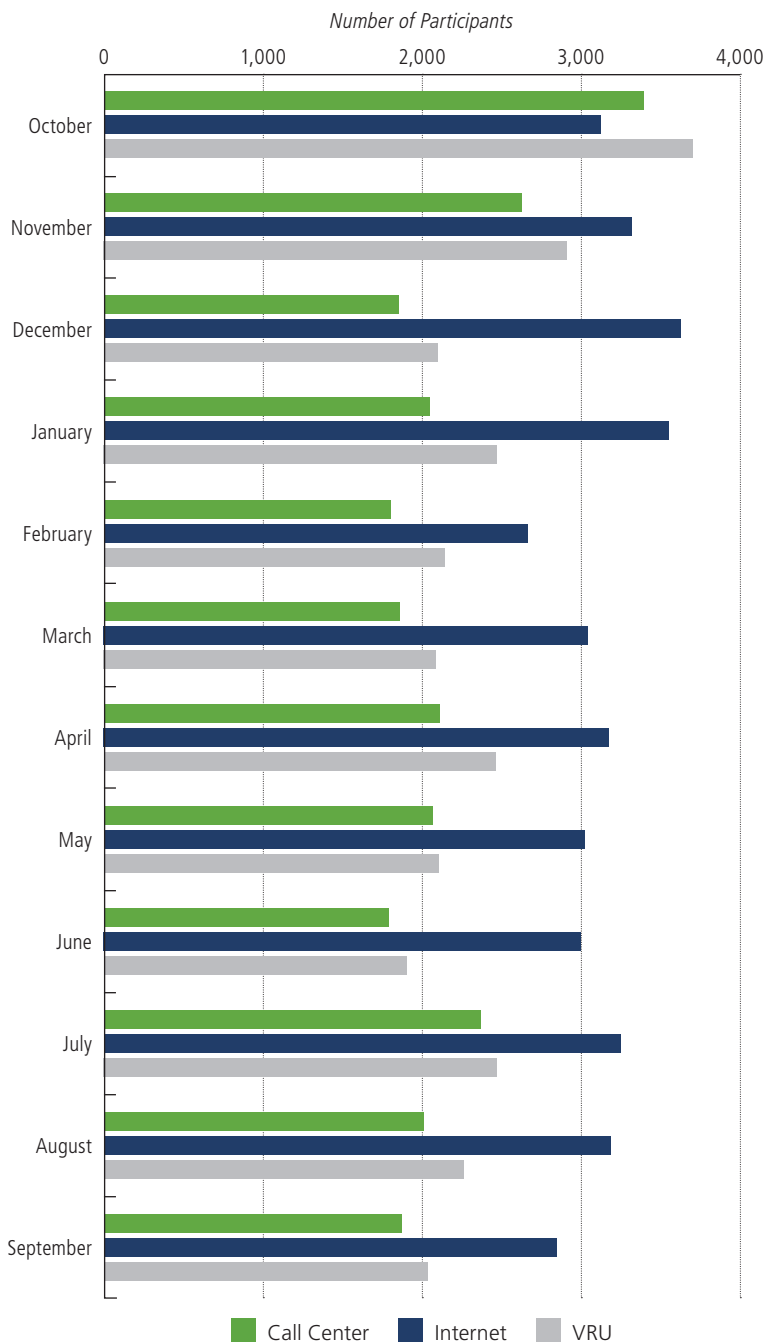



FIGURE 12 Participant Service Utilization (Reporting Period October 1, 2018 through September 30, 2019)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Average per Month
VRU	3,698	2,913	2,098	2,472	2,139	2,088	2,462	2,105	1,903	2,470	2,260	2,037	2,387
Call Center	3,391	2,625	1,850	2,048	1,801	1,860	2,111	2,064	1,789	2,367	2,011	1,870	2,149
Internet	3,122	3,318	3,627	3,551	2,665	3,045	3,176	3,018	2,999	3,246	3,184	2,842	3,149




PARTICIPANT PHONE CALLS

HANDLED BY:
VOICE RESPONSE UNIT (VRU)  **28,645**

REMAIN IN VOICE RESPONSE UNIT
2,858

HANDLED BY PARTICIPANT SERVICES
25,787

HANDLED BY:
LOCAL FIELD OFFICE  **2,300**

***TOTAL CALLS FROM PARTICIPANTS 30,945**

*Statistics are for all District of Columbia (401(a) and 457(b)) Retirement Plans combined.

Life Insurance

The 457(b) Deferred Compensation Plan allows participants who had existing life insurance policies (under the Plan as of March 15, 2002) to continue to have their policies maintained under the Plan. These Universal Life Insurance policies are maintained by TransAmerica and Shenandoah Life Insurance Company. Purchasing life insurance is no longer an option for participants who did not have life insurance as of March 15, 2002.

Upon severance from employment, the participant must elect to:

- Surrender the policy, or
- Assume individual ownership of the policy.

FIGURE 13 Deferrals by Insurance Company
(as of September 30, 2019)

	Shenandoah	TransAmerica	Total
October	\$ 58	\$ 13,008	\$ 13,066
November	48	9,145	9,193
December	48	8,894	8,942
January	72	9,474	9,546
February	48	8,541	8,589
March	48	8,612	8,660
April	48	12,092	12,140
May	48	8,463	8,511
June	48	8,571	8,619
July	72	9,031	9,103
August	48	8,236	8,284
September	48	11,253	11,301
	\$ 634	\$ 115,319	\$ 115,953

FIGURE 14 Number of Plan Participants with Insurance Policies
(as of September 30, 2019)

	Shenandoah	TransAmerica ¹	Total
9/30/2015	38	956	994
9/30/2016	23	835	858
9/30/2017	20	787	807
9/30/2018	18	738	756
9/30/2019	18	701	719

¹ Data for 2012–2015 is for Monumental and 2016 is for TransAmerica.

FIGURE 15 Cash Surrender Value^{1,2}
(as of September 30, 2019)

	Shenandoah	TransAmerica ³	Total
9/30/2015	\$ 121,364	\$ 4,773,062	\$ 4,894,426
9/30/2016	78,084	4,269,586	4,347,670
9/30/2017	68,353	4,164,109	4,232,462
9/30/2018	62,125	3,985,963	4,048,089
9/30/2019	55,780	3,841,556	3,897,336

¹ Statistical information based on data provided by each respective insurance carrier.

² Cash Surrender Value — The amount you would receive if you surrendered your life insurance policy after any applicable surrender charges were assessed.

³ Data for 2012–2015 is for Monumental and 2016 is for TransAmerica.



Retirement Plan Administration

District of Columbia Administration Teams

Office of Finance and Treasury

The Office of Finance and Treasury (“OFT”) manages the assets and liabilities of the District government. In addition to overseeing the day-to-day administration of the 401(a) and 457(b) Plans, OFT manages the District’s cash and liquid assets, all cash disbursements, banking relationships, the D.C. College Savings Program, and the Other Post-Employment Benefits Fund (“OPEB”).



Office of Finance and Treasury (OFT): **Rodney Dickerson**, Program Director; **Merzie Davis**, Financial Manager; **Eugenia Collis**, Associate Treasurer for Asset Management; **Bruno Fernandes**, D.C. Treasurer and Deputy CFO; and **Joseph Nzioki**, Financial Analyst

Bruno Fernandes, D.C. Treasurer and Deputy CFO, manages multiple financial and investment programs for the District government. In addition to overseeing the day-to-day administration of the D.C. College Savings Plan, Office of Finance and Treasury manages the District's cash and liquid assets, all the cash disbursements, banking relationships, the 457(b) Deferred Compensation Plan, the 401(a) Defined Contribution Plan, and the OPEB Fund.

Eugenia Collis is the Associate Treasurer for asset management in the Office of Finance and Treasury (OFT). Ms. Collis is charged with overseeing all of the District's investment programs, including the general fund, the District's 401(a) and 457(b) retirement programs, the 529 College Savings program, and the District's Other Post-Employment Benefits (OPEB) Fund program. Ms. Collis also has responsibility for cash forecasting, OFT accounting and the Unclaimed Property Division within OFT.

Rodney Dickerson, the Program Director for the 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan, is responsible for monitoring the Plan's operations, including all communications, and facilitates quarterly meetings with the program manager. Besides assessing and coordinating all 401(a) and 457(b) Plans education meetings and various other Plan events, as Program Director, he reconciles all Plan assets. Mr. Dickerson serves as the liaison between the Office of Pay and Retirement Services and the D.C. Department of Human Resources (DCHR). He also manages the District's OPEB Fund.

Merzie Davis, the Financial Manager for the 457(b) Deferred Compensation Plan, monitors the Plan's operations, including participant communications, facilitation of quarterly meetings with the program manager and monthly reconciles of all Plan assets.

Mr. Davis also serves as the liaison between the Office of Pay and Retirement Services and the D.C. Department of Human Resources (DCHR).

Joseph Nzioki, Financial Analyst, works closely with Rodney Dickerson, Program Director, on the 401(a) Defined Contribution Plan and OPEB Fund. He assists with the monthly asset reconciliation for the 401(a) Plan and OPEB Fund. He updates the OPEB billing system with changes to participants' data and researches discrepancies of various records.

D.C. Department of Human Resources (DCHR)



Ventris C. Gibson
Director of D.C. Department of Human Resources

The **Office of Finance and Treasury (OFT)** and the **D.C. Department of Human Resources (DCHR)**

formed a joint partnership to manage the 401(a) Defined Contribution Plan and the 457(b) Deferred Compensation Plan. DCHR and ICMA-RC participate in orientation meetings to inform new employees of the benefits of the District’s Retirement Plans. When

an employee requests a distribution upon termination of service, DCHR advisors must validate the employee’s Personnel Action Form and vesting percentages in the 401(a) Plan for their respective agencies.

H.R. meetings and agency site visits are conducted monthly to keep agency H.R. Advisors apprised of plan and personnel processing changes, and to answer any questions regarding the Retirement Plans and related pension issues.

Paul Shaw, is the Associate Director of the Benefits and Retirement Administration and provided executive direction and oversight to the Plan for DCHR. He coordinated the delivery of Plan services through various District agencies and reviewed Plan benefits to ensure that they meet the needs of our employees.

Shannon Morris, Human Resources Specialist; Pamela Gary, Benefits Analyst; Wendy Rooker, Supervisory Human Resources Specialist; Seyoum Demssie, Human Resources Specialist; and Michelle Murdock, Benefits Analyst, monitor the day-to-day activity in the Plan. They work closely with employees, ICMA-RC, OFT and the Office of Pay and Retirement Services to ensure that participant issues and questions are resolved promptly.



D.C. Department of Human Resources (DCHR): **Pamela Gary**, Benefits Analyst; **Seyoum Demssie**, Human Resources Specialist; **Wendy Rooker**, Supervisory Human Resources Specialist; **Michelle Murdock**, Benefits Analyst; **Shannon Morris**, Human Resources Specialist; **Paul Shaw**, Associate Director Benefits (absent from photo).

Office of the Chief Financial Officer/Office of Pay and Retirement Services (OPRS)

Alvin Blunt is the Special Pay Officer in the Office of the Chief Financial Officer/Office of Pay and Retirement Services (OPRS). He transmits participant payroll data to ICMA-RC at least two days prior to the payroll date and researches payroll contribution file rejections. Funds are sent via wire transfer on the pay date plus one business day. Excess deferrals are processed by OPRS and the funds are returned to the individual participant.



Office of the Chief Financial Officer/Office of Pay and Retirement Services (OPRS): **Diane Gidderon**, Supplemental Pay Manager; **Alvin Blunt, Jr.**, Special Pay Officer and **Michelle Washington**, Control and Garnishment Pay Manager.

District of Columbia Housing Authority (DCHA)

The District of Columbia Housing Authority (DHCA) is an independent agency of the District of Columbia Government. DCHA enrolls new employee participants and communicate the benefits of the Plan to its employees.

Natasha Campbell, Senior Deputy Director, Department of Human Resources, and Jamal Bryant, Human Resources Specialist, provide oversight and direction to the Plan for DCHA. They work closely with DCHA employees to resolve any issues their employees have about the plan, work in conjunction with the District of Columbia Department of Human Resources to process distributions on behalf of DCHA employees, research any contribution that is rejected and other issues related to the transfer of contribution. Ms. Campbell also coordinates group meetings for DCHA employees with ICMA-RC.

Quincy Randolph, Payroll Manager for DCHA, transmits the bi-weekly participant data to ICMA-RC prior to the payroll date. Funds are sent on behalf of DCHA via ACH payment or wire transfer every pay date.



D.C. Housing Authority (DCHA): **Quincy Randolph**, Payroll Manager; **Natasha Campbell**, Senior Deputy Director, Department of Human Resources; and **Jamal Bryant**, Human Resources Specialist.

The ICMA-RC Teams

ICMA-RC is committed to delivering outstanding service and education for employees of the District of Columbia Government.

LOCAL ON-SITE TEAM

ICMA-RC's headquarters is located in Washington, D.C. Donnell Williams is a regional manager and oversees ICMA-RC's local D.C. team of Keith Beasley, Kevin Brown, William Carreras,* Angel Hawthorne and Kundai Mpundu. The team is located at the D.C. Service Centers at 777 North Capitol Street, NE, 8th Floor and 1015 Half Street, SE, 9th Floor. The team provides the District with a local presence and maintains an ongoing relationship with the Office of Finance and Treasury, D.C. Department of Human Resources, and employees.

Each member of ICMA-RC's local team is a financial professional, keeping up to date on the latest developments in the financial services industry and maintaining professional designations such as Certified Fund Specialist, successfully completing Financial Industry Regulatory Authority (FINRA) Series exams, and other required insurance licenses:

- Kevin Brown: FINRA Series 6 and 63
- William Carreras: FINRA Series 6 and 63
- Angel Hawthorne: FINRA Series 6, 63 and 65, Life and Health Certification
- Angela Macon: FINRA Series 7, 63 and 66
- Kundai Mpundu: FINRA Series 6, 63 and 65, Life and Health Certification
- Donnell Williams: FINRA Series 6, 63 and 26, Life and Health Certification

As highlighted in detail in the Education Summary of this report, ICMA-RC's local team is responsible for:

- Enrollment in the Plan
- Scheduling and conducting education and investment meetings at various agencies
- Conducting orientation and retirement plan seminars
- Holding individual meetings with Plan participants
- Responding to employee and participant requests



Kevin Brown, Retirement Plans Specialist; **Angela Macon**, Retirement Plans Specialist; **Angel Hawthorne**, Retirement Plans Specialist; **Kundai Mpundu**, Retirement Plans Specialist; **William Carreras**, Retirement Plans Specialist; **Alexis Kemp**, Field Sales Assistant; and **Donnell Williams**, Regional Manager.

Along with these services, District employees can take advantage of:

- On-site, individual appointments at 777 North Capitol Street, NE, 8th Floor and 1015 Half Street, SE, 9th Floor or their respective agency
- Orientation sessions scheduled at various locations throughout the District
- Online access to Plan and participant account information on the Plan's custom website at www.DCRetire.com

*William Carreras resigned effective March 31, 2020; a search for a replacement is currently underway.

CLIENT SERVICES TEAM

ICMA-RC's Client Service Team is composed of Angela Greenleaf, Vice President, Client Services; Rod Alcazar, Senior Director, National Relationship Management Team; Bob Jacoby, National Relationship Manager; Maria Pruner, Senior Manager, State Plan Service Team; and Tamara Powell, Supervisor, and Alev Cakmak, Manager, State Plan Service Team, are responsible for the day-to-day administration of 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan. These administrative responsibilities include:

- Processing of participant deferrals
- Processing of rollover contributions into the Plans
- Processing distributions from the Plans
- Processing enrollments
- Providing quarterly participant statements and newsletters
- Developing and delivering monthly reports to the OFT
- Carrying out Plan audits and compliance assurance
- Instituting new Plan features with the approval of the OFT that may be made available based on legislative changes
- Monthly balancing of Plan assets
- Assembling monthly Plan reports
- Tracking and reporting Plan contributions
- Assisting with Plan level fund changes
- Maintaining and updating the Plan's website
- Coordinating the delivery of quarterly participant statements
- Processing participant adjustments/corrections based on OFT and DCHR direction
- Providing ad-hoc reports as requested

In addition, the ICMA-RC Contact Center handles toll-free telephone support to Plan participants Monday through Friday 8:00 a.m. to 9:00 p.m. Eastern Time. Participant Services Representatives can educate and answer questions relating to investment options and distribution options or assist in processing changes to investment options within the participant's account.



Rod Alcazar, Senior Director, National Relationship Management Team; **Maria Pruner**, Senior Manager, State Plan Service Team; **Angela Greenleaf**, Vice President, Client Services; and **Laura Charles Chambers**, Director, Marketing Communications and Education.

ICMA-RC: Commitment to Our Communities

ICMA-RC's mission is to help public sector employees build retirement security. Founded in 1972, ICMA-RC is a non-profit independent financial services corporation based in Washington, D.C., focused on providing retirement plans and related services for more than one million public sector participant accounts and more than 9,000 retirement plans. Our more than 800 associates are dedicated every day to our mission and serving those who serve our communities.

As part of that commitment, we focus on serving those in and around our headquarters location in the Washington, D.C., metropolitan area. We have long-term partnerships with philanthropies such as So Others Might Eat (SOME) and Habitat for Humanity. Since 2005, ICMA-RC associates have selflessly volunteered more than 1,000 hours to serve breakfast and lunch in the SOME dining room at 71 "O" Street, NW. ICMA-RC is also a proud supporter of the American Heart Association (AHA). Each year, associates participate in the Greater Washington area and Richmond, VA Heart Walks. In addition to the corporate donation ICMA-RC contributes to the AHA, we also create fundraising opportunities throughout the year so that associates can further show support of this worthwhile cause.

ICMA-RC has also partnered with the District Department of Employment Services to establish an internship program that would introduce District residents to the financial services industry and provide them with valuable work experience. We are proud that upon completion of the program, these participants have secured full-time employment with ICMA-RC. The program has been rewarding for ICMA-RC and we are pleased to be part of this unique opportunity afforded specifically to D.C. residents.

In addition, ICMA-RC partners with Capital Area Asset Builders (CAAB) to assist in providing financial education to underserved public sector employees in the Greater D.C. area. Through its financial and consumer education programs, research, and advocacy, CAAB works to ensure that all residents in the Greater D.C. area have opportunities to save and invest in their dreams.

ICMA-RC's education focus extends throughout the nation. In 2001, ICMA-RC founded the ICMA-RC Public Employee Memorial Scholarship Fund (ICMA-RC Memorial Scholarship Fund) to honor local and state government employees who lost their lives in service to their communities. To date, the ICMA-RC Memorial Scholarship Fund has raised over \$1.3 million and awarded more than 300 scholarships to surviving children and spouses of fallen public sector employees from across the nation.

Reinforcing ICMA-RC's commitment to public sector advancement, in 2007, we established the Center for State and Local Government Excellence based in Washington, D.C., as a resource to local and state governments as they attract and nurture the best workforce. The Center is a non-partisan, non-profit organization considered a premier resource for research on workforce trends, compensation, pensions, health care, and retirement for state and local leaders, and highlights promising practices and innovations through forums, webinars, and outreach.

With an ongoing focus on the retirement-planning needs of public employees, ICMA-RC partners with a number of public-sector-focused organizations, which include the National Forum for Black Public Administrators, Local Government Hispanic Network, International City/County Management Association, National Association of Government Defined Contribution Administrators, Government Finance Officers Association, National League of Cities, and the National Association of County Administrators.

Recognizing the important contributions public sector employees make to our communities, ICMA-RC has also been a sponsor of the National Police Week 5K hosted by the Officer Down Memorial Page for six years running. ICMA-RC employees join with 2,000 other runners and walkers in Washington, D.C., to run, walk, and remember the 23,000+ fallen officers who have given their lives in the line of duty in U.S. history. We also support the Friends of Richmond K-9, a non-profit organization founded to facilitate educational opportunities and

raise awareness of Police K9s and their activities and accomplishments. Our Richmond associates participate in the Harry Pherson Memorial 5K for K-9's, which is held in memory of retired K-9 Officer Harry Pherson, who passed away in August 2018. We also attend

the National Fallen Firefighters Foundation Memorial Weekend held every October in Emmitsburg, MD, where the National Fallen Firefighters Foundation and others join to pay tribute to firefighters who died in the line of duty during the previous year.

Contact Information

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Chief Financial Officer

Eugenia Collis
Associate Treasurer

Rodney Dickerson
Program Director

Merzie Davis
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Joseph Nzioki
Financial Analyst

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Director

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Regional Manager

Alexis Kemp
Field Sales Assistant

Kevin Brown
Retirement Plans Specialist

William Carreras
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**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
AUDITED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

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**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
AUDITED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
AUDITED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

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F.S. TAYLOR & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

1420 N Street, N.W., Suite 100 / Washington, D.C. 20005 / 202/898-0008 Fax 202/898-0208

INDEPENDENT AUDITOR'S REPORT

Office of Finance and Treasury Office
of the Chief Financial Officer Government of the District of Columbia

Report on the Financial Statements

We have audited the accompanying statements of fiduciary net position of the Government of the District of Columbia's 401(a) Defined Contribution Plan (the "Plan") as of September 30, 2019, and the related statements of changes in fiduciary net position for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Plan, as of September 30, 2019, and the changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

F. S. Taylor & Associates, P.C.

April 17, 2020
Washington, DC

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

The following presents our discussion and analysis of the financial performance of the Government of District of Columbia's 401(a) Defined Contribution Pension Plan (the "Plan") for the fiscal years ended September 30, 2019 and 2018. This discussion and analysis should be read in conjunction with the financial statements and note disclosures.

The Plan was established under Government of the District of Columbia (the "District" or D.C.) Code 1-626.05(3). All District employees who were first hired on or after October 1, 1987 and have been employed a minimum of one-year creditable service are eligible to participate in the Plan. The District contributes 5% of eligible employees' base salaries, except for detention officers, who receive a 5.5% contribution. Employees do not make any contributions to the Plan. The duties of the Plan Administrator are performed jointly by the District's Office of the Chief Financial Officer, Office of Finance and Treasury, and the D.C. Department of Human Resources.

Overview of Financial Statements

The Plan's financial statements consist of two basic financial statements: (a) Statement of Fiduciary Net Position and (b) Statement of Changes in Fiduciary Net Position. In addition to the basic financial statements are the notes to the financial statements.

- Statement of Fiduciary Net Position presents the Plan's assets, liabilities and net position available for participant benefits.
- Statement of Changes in Fiduciary Net Position presents the additions to and deductions from the Plan's net position.
- The notes to the financial statements provide a detailed discussion of key accounting policies and activities that occurred during the year. The notes provide additional information that is essential to a full understanding of the information provided in the financial statements.

2019 Financial Highlights

- Investments increased by \$65,457,089 or 6.40%
- Net investment income was \$36,145,698, a decrease of \$37,947,330 or 51.22%
- District contributions increased by \$843,318 or 1.20%
- Benefits paid to participants increased by \$4,738,509 or 12.49%

2018 Financial Highlights

- Investments increased by \$103,912,947 or 11.31%
- Net investment income was \$74,093,028, a decrease of \$25,167,598 or 25.36%
- District contributions increased by \$6,564,649 or 10.27%
- Benefits paid to participants increased by \$3,924,304 or 11.54%

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Financial Analysis – Fiduciary Net Position

Table 1 – Condensed Statements of Fiduciary Net Position as of September 30, 2019, 2018, and 2017

ASSETS	2019	2018	2017	2019-2018		2018-2017	
				\$ Variance	% Variance	\$ Variance	% Variance
Investments	\$ 1,087,901,442	\$ 1,022,444,353	\$ 918,531,406	\$ 65,457,089	6.40%	\$ 103,912,947	11.31%
Employer Contribution Receivables	2,984,558	4,390,236	2,646,244	(1,405,678)	-32.02%	1,743,992	65.90%
Due from Program Manager	55,701	52,400	47,420	3,301	6.30%	4,980	10.50%
Total Assets	1,090,941,701	1,026,886,989	921,225,070	64,054,712	6.24%	105,661,919	11.47%
LIABILITIES							
Due to District Government	1,158,447	449,516	482,881	708,931	157.71%	(33,365)	-6.91%
Total Liabilities	1,158,447	449,516	482,881	708,931	157.71%	(33,365)	-6.91%
Fiduciary Net Position							
Available for Plan Benefits	\$ 1,089,783,254	\$ 1,026,437,473	\$ 920,742,189	\$ 63,345,781	6.17%	\$ 105,695,284	11.48%

Fiscal Year 2019

In fiscal year 2019, the Plan's investments increased by \$65,457,089 or 6.40%, over the prior fiscal year; however, there was a decrease of net investment income of \$37,947,330. Market conditions were slightly less favorable during fiscal year 2019 compared to 2018, and as a result 25 out of 30 investment funds had positive rates of return.

As shown in **Table 2a - Investment by Fund with Rates of Return as of September 30, 2019**, a significant portion of the Plan's investments were in Vanguard Retirement 2035 (14.6%), Vanguard Target Retirement 2030 Fund (14.6%), Vanguard Target Retirement 2025 Fund (12.9%), Vanguard Target Retirement 2040 Fund (10.1%), Vanguard Target Retire 2020 Fund (9.1%), Vanguard Target Retire 2045 Fund (8.0%), and Vantagepoint Plus Fund (6.4%). The Vanguard Target Date funds are designed for investors planning to retire at set dates and seek to provide growth of capital and current income consistent with its current target allocation by investing in a gradually more conservative mix of Vanguard funds.

Employer contribution receivables decreased by \$1,405,678 or 32.02% over the prior fiscal year due to a decrease in the amount due from the District at the end of the year.

The amount "Due to District Government" represents funds owed to the Plan Administrator to be used towards paying the Plan's administrative expenses. The Program Manager provides revenue sharing funds to the Plan Administrator on monthly basis. The funding is equal to 5.5 basis points (0.055%) of the Plan's daily asset value.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Table 2a - Investment by Fund with Rates of Returns as of September 30, 2019

	<u>Investment Value</u>	<u>Percent of Total Assets</u>	<u>Rate of Return %</u>
American Funds Fundaments Investors	\$ 4,455,206	0.4	0.97
American Funds New Perspective Fund	5,824,977	0.5	2.88
Ariel Institutional	9,476,686	0.9	-6.86
Brown Capital Management Small	13,482,266	1.2	-6.23
DCPLUS Fixed Income Portfolio	15,575,335	1.4	10.15
DCPLUS Large Cap Growth Portfolio	13,838,610	1.3	-0.07
DCPLUS Large Cap Value Portfolio	7,429,264	0.7	3.97
DFA US Core Equity 1 Portfolio	2,571,976	0.2	0.21
Harbor International Institutional	6,886,393	0.6	-3.35
Nuveen Real Estate Securities Fund	3,892,256	0.4	18.77
PIMCO All Asset Fund Institutional Class	285,577	0.0	4.04
PIMCO Real Return Collective Trust II	1,824,709	0.2	6.35
Vanguard Federal Money Market	2,719,542	0.2	2.26
Vanguard Institutional Index Fund	31,551,859	2.9	4.24
Vanguard Small Cap Index Fund	5,772,720	0.5	-3.80
Vanguard Target Retirement 2015 Fund	44,972,537	4.1	6.08
Vanguard Target Retirement 2020 Fund	98,496,798	9.1	5.35
Vanguard Target Retirement 2025 Fund	140,651,029	12.9	4.95
Vanguard Target Retirement 2030 Fund	158,394,320	14.6	4.25
Vanguard Target Retirement 2035 Fund	158,437,328	14.6	3.49
Vanguard Target Retirement 2040 Fund	109,649,545	10.1	2.83
Vanguard Target Retirement 2045 Fund	86,919,048	8.0	2.32
Vanguard Target Retirement 2050 Fund	50,326,220	4.6	2.14
Vanguard Target Retirement 2055 Fund	19,830,151	1.8	2.14
Vanguard Target Retirement 2060 Fund	2,195,494	0.2	2.14
Vanguard Target Retirement 2065 Fund	405,061	0.0	2.25
Vanguard Target Retirement Inc.	18,650,575	1.7	6.82
Vantage Trust Plus Fund	69,463,247	6.5	2.44
Virtus Emerging Markets Fund Class 1	2,191,346	0.2	5.91
VT Retirement Income Advantage	1,731,367	0.2	3.09
	<u>\$1,087,901,442</u>	<u>100.0</u>	

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Fiscal Year 2018

The Plan's investments increased by \$103,912,947 or 11.31%, over the prior fiscal year. But there was a decrease of net investment income of \$25.2 million during fiscal year 2018. Market conditions were slightly less favorable during fiscal year 2018 compared to 2017, and as a result 27 out of 30 investment funds had positive rates of return.

As shown in **Table 2b - Investment by Fund with Rates of Return as of September 30, 2018**, a significant portion of the Plan's investments were in Vanguard Retirement 2030 (14.7%), Vanguard Target Retirement 2035 Fund (14.7%), Vanguard Target Retirement 2025 Fund (13.2%), and Vanguard Target Retirement 2020 Fund (9.9%). The Vanguard Target Date funds are designed for investors planning to retire at set dates and seek to provide growth of capital and current income consistent with its current target allocation by investing in a gradually more conservative mix of Vanguard funds.

Employer contribution receivables increased by \$1.74 million or 65.90% over the prior fiscal year due to an increase in the amount due from the District at the end of the year.

The amount "Due to District Government" represents funds owed to the Plan Administrator to be used towards paying the Plan's administrative expenses. The Program Manager provides revenue sharing funds to the Plan Administrator on a monthly basis. The funding is equal to 5.5 basis points (0.055%) of the Plan's daily asset value.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Table 2b - Investment by Fund with Rates of Return as of September 30, 2018

	<u>Investment Value</u>	<u>Percent of Total Assets</u>	<u>Rate of Return %</u>
American Funds Fundamental Investors	\$4,336,846	0.4	14.11
American Funds New Perspective	3,062,603	0.3	13.82
Ariel Institutional	10,898,290	1.1	15.30
Brown Capital Mgmt Small Company Fund	15,289,855	1.5	38.64
DC Plus Fixed Income Fund	11,877,837	1.2	-1.06
DC Plus Large Cap Growth	14,461,616	1.4	24.01
DC Plus Large Cap Value	5,849,316	0.6	10.18
DFA US Core Equity 1	2,252,012	0.2	17.27
Harbor International Fund	6,497,411	0.6	-3.02
Nuveen Real Estate Securities Fund	3,223,252	0.3	3.59
PIMCO All Asset Fund Institutional Class	208,591	0.1	1.32
PIMCO Real Return Collective Trust II	934,961	0.1	0.16
Vanguard Federal Money Market	2,128,708	0.2	1.50
Vanguard Institutional Index Fund	30,223,954	3.0	17.89
Vanguard Small Cap Index Fund	3,760,758	0.4	16.72
Vanguard Target Retirement 2015	46,433,102	4.5	4.62
Vanguard Target Retirement 2020	100,898,163	9.9	5.96
Vanguard Target Retirement 2025	134,425,976	13.2	6.89
Vanguard Target Retirement 2030	150,639,426	14.7	7.74
Vanguard Target Retirement 2035	149,977,076	14.7	8.60
Vanguard Target Retirement 2040	101,536,104	9.9	9.46
Vanguard Target Retirement 2045	78,893,222	7.7	9.90
Vanguard Target Retirement 2050	42,731,680	4.2	9.92
Vanguard Target Retirement 2055	15,453,471	1.5	9.92
Vanguard Target Retirement 2060	1,166,897	0.1	9.95
Vanguard Target Retirement 2065	104,687	0.1	9.96
Vanguard Target Retirement Inc.	19,107,650	1.9	3.32
Virtus Emerging Markets Fund Class I	1,355,075	0.1	-5.46
Vantage Trust PLUS Fund	63,679,463	6.2	2.23
VT Retirement Income Advantage	1,036,350	0.1	6.06
	<u>\$ 1,022,444,353</u>	<u>100.0</u>	

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Financial Analysis – Changes in Fiduciary Net Position

Table 3 – Condensed Statements of Changes in Fiduciary Net Position for the Years Ended September 30, 2019, 2018 and 2017

	2019	2018	2017	2019-2018		2018-2017	
				\$ Variance	% Variance	\$ Variance	% Variance
ADDITIONS							
District Government Contributions	\$ 71,332,167	\$ 70,488,849	\$ 63,924,200	\$ 843,318	1.20%	\$6,564,649	10.27%
Net Investment Income	36,145,698	74,093,028	99,260,626	(37,947,330)	-51.22%	(25,167,598)	-25.36%
Total Additions	107,477,865	144,581,877	163,184,826	(37,104,012)	-25.66%	(18,602,949)	-11.40%
DEDUCTIONS							
Benefits Paid to Participants	42,667,017	37,928,508	34,004,204	4,738,509	12.49%	\$3,924,304	11.54%
Administrative Expenses	640,098	615,450	530,525	24,648	4.00%	84,925	16.01%
Other Deductions	824,969	342,635	268,237	482,334	140.77%	74,398	27.74%
Total Deductions	44,132,084	38,886,593	34,802,966	5,245,491	13.49%	4,083,627	11.73%
Net Increase	63,345,781	105,695,284	128,381,860	(42,349,503)	40.07%	(22,686,576)	-17.67%
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	1,026,437,473	920,742,189	792,360,329	105,695,284	11.48%	128,381,860	16.20%
Fiduciary Net Position Available for Plan Benefits, end of Year	\$ 1,089,783,254	\$ 1,026,437,473	\$ 920,742,189	\$ 63,345,781	6.17%	105,695,284	11.48%

Fiscal Year 2019

The District was required to contribute \$73,486,219 to the plan during the fiscal year, which was a 2.42% increase from the prior fiscal year. However, the actual amount contributed by the District was \$71,332,167, an increase of 1.20%. The District used the Plan's forfeiture funds to pay \$2,979,022 of the contributed amount. Under the Plan's laws and regulations, the District can use the forfeiture funds to either reduce its contributions or to pay the Plan's administrative expenses. The Plan also returned to the District \$824,969 in contributions that were made to the Plan in error.

The Plan's net investment income was \$36,145,698 in fiscal year 2019, compared to a net investment gain of \$74,093,028 for fiscal year 2018. The decrease in net investment income was primarily due to slightly less favorable market conditions in fiscal year 2019 compared to 2018. Overall, 25 out of 30 funds of the Plan reflected positive rates of return, which contributed to a net appreciation in the fair value of investments. The Plan's weighted average rate of return was 3.58% compared to a return of 8.23% for fiscal year 2018.

Benefits paid to participants increased by \$4,738,509 due to an increase in the number of participants receiving distributions. The total number of participants receiving distributions from the Plan for fiscal year 2019 was 4,234 compared to 3,469 in fiscal year 2018.

The administrative expenses for fiscal year 2019 were expenses incurred by the Program Manager and Plan Administrator for operations of the Plan. The Program Manager receives an administrative fee of 0.22% (22.0 basis points) of the Plan's daily asset value and reimburses the Plan Administrator at 0.055% (5.5 basis points) of the Plan's daily asset value or \$640,098.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Fiscal Year 2018

The District was required to contribute \$71,752,211 to the plan during the fiscal year, which was a 7.80% increase from the prior fiscal year. However, the actual amount contributed by the District was \$70,488,849, an increase of 10.27%. The District used the Plan's forfeiture funds to pay \$1,043,683 of the contributed amount. Under the Plan's laws and regulations, the District can use the forfeiture funds to either reduce its contributions or to pay the Plan's administrative expenses.

The Plan's net investment income was \$74,093,028 in fiscal year 2018, compared to a net investment gain of \$99,260,626 for fiscal year 2017. The decrease in net investment income was primarily due to slightly less favorable market conditions in fiscal year 2018 compared to 2017. Overall, 27 out of 30 funds of the Plan reflected positive rates of return, which contributed to a net appreciation in the fair value of investments. The Plan's weighted average rate of return was positive 8.23% compared to a positive return of 12.11% for fiscal year 2017.

Benefits paid to participants increased by \$3,924,304 due to an increase in the number of terminated participants. The total number of participants terminated from the Plan for fiscal year 2018 was 1,301 compared to 907 in fiscal year 2017.

The administrative expenses for fiscal year 2018 were expenses incurred by the Program Manager and Plan Administrator for operations of the Plan. The Program Manager receives an administrative fee of 0.22% (22.0 basis points) of the Plan's daily asset value and reimburses the Plan Administrator at 0.055% (5.5 basis points) of the Plan's daily asset value or \$615,450.

Contact Information

The above discussion and analysis is presented to provide additional information regarding the activities of the Plan and also to meet the disclosure requirements of Government Accounting Standard Board. If you have any questions about the report or need additional financial information, contact the Program Director, Rodney Dickerson, Government of the District of Columbia, (202)727-0107, 1101 4th Street, SW, Washington, DC 20024, or Rodney.Dickerson@dc.gov.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019 AND 2018**

	2019	2018
<i>ASSETS</i>		
Investments:		
Registered Investment Companies	\$ 1,018,438,195	\$ 958,764,890
VantageTrust PLUS Stable Value Fund	69,463,247	63,679,463
Total Investments	1,087,901,442	1,022,444,353
Receivables:		
Employer Contribution	2,984,558	4,390,236
Due from Program Manager	55,701	52,400
Total Receivables	3,040,259	4,442,636
Total Assets	1,090,941,701	1,026,886,989
<i>LIABILITIES</i>		
Due to District Government	1,158,447	449,516
Total Liabilities	1,158,447	449,516
Fiduciary Net Position Available for Plan Benefits	\$ 1,089,783,254	\$ 1,026,437,473

The accompanying notes are an integral part of the financial statements

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<i>ADDITIONS</i>		
District Government Contribution	\$ 71,332,167	\$ 70,488,849
Investment Income:		
Net Appreciation in Fair Value of Investments	33,472,977	73,781,847
Dividends	5,626,458	3,130,174
Less: Investment Management Fees	(1,430,414)	(1,389,252)
Program Manager Fees	(1,523,323)	(1,429,741)
Net Investment Income	36,145,698	74,093,028
Total Additions	<u>107,477,865</u>	<u>144,581,877</u>
<i>DEDUCTIONS</i>		
Benefits Paid to Participants	42,667,017	37,928,508
Administrative Expenses	640,098	615,450
Other Deduction	824,969	342,635
Total Deductions	<u>44,132,084</u>	<u>38,886,593</u>
Net Increase	63,345,781	105,695,284
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	<u>1,026,437,473</u>	<u>920,742,189</u>
Fiduciary Net Position Available for Plan Benefits, End of Year	<u>\$1,089,783,254</u>	<u>\$1,026,437,473</u>

The accompanying notes are an integral part of the financial statements

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1 - DESCRIPTION OF THE PLAN

The Government of the District of Columbia (the “District”) offers a Defined Contribution Pension Plan (the “Plan”) that was established under D.C Code 1- 626.05(3). All District employees who were first hired on or after October 1, 1987 and have been employed a minimum of one year are eligible to participate in the Plan. The District contributes 5% of eligible employees’ base salary for all employees, except detention officers. Detention officers receive a 5.5% contribution of their base salary. Participants do not make any contributions to the Plan.

The District’s Office of the Chief Financial Officer, Office of Finance and Treasury (“OCFO-OFT”), and D.C. Department of Human Resources are joint Plan Administrators. They are jointly responsible for adopting the Plan’s administration rules and regulations, investment policies, and overseeing the duties of the Plan’s Program Manager. In 2015, the OCFO-OFT, contracted with ICMA Retirement Corporation (“ICMA-RC”) to be the Plan’s Program Manager. The Program Manager performs the Plan’s investment management, marketing and enrollment duties and is also the Trustee of the Plan. As the Trustee, the Program Manager has custody of the Plan’s assets and is responsible for the recordkeeping and reporting.

Effective October 1, 2017, the District of Columbia Government Comprehensive Merit Personnel Act of 1978, Section 2609(b), made by the Fiscal Year 2018 Budget Support Act of 2017 was amended for employees of the Council, the Office of the District of Columbia Auditor, and the Office of Advisory Neighborhood Commissions participating in the deferred compensation plan established by section 2605(2), the District shall contribute each pay period an amount equal to that employee’s contribution pursuant to paragraph (1) of this subsection for that pay period; provided, that the District’s contribution pursuant to this paragraph on behalf of an employee in any pay period shall not exceed 3% of the employee’s base salary during that pay period. Matching contributions vest immediately.

The Plan’s Program Manager maintains an account for each participant that is adjusted for contributions, withdrawals, investment earnings and losses, and Plan fees. Prior to December 8, 2009, a participant is 100% vested once the participant (1) attains five years of creditable service, becomes disabled, or (3) dies. After that date, a participant is vested at certain percentages based on the years of creditable services, which is as follows:

Less than 2 years	0%
2 years	20%
3 years	40%
4 years	60%
5 or more years	100%

Upon separation from service, death or disability, a vested participant or the participant’s beneficiary can receive cash payment, installment payments, annuity payments or rollover to another eligible retirement plan or traditional IRA. The installment payments can be monthly or annually for designated periods of three, five, or ten years, but may not exceed the life expectancy of the participant or beneficiary.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 - DESCRIPTION OF THE PLAN (Continued)

Plan Membership

The Plan’s membership consisted of the following at September 30, 2019 and 2018.

	2019	2018
Active Members	20,265	19,786
Inactive Members	8,386	7,895
	28,651	27,681

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Plan’s financial statements have been prepared in accordance with generally accepted accounting principles (GAAP) in the United States of America, as prescribed by the Governmental Accounting Standards Board (“GASB”) which requires two basic financial statements: statement of fiduciary net position and statement of changes in fiduciary net position. For financial reporting purposes, the Plan is considered a pension trust.

Basis of Accounting

The Plan’s financial statements are prepared under the accrual basis of accounting. District contributions are recognized by the Plan when the payments become due from the District government. Investment income is recognized when earned. Deductions are recognized when due in accordance with the terms of the Plan.

Investment Valuation

At September 30, 2019 and 2018, the Plan’s investments were in mutual funds and a stable value fund. Shares in mutual funds and the brokerage accounts are reported at fair value based on quoted market prices, which represent the net asset value of shares held by the Plan at year-end. Investments in the stable value fund are presented at contract value, which approximates fair value.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan’s gains and losses on investments bought and sold as well as held during the year.

Fair Value Measurement

The Plan categorizes fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*. The valuation technique uses three level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These classifications are summarized as follows:

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Payment of Benefits

Benefit payments are recorded as deductions when due for payment.

District Contributions

Contributions are recognized as revenue to the Plan when payments become due from the District government on its specified payroll pay dates.

Tax Status

The Plan is an eligible employer defined Contribution Pension Plan under Section 401(a) of the Internal Revenue Code.

Reclassification

Certain prior year balances may have been reclassified to conform to the current year presentation. These reclassifications have no effect upon reported net position available for benefits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 - INVESTMENTS

Investments of the Plan at September 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Stock and Bond Funds	\$ 1,018,438,195	\$ 958,764,890
Stable Value Fund	69,463,247	63,679,463
	<u>\$ 1,087,901,442</u>	<u>\$ 1,022,444,353</u>

The Plan's investments in Registered Investment Companies are stated at fair market value. The stable value fund is recorded at contract value, which approximates fair value. The Plan's investments are subject to the following risks common to investments:

- *Custodial credit risk* is the risk that the Plan will not be able to recover the value of its investments in the event of a failure by the counterparty to a transaction.

Investments are exposed if they are uninsured, are not registered in the name of the Plan, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the Plan's name. The Plan's investments for fiscal year 2019 and 2018 are partially insured and registered in the Plan's name and are generally segregated by the counterparty in a manner to protect them from certain claims by creditors. The Plan also invests in mutual and commingled trust funds, which are not generally exposed to custodial credit risks. The Plan Administrator performs periodic qualitative assessments of the investment managers and investment strategy to minimize custodial credit risk.

- *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair market value of an investment. The Plan manages its exposure to declines in fair market values by not offering investments that have excessive average maturities. The following discloses the weighted average maturity for certain mutual funds that include investments in bonds at September 30, 2019.

<u>Investment</u>	<u>Average Maturity</u>
Vantage Trust Plus Fund	3.05 years
DCPLUS Fixed Income Portfolio	8.30 years
PIMCO Real Return Collective Trust II	8.93 years

- *Foreign currency risk* is the risk that changes in exchange rates will adversely affect the fair market value of an investment in a foreign financial institution. The Plan mitigates this risk by limiting its investment in any one country to no more than the greater of either 25% of the equity portion of the investment account or by the country's weight in the Europe, Australia, and Far East (EAFE) benchmark. In addition, a minimum of eight countries must be represented in each investment account. As a result, the Plan's currency denomination varies.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 - INVESTMENTS (Continued)

At September 30, 2019 and 2018, the investment with the largest foreign currency risk was the Harbor International Fund. The major currency denomination for the Harbor International Institution Fund is the Euro.

- *Credit risk* is the risk that an issuer to an investment will not fulfill its obligations. The Plan does not invest in securities that have an overall quality less than BBB as rated by Moody's or Standard & Poor's. There were 15 out of 30 investments that had credit ratings in fiscal year 2019 and 15 out of 30 investments that had credit ratings in fiscal year 2018. At September 30, 2019 and 2018, those investments and their related credit ratings were as follows:

September 30, 2019	
Funds	Credit Ratings
DCPLUS Fixed Income Portfolio	AAA/BBB/A/AA/BB
Vantage Trust Plus Fund	AAA/AA/A/BBB/BBB-
Vanguard Target Retirement Income	AAA/BBB/A/AA
Vanguard Target Retirement 2015	AAA/BBB/A/AA
Vanguard Target Retirement 2020	AAA/BBB/A/AA
Vanguard Target Retirement 2025	AAA/BBB/A/AA
Vanguard Target Retirement 2030	AAA/BBB/A/AA
Vanguard Target Retirement 2035	AAA/BBB/A/AA
Vanguard Target Retirement 2040	AAA/BBB/A/AA
Vanguard Target Retirement 2045	AAA/BBB/A/AA
Vanguard Target Retirement 2050	AAA/BBB/A/AA
Vanguard Target Retirement 2055	AAA/BBB/A/AA
Vanguard Target Retirement 2060	AAA/BBB/A/AA
Vanguard Target Retirement 2065	AAA/BBB/A/AA
PIMCO Real Return Collective Trust II	AAA/AA/A

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 - INVESTMENTS (Continued)

September 30, 2018	
Funds	Credit Ratings
DCPLUS Fixed Income Portfolio	AAA/BBB/A/AA
Vantage Trust Plus Fund	Aa2/AA-/AA
Vanguard Target Retirement Income	AAA/A/BBB/AA
Vanguard Target Retirement 2015	AAA/A/BBB/AA
Vanguard Target Retirement 2020	AAA/A/BBB/AA
Vanguard Target Retirement 2025	AAA/A/BBB/AA
Vanguard Target Retirement 2030	AAA/A/BBB/AA
Vanguard Target Retirement 2035	AAA/A/BBB/AA
Vanguard Target Retirement 2040	AAA/A/BBB/AA
Vanguard Target Retirement 2045	AAA/A/BBB/AA
Vanguard Target Retirement 2050	AAA/A/BBB/AA
Vanguard Target Retirement 2055	AAA/A/BBB/AA
Vanguard Target Retirement 2060	AAA/A/BBB/AA
PIMCO Real Return Collective Trust II	AAA/AA

Investment concentrations - In accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans as amended by Government Accounting Standards Board Statement No. 40 (GASB 40)*, *Deposit and Investment Risk Disclosures – An amendment of GASB Statement No. 3*, the Plan is required to disclose the identification, by amount and issuer, of investments in any one issuer that represent 5% or more of the Plan’s net position. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 4 - FAIR VALUE MEASUREMENTS

The Plan categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following fair value measurement as of September 30, 2019:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Equities				
Materials	\$ 47,412,932	\$ 47,412,932	\$ -	\$ -
Consumer, Cyclical and Defensive	198,470,432	198,470,432	-	-
Financial Services	167,641,240	167,641,240	-	-
Real Estate	48,718,792	48,718,792	-	-
Communication Services	30,453,025	30,453,025	-	-
Energy	48,814,829	48,814,829	-	-
Industrials	110,762,308	110,762,308	-	-
Technology	194,344,523	194,344,523	-	-
Healthcare	114,133,820	114,133,820	-	-
Utilities	35,549,764	35,549,764	-	-
Debt securities				
Government	7,457,587	7,457,587	-	-
Corporate	4,368,210	4,368,210	-	-
Securitized	4,361,459	4,361,459	-	-
Municipal	467,260	467,260	-	-
Other	184,478	184,478	-	-
Other funds	4,830,275	4,830,275	-	-
Total investments measured at fair value	1,017,970,934	<u>\$ 1,017,970,934</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at cost:				
Cash	467,261			
Investments measured at contract value:				
Stable Value Fund	<u>69,463,247</u>			
Total Investments	<u>\$ 1,087,901,442</u>			

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The Plan has the following fair value measurement as of September 30, 2018:

	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments measured at fair value:				
Equities				
Materials	\$ 47,227,301	\$ 47,227,301	\$ -	\$ -
Consumer, Cyclical and Defensive	182,623,944	182,623,944	-	-
Financial Services	160,285,686	160,285,686	-	-
Real Estate	36,679,773	36,679,773	-	-
Communication Services	30,118,570	30,118,570	-	-
Energy	58,377,775	58,377,775	-	-
Industrials	108,407,470	108,407,470	-	-
Technology	177,211,304	177,211,304	-	-
Healthcare	115,243,985	115,243,985	-	-
Utilities	26,402,635	26,402,635	-	-
Debt securities				
Government	5,011,779	5,011,779	-	-
Corporate	3,307,725	3,307,725	-	-
Securitized	3,507,544	3,507,725	-	-
Municipal	438,292	438,292	-	-
Other	351,584	351,584	-	-
Other funds	3,413,198	3,413,198	-	-
Total investments measured at fair value	958,608,565	\$ 958,608,565	\$ -	\$ -
Investments measured at cost:				
Cash	156,325			
Investments measured at contract value:				
Stable Value Fund	63,679,463			
Total Investments	\$ 1,022,444,353			

NOTE 5 - FORFEITURE ACCOUNT

Participants' account balances are transferred to a forfeitures account within the Plan when a participant separates from service prior to being vested and is not re-employed by the District within one year of the date of separation. The District uses the forfeited funds to reduce its contributions, to pay administrative expenses, and to adjust participant's earnings. At September 30, 2019 and 2018, the Plan's forfeiture account balance was \$4,047,712 and \$4,218,260, respectively. The District used \$2,979,022 and \$1,043,683 of forfeiture funds to pay for contributions during 2019 and 2018, respectively.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 5 - FORFEITURE ACCOUNT (Continued)

The transactions that occurred within the account during 2019 and 2018 were as follows:

	<u>2019</u>	<u>2018</u>
Beginning Balance	\$ 4,218,260	\$ 1,970,033
Net Non-vested Transfers	2,359,380	3,333,908
Investment Income	449,094	(41,998)
District Payroll Contributions	(2,979,022)	(1,043,683)
Ending Balance	<u>\$ 4,047,712</u>	<u>\$ 4,218,260</u>

NOTE 6 - PLAN FEES

Fees are charged to participants' accounts for investment management services and administrative expenses of the Plan. Investment management fees vary by investment fund and are calculated based on the fund's daily asset value. For the years ended September 30, 2019 and 2018, investment management fees totaled \$1,430,414 and \$1,389,252, respectively. The Program Manager receives a net administrative fee of 0.165% (16.5 basis points) of the Plan's daily asset value. For the years ended September 30, 2019 and 2018, Program Manager administrative fees totaled \$1,523,323 and \$1,429,741, respectively.

NOTE 7 - DUE TO DISTRICT GOVERNMENT

According to the contract with the District, the Program Manager has a revenue sharing requirement whereby 5.5 basis points (0.055%) of the Plan's daily asset value are paid to the Plan Administrator. The revenue sharing amount is deposited by the Program Manager into an administrative account maintained in the Plan. Additions to and deductions from the administrative account are not Plan transactions reflected in the Statements of Changes in Fiduciary Net Position.

The total amount of revenue sharing earned by the Plan Administrator for fiscal years 2019 and 2018 was \$640,098 and \$615,450, respectively. At September 30, 2019 and 2018, the amount Due from Program Manager was \$55,701 and \$52,400, respectively. For fiscal year 2018, the Program Manager deposited all amounts due into the administrative account. As of September 30, 2019 and 2018, the Plan's revenue sharing fund balance was \$1,158,447 and \$449,516, respectively, and is reported as Due to the District Government.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 8 - ADMINISTRATIVE EXPENSES

The Plan Administrator incurs and pays administrative expenses that are not paid by the Plan or recorded as plan expenses in the Statements of Changes in Fiduciary Net Position. The administrative expenses incurred by the Plan Administrator are paid by the District through the administrative account (see Note 7). Payments from the administrative account were used for direct expenses, other administrative expenses and as contributions toward salaries incurred by the District. The expenses for the years ended September 30, 2019 and 2018 totaled \$200,006 and \$642,075, respectively, and were as follows:

	2019	2018
Administrative Salaries	\$ 50,000	\$ 512,300
Financial Statement Compilation & Audit	96,133	87,420
Investment Consulting Services	53,873	42,355
	\$ 200,006	\$ 642,075

The Plan also incurs and pays certain administrative expenses through the forfeiture account (see Note 5). These plan-paid administrative expenses are reflected in the Statements of Changes in Fiduciary Net Position. For fiscal years 2019 and 2018, there were no administrative expenses paid by the Plan from the forfeiture account.

NOTE 9 - OTHER DEDUCTIONS

The Plan received contributions for some participants who were in the Plan in error. Contributions totaling \$824,969 and \$342,635 during fiscal years 2019 and 2018, respectively, were returned to the District to be transferred to the participants' correct pension plans.

NOTE 10 - TERMINATED PARTICIPANTS

As of September 30, 2019, and 2018, the Plan had 7,343 and 5,812 terminated vested participants, respectively, who had account balances in the Plan. The participants are no longer able to contribute to the Plan, but their account balances are adjusted for fees and investment earnings. The value of the account balances at fiscal year-end September 30, 2019 and 2018 were approximately \$158,194,723 and \$128,757,325, respectively.

NOTE 11 - PLAN TERMINATION

The District may amend or terminate this Plan provided that such amendment or termination shall not impair the rights of a vested participant or beneficiary to receive any contributions, and income earned thereon, allocated to his or her active or inactive account, as the case may be, prior to the date of the termination or amendment of the Plan.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
401(a) DEFINED CONTRIBUTION PENSION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 12 - RISKS AND UNCERTAINTIES

The Plan invests in investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term, and that such changes could materially affect participant's account balances and the amounts reported in the statement of fiduciary net position.

NOTE 13 - SUBSEQUENT EVENTS

The Plan evaluated subsequent events through [Date], the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2019, but prior to [Date], that provided additional evidence about conditions that existed September 30, 2019, have been recognized in the financial statements for the year ended September 30, 2019. Events or transactions that provided evidence about conditions that did not exist as at September 30, 2019, but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended September 30, 2019.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
AUDITED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

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**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
AUDITED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
AUDITED FINANCIAL STATEMENTS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

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F.S. TAYLOR & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

1420 N Street, N.W., Suite 100 / Washington, D.C. 20005 / 202/898-0008 Fax 202/898-0208

INDEPENDENT AUDITOR'S REPORT

Office of Finance and Treasury Office
of the Chief Financial Officer
Government of the District of
Columbia

Report on the Financial Statements

We have audited the accompanying statements of fiduciary net position of the Government of the District of Columbia's 457(b) Deferred Compensation Plan (the "Plan") as of September 30, 2019, and the related statements of changes in fiduciary net position for the year then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of the Plan, as of September 30, 2019, and the changes in net position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

F. S. Taylor & Associates, P.C.

April 17, 2020
Washington, DC

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
MANAGEMENT’S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018

The following presents our discussion and analysis of the financial performance of the Government of the District of Columbia’s 457(b) Deferred Compensation Plan (the “Plan”) for the fiscal years ended September 30, 2019 and 2018. This discussion and analysis should be read in conjunction with the financial statements and note disclosures.

Under the District’s Deferred Compensation Act of 1984, D.C. Law 5-118, and D.C. Code Section 47-3601, the Government of the District of Columbia (the “District”) offers for eligible employees a qualified employee deferred compensation plan. The Plan enables eligible employees to make tax deferred contributions towards their retirement. The duties of the Plan’s Administrator are performed jointly by the District’s Office of the Chief Financial Officer, Office of Finance and Treasury and the D.C. Department of Human Resources.

Overview of Financial Statements

The Plan financial statements consist of two basic financial statements: (a) Statement of Fiduciary Net Position and (b) Statement of Changes in Fiduciary Net Position. In addition to the basic financial statements are the notes to the financial statements.

- Statement of Fiduciary Net Position presents the Plan’s assets, liabilities and net position restricted for participant benefits.
- Statement of Changes in Fiduciary Net Position presents the additions to and deductions from the Plan’s net position.
- The notes to the financial statements provide a detailed discussion of key accounting policies and activities that occurred during the year. The notes provide additional information that is essential to a full understanding of the information provided in the financial statements.

2019 Financial Highlights

- Investments increased by \$49,798,765 or 6.05%
- Receivables increased by \$2,096,964 or 6.81%
- Net investment income was \$13,118,196, a decrease of \$54,293,270 or 80.54%
- Benefits paid to participants increased by \$1,444,986 or 3.04%

2018 Financial Highlights

- Investments increased by \$91,493,320 or 12.51%
- Receivables increased by \$5,523,462 or 21.85%
- Net investment income was \$67,411,466, a decrease of \$515,646 or 0.76%
- Benefits paid to participants increased by \$4,769,302 or 11.15%

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Financial Analysis – Fiduciary Net Position

Table 1 – Condensed Statements of Fiduciary Net Position as of September 30, 2019, 2018 and 2017

	2019	2018	2017	2019-2018		2018-2017		
				Variance	% Variance	Variance	% Variance	
ASSETS								
Investments	\$ 872,668,246	\$ 822,869,481	\$ 731,376,161	\$ 49,798,765	6.05%	\$ 91,493,320	12.51%	
Receivables	32,898,689	30,801,725	25,278,263	2,096,964	6.81%	5,523,462	21.85%	
Total Assets	905,566,935	853,671,206	756,654,424	51,895,729	6.08%	97,016,782	12.82%	
LIABILITIES								
Due to District Government	499,875	337,277	265,014	162,598	48.21%	72,263	27.27%	
Total Liabilities	499,875	337,277	265,014	162,598	48.21%	72,263	27.27%	
Fiduciary Net Position Available for Plan Benefits	\$ 905,067,060	\$ 853,333,929	\$ 756,389,410	\$ 51,733,131	6.06%	\$ 96,944,519	12.82%	

Fiscal Year 2019

The Plan's investments increased by \$49,798,765 or 6.05% over the prior fiscal year. The increase is primarily due to having a diversified investment portfolio to offset the fluctuations in the market and the excess of contributions over benefit payments. For fiscal year 2019, there was a net depreciation in the fair value of investments and an increase in dividends and interest income. All investments experienced a substantial decrease in their rates of return from 2018, however, 25 of 30 investment funds had a positive rate of return.

As shown in **Table 2a - Investment by Fund with Rates of Returns as of September 30, 2019**, a significant portion of the Plan's investments remain in Vantage Trust PLUS Fund (28.2%), Vanguard Institutional Index Fund (11.1%), DCPLUS Large Cap Value Portfolio (10.8%) and the Ariel Institutional (7.9%). The Vantage Trust PLUS Fund invests primarily in a diversified portfolio of stable value insurance contracts and fixed income securities that back certain stable value investment contracts and seeks to provide preservation of principal and maximize current yield. The Vanguard Institutional Index Fund invests primarily in equity securities of U.S. companies in the Standard & Poor's 500 Index. The DCPLUS Large Cap Value Portfolio invests primarily in common and large capitalization stocks and seeks growth in capital.

Receivables are comprised of notes receivable from participants and contributions receivable. For the fiscal year 2019, receivables increased by \$2,096,964 or 6.81% due to an increase in participant loans and participant contributions received after the end of the fiscal year.

The amount "Due to District Government" represents funds owed to the District by the Plan Administrator, which is used towards paying the Plan's administrative expenses. The Program Manager provides revenue sharing funds to the Plan Administrator on a monthly basis. The funding is equal to 5.5 basis points (0.055%) of the Plan's daily asset value.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Table 2a - Investment by Fund with Rates of Returns as of September 30, 2019

	Investment Value	Percent of Total Assets	Rate of Return %
American Funds Fundamentals Investors	\$ 22,015,492	2.5	0.97
American Funds New Perspective Fund	11,067,125	1.3	2.88
Ariel Institutional	68,869,090	7.9	-6.86
Brown Capital Management Small	32,555,767	3.7	-6.23
DCPLUS Fixed Income Portfolio	30,775,519	3.5	10.15
DCPLUS Large Cap Growth Portfolio	35,502,071	4.1	-0.05
DCPLUS Large Cap Value Portfolio	94,486,978	10.8	3.97
DFA US Core Equity 1 Portfolio	4,081,567	0.5	0.21
Harbor International Institutional	26,311,424	3.0	-3.35
Nuveen Real Estate Securities Fund	10,481,167	1.2	18.77
PIMCO All Asset Fund Institutional Class	345,437	0.0	4.04
PIMCO Real Return Collective Trust II	3,752,781	0.4	6.35
Vanguard Federal Money Market	7,975,573	0.9	2.26
Vanguard Institutional Index Fund	96,868,893	11.1	4.24
Vanguard Small Cap Index Fund	21,019,081	2.5	-3.80
Vanguard Target Retirement 2015 Fund	5,897,557	0.7	6.08
Vanguard Target Retirement 2020 Fund	14,119,754	1.6	5.35
Vanguard Target Retirement 2025 Fund	20,653,078	2.4	4.95
Vanguard Target Retirement 2030 Fund	19,398,830	2.2	4.25
Vanguard Target Retirement 2035 Fund	21,676,289	2.5	3.49
Vanguard Target Retirement 2040 Fund	18,299,328	2.1	2.83
Vanguard Target Retirement 2045 Fund	17,725,497	2.0	2.32
Vanguard Target Retirement 2050 Fund	14,603,075	1.7	2.14
Vanguard Target Retirement 2055 Fund	6,833,039	0.8	2.14
Vanguard Target Retirement 2060 Fund	1,950,364	0.2	2.14
Vanguard Target Retirement 2065 Fund	431,522	0.1	2.25
Vanguard Target Retirement Inc.	6,220,616	0.7	6.82
Vantage Trust Plus Fund	246,335,190	28.2	2.44
VantageBroker**	6,173,354	0.7	1.00
Virtus Emerging Markets Fund Class 1	3,469,268	0.4	5.91
VT Retirement Income Advantage	2,773,520	0.3	3.09
	<u>\$ 872,668,246</u>	<u>100.0</u>	

**VantageBroker (formerly TD Ameritrade) are funds held in the "Self-Directed Brokerage Accounts."

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Fiscal Year 2018

The Plan's investments increased by \$91,493,320 or 12.51% over the prior fiscal year. The increase is primarily due to positive investment performance in the overall market and the excess of contributions over benefit payments. For fiscal year 2018, there was a net appreciation in the fair value of investments due to favorable market conditions as 27 out of 30 investment funds had positive rates of return.

As shown in **Table 2b - Investment by Fund with Rates of Returns as of September 30, 2018**, a significant portion of the Plan's investments were in Vantage Trust PLUS Fund (28.8%), DCPLUS Large Cap Value Portfolio (11.6%) and the Vanguard Institutional Index Fund (11.3%). The Vantage Trust PLUS Fund invests primarily in a diversified portfolio of stable value insurance contracts and fixed income securities that back certain stable value investment contracts and seeks to provide preservation of principal and maximize current yield. The DCPLUS Large Cap Value Portfolio invests primarily in common and large capitalization stocks and seeks growth in capital. The Vanguard Institutional Index Fund invests primarily in equity securities of U.S. companies in the Standard & Poor's 500 Index.

Receivables are comprised of notes receivable from participants and contributions receivable. For the fiscal year 2018, receivables increased by \$5,523,462 or 21.85% due to an increase in participant loans and participant contributions received after the end of the year.

The amount "Due to District Government" represents funds owed to the District as the Plan Administrator, which is used towards paying the Plan's administrative expenses. The Program Manager provides revenue sharing funds to the Plan Administrator on a monthly basis. The funding is equal to 5.5 basis points (0.055%) of the Plan's daily asset value.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Table 2b - Investment by Fund with Rates of Returns as of September 30, 2018

	<u>Investment Value</u>	<u>Percent of Total Assets</u>	<u>Rate of Return %</u>
American Funds Fundamentals Investors	\$ 21,701,290	2.6	14.11
American Funds New Perspective Fund	7,327,712	0.9	13.82
Ariel Institutional	76,841,278	9.3	15.30
Brown Capital Management Small	34,824,375	4.2	38.64
DCPLUS Fixed Income Portfolio	23,317,173	2.8	-1.06
DCPLUS Large Cap Growth Portfolio	35,804,626	4.4	24.02
DCPLUS Large Cap Value Portfolio	95,552,965	11.6	10.19
DFA US Core Equity 1 Portfolio	4,358,451	0.5	17.27
Harbor International Institutional	26,311,769	3.2	-3.02
Nuveen Real Estate Securities Fund	7,435,005	0.9	3.59
PIMCO All Asset Fund Institutional Class	410,949	0.1	1.32
PIMCO Real Return Collective Trust II	1,895,651	0.2	0.16
Vanguard Federal Money Market	6,513,759	0.8	1.50
Vanguard Institutional Index Fund	93,189,924	11.3	17.89
Vanguard Small Cap Index Fund	19,114,487	2.3	16.72
Vanguard Target Retirement 2015 Fund	5,808,955	0.7	4.62
Vanguard Target Retirement 2020 Fund	14,945,452	1.8	5.96
Vanguard Target Retirement 2025 Fund	17,485,811	2.1	6.89
Vanguard Target Retirement 2030 Fund	15,752,258	2.0	7.74
Vanguard Target Retirement 2035 Fund	17,928,296	2.2	8.60
Vanguard Target Retirement 2040 Fund	14,344,988	1.7	9.46
Vanguard Target Retirement 2045 Fund	13,175,192	1.6	9.90
Vanguard Target Retirement 2050 Fund	10,129,040	1.2	9.92
Vanguard Target Retirement 2055 Fund	4,299,183	0.5	9.92
Vanguard Target Retirement 2060 Fund	1,048,969	0.1	9.95
Vanguard Target Retirement 2065 Fund	373,277	0.1	9.96
Vanguard Target Retirement Inc.	6,230,622	0.8	3.32
Vantage Trust Plus Fund	236,824,244	28.8	2.23
VantageBroker**	5,443,998	0.7	N/A
Virtus Emerging Markets Fund Class 1	2,332,115	0.3	-5.46
VT Retirement Income Advantage	2,147,667	0.3	6.06
	<u>\$ 822,869,481</u>	<u>100.0</u>	

**VantageBroker (formerly TD Ameritrade) are funds held in the "Self-Directed Brokerage Accounts."

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Financial Analysis – Changes in Fiduciary Net Position

Table 3 – Condensed Statements of Changes in Fiduciary Net Position for the Years Ended September 30, 2019, 2018 and 2017

	2019	2018	2017	2019-2018		2018-2017	
				Variance	%Variance	Variance	%Variance
ADDITIONS							
Employee Contributions	\$ 87,153,299	\$ 76,834,685	\$ 68,122,118	\$ 10,318,614	13.43%	\$ 8,712,567	12.79%
Net Investment Income	13,118,196	67,411,466	67,927,112	(54,293,270)	-80.54%	(515,646)	-0.76%
Interest Income on Notes Receivable	1,190,395	866,817	702,973	323,578	37.33%	163,844	23.31%
Total Additions	<u>101,461,890</u>	<u>145,112,968</u>	<u>136,752,203</u>	<u>(43,651,078)</u>	<u>-30.08%</u>	<u>8,360,765</u>	<u>6.11%</u>
DEDUCTIONS							
Benefits Paid to Participants	48,983,407	47,538,421	42,769,119	1,444,986	3.04%	4,769,302	11.15%
Administrative Expenses	342,743	328,790	299,438	13,953	4.24%	29,352	9.80%
Loan Fees	402,609	301,238	264,686	101,371	33.65%	36,552	13.81%
Total Deductions	<u>49,728,759</u>	<u>48,168,449</u>	<u>43,333,243</u>	<u>1,560,310</u>	<u>3.24%</u>	<u>4,835,206</u>	<u>11.16%</u>
Net Increase	51,733,131	96,944,519	93,418,960	(45,211,388)	-46.64%	3,525,559	3.77%
Fiduciary Net Position Available for Plan Benefit, Beginning of Year	<u>853,333,929</u>	<u>756,389,410</u>	<u>662,970,450</u>	<u>96,944,519</u>	12.82%	<u>93,418,960</u>	14.09%
Fiduciary Net Position Available for Plan Benefit, End of Year	<u>\$ 905,067,060</u>	<u>\$ 853,333,929</u>	<u>\$ 756,389,410</u>	<u>\$ 51,733,131</u>	6.06%	<u>\$ 96,944,519</u>	12.82%

Fiscal Year 2019

Employee contributions increased by \$10,318,614 or 13.43%. There was an overall increase in the average number of Plan participants making contributions to the Plan. The number of active Plan participants who made contributions increased from 15,158 in 2018 to 17,162 in 2019. In addition, the average monthly contributions increased from \$417.80 in 2018 to \$454.14 in 2019.

In fiscal year 2019, the Plan's net investment income was \$13,118,196 compared to \$67,411,466 in fiscal year 2018. The decrease in net investment income was primarily due to lower fund performance in fiscal year 2019 compared with 2018. Overall, 25 of the 30 funds in the Plan reflected positive rates of return. The Plan's investments collectively had a weighted average rate of return of 1.81% in 2019 compared to 9.31% in 2018.

Benefits paid to participants increased by \$1,444,986 or 3.04%. The increase was due to more participants requesting payouts in 2019 compared to 2018.

The administrative expenses for fiscal year 2019 were expenses incurred by the Program Manager and Plan Administrator for operations of the Plan. The Program Manager receives an administrative fee of 0.22% (22.0 basis points) of the Plan's daily asset value and reimburses the Plan Administrator at 0.055% (5.5 basis points) of the Plan's daily asset value or \$342,743.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

Fiscal Year 2018

Employee contributions increased by \$8,712,567 or 12.79%. There was an overall decrease in the average number of Plan participants making contributions to the Plan. The number of active Plan participants who made contributions decreased from 16,257 in 2017 to 15,158 in 2018. In addition, the average monthly contributions increased from \$413.95 in 2017 to \$417.80 in 2018.

The Plan's net investment income was \$67,411,466 in 2018 compared to net investment gain of \$67,927,112 in fiscal year 2017. The decrease in net investment income was primarily due to slightly less favorable market conditions in fiscal year 2018 compared with 2017. Overall, 27 out of 30 funds in the Plan reflected positive rates of return, which contributed to a net appreciation in the fair value of investments. The Plan's investments collectively had a weighted average rate of return in 2018 of 9.31% compared to 9.04% in 2017.

Benefits paid to participants increased by \$4,769,302 or 11.15%. The increase was due to more participants requesting payouts in 2018 compared to 2017.

The administrative expenses for fiscal year 2018 were expenses incurred by the Program Manager and Plan Administrator for operations of the Plan. The Program Manager receives an administrative fee of 0.22% (22.0 basis points) of the Plan's daily asset value and reimburses the Plan Administrator at 0.055% (5.5 basis points) of the Plan's daily asset value or \$328,790.

Contact Information

The above discussion and analysis are presented to provide additional information regarding the activities of the Plan and also to meet the disclosure requirements of Government Accounting Standards Board. If you have any questions about the report or need additional financial information, contact the Program Director, Rodney Dickerson, Government of the District of Columbia, (202)727-0107, 1101 4th Street, SW, Washington, DC 20024, or Rodney.Dickerson@dc.gov.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
STATEMENTS OF FIDUCIARY NET POSITION
SEPTEMBER 30, 2019 AND 2018**

	2019	2018
<i>ASSETS</i>		
Investments:		
Registered Investment Companies	\$ 620,159,702	\$ 580,601,622
Vantage Trust PLUS Stable Value Fund	246,335,190	236,824,245
Self-Directed Brokerage Accounts	6,173,354	5,443,614
Total Investments	872,668,246	822,869,481
Receivables:		
Due from Program Manager	29,526	27,831
Notes Receivable from Participants	29,656,381	26,348,688
Participant Contributions	3,212,782	4,425,206
Total Receivables	32,898,689	30,801,725
Total Assets	905,566,935	853,671,206
<i>LIABILITIES</i>		
Due to District Government	499,875	337,277
Total Liabilities	499,875	337,277
Fiduciary Net Position Available for Plan Benefits	\$ 905,067,060	\$ 853,333,929

The accompanying notes are an integral part of the financial statements

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
<i>ADDITIONS</i>		
Employee Contributions	\$ 87,153,299	\$ 76,834,685
Investment Income:		
(Depreciation) Appreciation in Fair Value of Investments	(4,730,412)	59,135,473
Dividends and Interest Income	22,758,858	12,475,893
Less: Investment Management Expenses	(3,791,040)	(3,121,912)
Program Manager Fees	<u>(1,119,210)</u>	<u>(1,077,988)</u>
Net Investment Income	13,118,196	67,411,466
Interest Income on Notes Receivable from Participants	<u>1,190,395</u>	<u>866,817</u>
Total Additions	101,461,890	145,112,968
<i>DEDUCTIONS</i>		
Benefits Paid to Participants	48,983,407	47,538,421
Administrative Expenses	342,743	328,790
Loan Fees	<u>402,609</u>	<u>301,238</u>
Total Deductions	<u>49,728,759</u>	<u>48,168,449</u>
Net Increase	51,733,131	96,944,519
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	<u>853,333,929</u>	<u>756,389,410</u>
Fiduciary Net Position Available for Plan Benefits, End of Year	<u>\$ 905,067,060</u>	<u>\$ 853,333,929</u>

The accompanying notes are an integral part of the financial statements

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 1 - DESCRIPTION OF PLAN

The Government of the District of Columbia (the “District”) offers for eligible employees a qualified employee Deferred Compensation Plan (“Plan”) that was established under the District’s 457(b) Deferred Compensation Act of 1984, D.C. Law 5-118, and D.C. Code Section 47-3601. The Plan enables eligible employees to make tax deferred contributions towards their retirement. The Plan’s assets are held in trust by the District for the exclusive benefit of Plan members and their beneficiaries. All District employees of an agency under the personnel authority of the District’s Mayor, a subordinate agency as defined in the Comprehensive Merit Personnel Act of 1978, and an agency not under the personnel authority of the Mayor or an independent agency but approved by the Mayor, are eligible to participate in the Plan. There are no age and length of service requirements.

Effective January 1, 2009, the blind licensees of the District’s Randolph Sheppard Vending Facility Program became eligible to participate in the Plan. The blind licensees under the Randolph Sheppard Vending Facility Program shall not become an eligible individual until the later of the date (i) such as licensee has been a participant in the program for 13 months or (ii) a year and one month after their licensure date.

Effective October 1, 2017, the District Comprehensive Merit Personnel Act of 1978, Section 2609(b), made by the Fiscal Year 2018 Budget Support Act of 2017 was amended for employees of the Council, the Office of the District Auditor and the Office of Advisory Neighborhood Commissions (collectively, “Agencies”). It provided for mandatory matching contributions for employees of those Agencies participating in the Deferred Compensation Plan (“Plan”) who make a pre-tax contribution or Roth contribution under the Plan for each pay period in an amount equal to one hundred percent (100%) of such employee’s Pre-Tax contributions and Roth contributions made during each such pay period, but not in excess of three percent (3%) of the employee’s base salary during such pay period. Matching contributions are made in the Government of the District of Columbia 401(a) Defined Contribution Retirement Plan.

Effective July 7, 2019, the District amended the Deferred Compensation Plan to provide automatic enrollment pursuant to the Deferred Compensation Program Enrollment Amendment Act of 2018. Automatic enrollment means any eligible employee hired on or after July 7, 2019 and any eligible employee rehired on or after July 7, 2019, after having a break in service of three (3) consecutive workdays or more shall automatically be enrolled in the Deferred Compensation Plan. Contributions shall be no less than 5% of their pre-tax annual base salary upon hire until such automatically enrolled participant makes an affirmative election to defer a different amount or percentage amount (including zero).

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 1 - DESCRIPTION OF PLAN (Continued)

The District’s Office the Chief Financial Officer, Office of Finance and Treasury (“OCFO-OFT”) and the District of Columbia Department of Human Resources are joint Plan Administrators. They are jointly responsible for adopting the Plan’s administration rules and regulations and investment policies and overseeing the duties of the Trustee of the Plan. The Trustee is responsible for the Plan’s record keeping, marketing and enrollment efforts. In 2015, the OCFO-OFT contracted with ICMA Retirement Corporation (ICMA-RC) to be the Plan’s Program Manager. The Program Manager maintains an account for each participant that is adjusted for contributions, distributions, and investment earnings and losses. Participants can contribute to the Plan up to \$19,000 for 2019 and \$18,500 for 2018 or 100% of the participants’ includible compensation. Participants who are at least age 50 can contribute up to \$25,000 for 2019 and \$24,500 for 2018 to the Plan. Participants who qualify for pre-retirement catch-up contributions can contribute up to \$38,000 for 2019 and \$37,000 for 2018 to the Plan. Participants are vested immediately.

Participants can receive a distribution of their assets upon retirement, termination of service, death, or for an emergency hardship.

Loans

Effective October 1, 2011, participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of (1) \$50,000 reduced by the excess (if any) of the highest outstanding balances of loans from the Plan to the participant during the one year period ending on the day before the date on which such loan is made, over the outstanding balance of loans from the Plan to the participant on the date on which such loan was made, or (2) 50% of the present value of the non-refundable accrued benefit of the participant under the Plan.

The loans are secured by the balance in the participant’s account and must be repaid over a maximum period of 57 months for general purposes and 240 months for a home purchase. Loans bear interest at a fixed rate equal to the U.S. prime rate for general purpose loans and FHA/VA rate on home purchase loans. The interest rates on general purpose loans were 5.25% and 5.00% at September 30, 2019 and 2018, respectively. The interest rates on home purchase loans were 4.38% and 4.504% at September 2019 and 2018, respectively.

Plan Membership

At September 30, 2019 and 2018, the Plan’s membership consisted of the following:

	2019	2018
Active Members	17,007	15,158
Inactive Members	6,115	5,479
	23,122	20,637

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The Plan's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB), which requires two basic financial statements: statement of fiduciary net position and statement of changes in fiduciary net position. For financial reporting purposes, the Plan is considered a pension trust fund.

Basis of Accounting

The financial statements of the Plan are prepared under the accrual basis of accounting. Employee contributions are recognized by the Plan at the time compensation is earned by Plan members and the payments become due from the District government. Investment income is recognized when earned. Deductions are recognized when due and payable in accordance with the terms of the Plan.

Investment Valuation

At September 30, 2019 and 2018, the Plan's investments were in mutual funds, a stable value fund, and brokerage accounts. Shares in mutual funds and the brokerage accounts are reported at fair value based on quoted market prices, which represent the net asset value of shares held by the Plan at fiscal year-end. Investments in the stable value fund are presented at contract value, which approximates fair value. Contributions of participants who elect this investment option are combined and held in trust. The Plan has an undivided interest in the trust and its ownership is represented by its proportionate dollar interest.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Fair Value Measurements

The Plan categorizes fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*.

The valuation technique uses a three-level hierarchy of inputs to measure the fair value of the asset and gives the highest priority to unadjusted quoted prices in active markets (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). These classifications are summarized as follows:

Level 1 Inputs: Quoted prices (unadjusted) for identical assets or liabilities in active markets that a reporting entity can access at the measurement date.

Level 2 Inputs: Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 Inputs: Unobservable inputs for an asset or liability.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In the event that inputs used to measure the fair value of an asset or liability fall into different levels in the fair value hierarchy, the overall level of the fair value hierarchy in its entirety is determined based on the lowest level input that is significant to the entire valuation. These levels are not necessarily an indication of risk but are based upon the pricing transparency of the investment.

Fair value of certain investments that do not have a readily determinable fair value is established using net asset value (or its equivalent) as a practical expedient. These investments are not categorized according to the fair value hierarchy.

Notes Receivable from Participants

Loans to participants are recorded at principal less repayments and plus accrued interest. The loan balance reflected in the Statement of Fiduciary Net Position is also adjusted for defaulted loans. If a payment is missed for any reason, the loan is considered delinquent and in arrears. All missed payments should be made by the end of the next calendar quarter. A loan is considered in default and taxed as a “deemed distribution” if missed payments are not made during the applicable grace period. Even after a loan is deemed distributed, loan repayments will continue to be deducted from available compensation until the earlier of when the loan is repaid or the maturity date is reached. Employees who leave District employment may continue to repay the loan by making alternative payment arrangements. As of September 30, 2019, and 2018, the total of all defaulted loans was \$1,753,621 and \$1,283,539, respectively.

Employee Contributions

Employee contributions are recognized as revenue at the time compensation is earned by Plan members on a specified payroll pay date or when received from other eligible plans.

Payment of Benefits

Benefit payments are recorded as deductions when due for payment.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax Status

The Plan is an eligible employee deferred compensation plan under Section 457(b) of the Internal Revenue Code.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 - INVESTMENTS

Investments of the Plan at September 30, 2019 and 2018 consist of the following:

	<u>2019</u>	<u>2018</u>
Stock and Bond Funds	\$ 620,159,702	\$ 580,601,622
Stable Value Fund	246,335,190	236,824,245
Self-Directed Brokerage Account	<u>6,173,354</u>	<u>5,443,614</u>
Total Investments	<u>\$ 872,668,246</u>	<u>\$ 822,869,481</u>

The Plan's investments in Registered Investment Companies are stated at fair market value. The stable value fund is recorded at contract value, which approximates fair value. The Plan's investments are subject to the following risks common to investments:

- *Custodial credit risk* is the risk that the Plan will not be able to recover the value of its investments in the event of a failure by the counterparty to a transaction. Investments are exposed if they are uninsured, are not registered in the name of the Plan, and are held by either (a) the counterparty or (b) the counterparty's trust department or agent, but not in the Plan's name. The Plan's investments for fiscal year 2019 and 2018 are partially insured and registered in the Plan's name and are generally segregated by the counterparty in a manner to protect them from certain claims by creditors. The Plan also invests in mutual and commingled trust funds which are not generally exposed to custodial credit risks. The Plan Sponsor performs periodic qualitative assessments of the investment managers and investment strategy to minimize custodial credit risk.
- *Interest rate risk* is the risk that changes in interest rates will adversely affect the fair value of an investment. The Plan manages its exposure to declines in fair values by not offering investments that have excessive average maturities. The following discloses the weighted average maturity for certain mutual funds that include investments in bonds at September 30, 2019.

<u>Investment</u>	<u>Average Maturity</u>
Vantage Trust Plus Fund	3.05 years
DCPLUS Fixed Income Portfolio	8.30 years
PIMCO Real Return Collective Trust II	8.93 years

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 - INVESTMENTS (Continued)

- *Foreign currency risk* is the risk that changes in exchange rates will adversely affect the fair value of an investment in a foreign financial institution. The Plan mitigates this risk by limiting its investments in any one country to no more than the greater of either 25% of the equity portion of the investment account or by the country's weight in the Europe, Australia, and Far East (EAFE) benchmark. In addition, a minimum of eight countries must be represented in each investment account. As a result, the Plan's currency denomination varies.

At September 30, 2019 and 2018, the investment with the largest foreign currency risk is the Harbor International Fund. The major currency denomination for the Harbor International Fund is the Euro.

- *Credit risk* is the risk that an issuer to an investment will not fulfill its obligations. The Plan does not invest in securities that have an overall quality less than BBB as rated by Moody's or Standard & Poors. There were 15 out of 30 investments that had credit ratings in fiscal year 2019 and 15 out of 30 that had a credit rating in fiscal year 2018. At September 30, 2019 and 2018, those investments and the related credit ratings were as follows:

September 30, 2019

Fund	Credit Ratings
DCPLUS Fixed Income Portfolio	AAA/BBB/A/AA
Vantage Trust Plus Fund	AAA/AA/A/BBB/BBB-
Vanguard Target Retirement Income	AAA/BBB/A/AA
Vanguard Target Retirement 2015	AAA/BBB/A/AA
Vanguard Target Retirement 2020	AAA/BBB/A/AA
Vanguard Target Retirement 2025	AAA/BBB/A/AA
Vanguard Target Retirement 2030	AAA/BBB/A/AA
Vanguard Target Retirement 2035	AAA/BBB/A/AA
Vanguard Target Retirement 2040	AAA/BBB/A/AA
Vanguard Target Retirement 2045	AAA/BBB/A/AA
Vanguard Target Retirement 2050	AAA/BBB/A/AA
Vanguard Target Retirement 2055	AAA/BBB/A/AA
Vanguard Target Retirement 2060	AAA/BBB/A/AA
Vanguard Target Retirement 2065	AAA/BBB/A/AA
PIMCO Real Return Collective Trust II	AAA/AA/A

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 3 - INVESTMENTS (Continued)

September 30, 2018

Fund	Credit Ratings
DCPLUS Fixed Income Portfolio	AAA/BBB/A/AA
Vantage Trust Plus Fund	AAA/AA/A/BBB
Vanguard Target Retirement Income	AAA/A/BBB/AA
Vanguard Target Retirement 2015	AAA/A/BBB/AA
Vanguard Target Retirement 2020	AAA/A/BBB/AA
Vanguard Target Retirement 2025	AAA/A/BBB/AA
Vanguard Target Retirement 2030	AAA/A/BBB/AA
Vanguard Target Retirement 2035	AAA/A/BBB/AA
Vanguard Target Retirement 2040	AAA/A/BBB/AA
Vanguard Target Retirement 2045	AAA/A/BBB/AA
Vanguard Target Retirement 2050	AAA/A/BBB/AA
Vanguard Target Retirement 2055	AAA/A/BBB/AA
Vanguard Target Retirement 2060	AAA/A/BBB/AA
Vanguard Target Retirement 2065	AAA/A/BBB/AA
PIMCO Real Return Collective Trust II	AAA/AA

Investment concentrations - In accordance with GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans as amended by Government Accounting Standards Board Statement No. 40 (GASB 40)*, *Deposit and Investment Risk Disclosures – An amendment of GASB Statement No. 3*, the Plan is required to disclose the identification, by amount and issuer, of investments in any one issuer that represent 5% or more of the Plan’s net position. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 4 - FAIR VALUE MEASUREMENTS

The Plan categorizes fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Plan had the following fair value measurement as of September 30, 2019:

	Total	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Equities				
Materials	\$ 21,548,285	\$ 21,548,285	\$ -	\$ -
Consumer and Cyclical and Defensive	114,319,202	114,319,202	-	-
Financial Services	94,011,939	94,011,939	-	-
Real Estate	31,779,165	31,779,165	-	-
Communication Services	15,298,353	15,298,353	-	-
Energy	27,443,789	27,443,789	-	-
Industrials	67,679,246	67,679,246	-	-
Technology	114,025,941	114,025,941	-	-
Healthcare	69,922,924	69,922,924	-	-
Utilities	18,508,029	18,508,029	-	-
Debt securities				
Government	14,859,792	14,859,792	-	-
Corporate	8,631,781	8,631,781	-	-
Securitized	8,617,896	8,617,896	-	-
Municipal	923,266	923,266	-	-
Other	923,266	923,266	-	-
Other funds	17,460,775	17,460,775	-	-
Total investments measured at fair value	625,953,649	\$ 625,953,649	\$ -	\$ -
Investments measured at cost:				
Cash	379,407			
Investments measured at contract value:				
Stable Value Fund	246,335,190			
Total Investments	\$ 872,668,246			

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)

The Plan has the following fair value measurement as of September 30, 2018:

	Fair Value Measurements Using			
	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments measured at fair value:				
Equities				
Materials	\$ 23,856,640	\$ 23,856,640	\$ -	\$ -
Consumer and Cyclical and Defensive	103,867,124	103,876,124	-	-
Financial Services	89,532,854	89,532,854	-	-
Real Estate	24,771,121	24,771,121	-	-
Communication Services	16,581,240	16,581,240	-	-
Energy	31,978,390	31,978,390	-	-
Industrials	68,000,670	68,000,670	-	-
Technology	101,876,812	101,876,812	-	-
Healthcare	68,838,235	68,838,235	-	-
Utilities	17,012,955	17,012,955	-	-
Debt securities				-
Government	9,886,097	9,886,097	-	-
Corporate	6,493,397	6,493,391	-	-
Securitized	6,885,599	6,885,599	-	-
Municipal	860,404	860,404	-	-
Other	690,188	690,188	-	-
Other funds	14,596,558	14,596,558	-	-
Total investments measured at fair value	\$ 585,728,284	\$ 585,728,284	\$ -	\$ -
Investments measured at cost:				
Cash	316,953			
Investments measured at contract value:				
Stable Value Fund	236,824,244			
Total Investments	\$ 822,869,481			

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 5 - LIFE INSURANCE POLICIES

Prior to fiscal year 2000, the Plan offered as an investment option to participants the purchase of life insurance policies underwritten by life insurance companies. Although the life insurance policies are no longer available to participants as an investment option, participants with existing life insurance policies are permitted to continue their contribution to those policies. As of September 30, 2019, and 2018, the contract values of participants' life insurance policies have been excluded from Plan's assets because the life insurance companies assume the obligations to pay the benefits under the policies. Monumental and Shenandoah Life Insurance Companies underwrite existing policies. Participants' life insurance contract values for the years ended September 30, 2019, and 2018, totaled \$3,897,335 and \$4,048,089, respectively.

NOTE 6 - PLAN FEES

Fees are charged to participants' accounts for investment management services and administrative expenses of the Plan. The investment management fees vary by investment fund and are calculated based on the fund's daily asset value. For the years ended September 30, 2019 and 2018, investment management fees totaled \$3,791,040 and \$3,121,912, respectively. The Program Manager receives a net administrative fee of 0.165% (16.5 basis points) of the Plan's daily asset value. For the years ended September 30, 2019 and 2018, Program Manager administrative fees totaled \$1,119,210 and \$1,077,988, respectively.

NOTE 7 - DUE TO DISTRICT GOVERNMENT

Per the contract agreement, the Program Manager annually reimburses the Plan Administrator 5.5 basis points. The reimbursement is accumulated in an administrative reimbursement account held by the Program Manager and is used annually by the District to pay for direct administrative expenses incurred and for contributions toward salaries expenses incurred by the District and the Plan Administrator. Additions to and deductions from the administrative reimbursement account are not Plan transactions reflected in the Statements of Changes in Fiduciary Net Position.

After recognizing the basis point reimbursement, interest earnings and payments from the administrative reimbursement account, the balance in the administrative reimbursement account as of September 30, 2019 and 2018 was \$499,875 and \$337,277, respectively. This is recorded in the Statement of Fiduciary Net Position as "Due to District Government". The amount owed from the Program Manager as of September 30, 2019 and 2018 was \$29,526 and \$27,831, respectively.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018**

NOTE 8 - ADMINISTRATIVE EXPENSES

The Plan does not directly incur administrative expenses. Administrative expenses are incurred by the Plan Administrator and the Program Manager for the operation of the Plan.

The amount recorded as administrative expenses in the Statement of Changes in Fiduciary Net Position of \$342,743 and \$328,790 for fiscal year 2019 and 2018, respectively, represents the Program Manager's investment expenses allocation towards administrative expenses.

The administrative expenses incurred by the Plan Administrator and reimbursed from the administrative reimbursement account (see Note 7) for the years ended September 30, 2019 and 2018 totaled \$289,131 and \$274,500, respectively, and were as follows:

	<u>2019</u>	<u>2018</u>
Audit and Compilation Services	\$ 96,133	\$ 87,420
Investment Consulting Services	60,298	33,380
District Administrative Reimbursement	126,850	153,700
Other Expenses	5,850	-
	<u>\$ 289,131</u>	<u>\$ 274,500</u>

For fiscal year 2019 and 2018, the Plan assessed \$75 for each new participant loan processed and \$50 per participant for existing loans. Loan fees totaled \$402,609 and \$301,238 in 2019 and 2018, respectively.

NOTE 9 - TERMINATED PARTICIPANTS

As of September 30, 2019 and 2018, the Plan had 5,960 and 5,479 terminated participants, respectively, who have account balances in the Plan. The participants are no longer able to contribute to the Plan, but their account balances are adjusted for fees and investment earnings. The value of the account balances as of September 30, 2019 and 2018 totaled \$215,808,618 and \$226,287,455, respectively.

NOTE 10 - PLAN TERMINATION

The District may amend or terminate this Plan provided that such amendment or termination shall not impair the rights of a vested participant or beneficiary to receive any contributions, and income earned thereon, allocated to his or her active or inactive account, as the case may be, prior to the date of the termination or amendment of the Plan.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
457(b) DEFERRED COMPENSATION PLAN
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2019 AND 2018

NOTE 11 - RISKS AND UNCERTAINTIES

The Plan invests in investment securities that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible, that changes in the values of the investment securities will occur in the near term and, that such changes could materially affect participants' account balances and the amounts reported in the statements of fiduciary net position.

NOTE 12 - SUBSEQUENT EVENTS

The Plan evaluated subsequent events through [Date] the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2019, but prior to [Date] that provided additional evidence about conditions that existed September 30, 2019, have been recognized in the financial statements for the year ended September 30, 2019. Events or transactions that provided evidence about conditions that did not exist as at September 30, 2019 but arose before the financial statements were available to be issued have not been recognized in the financial statements for the year ended September 30, 2019.

