



Government of the District of Columbia

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

FOR FISCAL YEAR **2020**

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Mayor

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Chief Financial Officer

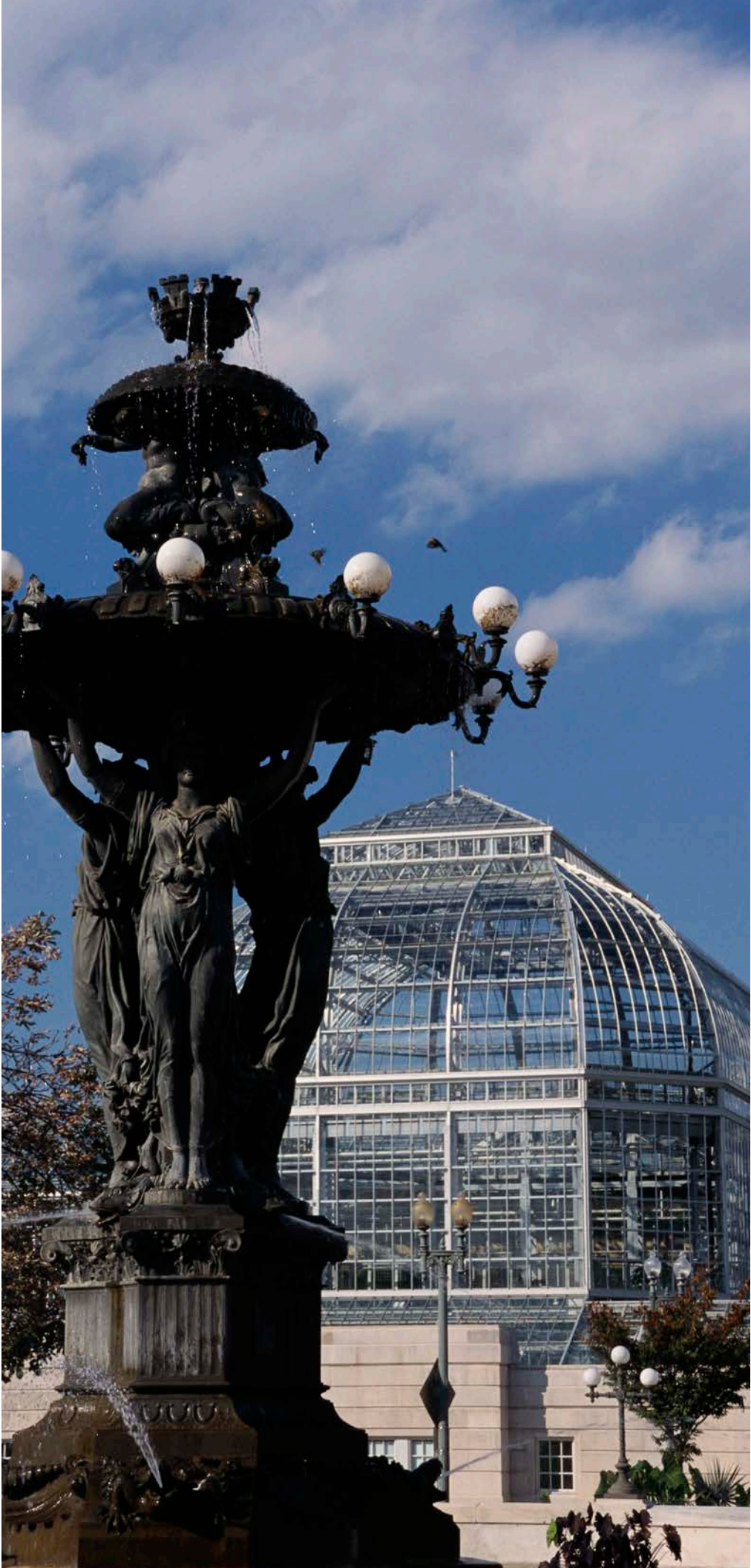
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# Executive Summary

Fiscal year 2020 was largely a good year for investors as U.S. equity markets were up 15.2%, international equity markets were also up; emerging markets were up 10.5% and developed markets were up 10.4%. Domestic fixed income markets with the Bloomberg Barclays Aggregate Index returned 7.0%, driven by lower interest rates. Non-U.S. fixed income returned 5.6%.

Assets in the 401(a) Defined Contribution Plan increased 12.41% from \$1.088 billion to \$1.223 billion as asset appreciation and contributions outpaced withdrawals. The plan had 29,864 participants with an average account balance of \$40,932. The District contributed \$79.4 million in fiscal year 2020 compared to \$71.3 million for the prior year.

Assets in the 457(b) Deferred Compensation Plan ("457(b) Plan") increased 9.25% from \$872.7 million to \$953.4 million. The plan had 26,150 participants with an average account balance of \$36,454. Participants contributed \$100.0 million in fiscal year 2020 compared to \$87.2 million for the prior year. The employee participation rate for the 457(b) Plan in 2020 was 59% vs. 54% in 2019 representing a five percentage point increase. We encourage and educate employees about the benefits of saving for retirement with a goal of 100% participation in the program.

We continued a robust educational program for participants that included monthly financial literacy seminars and individual account reviews. During the fiscal year 4,476 employees attended 720 seminars held by ICMA-RC (recordkeeper) and 3,004 employees met one-on-one in-person or virtually with an ICMA-RC representative due to the Corona Virus pandemic. We also held a virtual investment fair in October. Our proactive outreach, group educational seminars, vibrant postcards and e-blast articles informed and further educated plan participants.

As a result of the COVID19 pandemic, Section 2202 of the CARES Act was enacted on March 27, 2020. The District's Plan adopted the CARES Act provision to allow up to \$75,000 coronavirus-related loan distributions and up to \$100,000 for coronavirus-related distribution across all retirement plans. The feature was available to qualified individuals through December 31, 2020. Participants took 2,884 distributions during that period for a total of \$27.1 million. The average distribution was \$10,108.

The mandatory Required Minimum Distribution (RMD) rule did not apply to calendar year 2020 as a result of the enactment of the CARES Act on March 27, 2020.

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 in 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 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](http://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

Vantagepoint Investment Advisers, LLC 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 securities with remaining terms to maturity of 1–3 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:** *The VT Retirement IncomeAdvantage custom benchmark is comprised of the market indexes of the funds in which the VT Retirement IncomeAdvantage Fund invests, in weighted percentages that correspond to the historical target allocation to those funds and the historical market indexes. Should the target allocations for the VT Retirement IncomeAdvantage Fund or the market indexes of the funds change, the percentage allocations to the corresponding indexes or the market indexes will also change.*

## 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 9/30/2020, the fund’s target mix is as follows: 36.9% in the Total Bond Market II Index Fund, 17.3% in the Total Stock Market Index Plus Fund, 16.8% in the Short-Term Inflation-Protected Securities Index Fund, 15.7% in the Total Int’l Bond Index Fund, 9.5% in the Total Int’l Stock Index Fund, 2.4% in the Vanguard Fiduciary Tr, and 1.4% in the Cmt Market Liquidity Rate.

**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](http://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 9/30/2020, the fund’s target mix is as follows: 34.4% in the Total Bond Market II Index Fund, 20.5% in the Total Stock Market Index Institutional Plus Fund, 15.3% in the Total Int’l Bond Index Institutional Fund, 14.6% in the Short-Term Inflation-Protected Securities Index Institutional Fund, 11.1% in the Total Int’l Stock Index Institutional Plus Fund, 2.8% in the Vanguard Fiduciary Tr, and 1.3% in the Cmt Market Liquidity Rate.

**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](http://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 9/30/2020, the fund's target mix is as follows: 29.2% in the Total Bond Market II Index I Fund, 28.8% in the Total Stock Market Index Institutional Plus Fund, 15.7% in the Total Int'l Stock Index Institutional Plus Fund, 12.8% in the Total Int'l Bond Index Institutional Fund, 8.3% in the Short-Term Inflation-Protected Securities Index Institutional Fund, 3.9% in the Vanguard Fiduciary Tr, and 1.3% in the Cmt Market Liquidity Rate.

**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](http://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 9/30/2020, the fund's target mix is as follows: 35.1% in the Total Stock Market Index Institutional Plus Fund, 27.6% in the Total Bond Market II Index I Fund, 18.9% in the Total Int'l Stock Index Institutional Plus Fund, 11.9% in the Total Int'l Bond Index Institutional Fund, 4.7% in the Fiduciary Trust Fund, 1.3% in the Vanguard Fiduciary Tr, and 0.5% in the Cmt Market Liquidity Rate.

**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](http://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 9/30/2020, the fund's target mix is as follows: 40.1% in the Total Stock Market Index Institutional Plus Fund, 22.2% in the Total Bond Market II Index I Fund, 21.2% in the Total Int'l

Stock Index Institutional Plus Fund, 9.9% in the Total Int'l Bond Index Institutional Fund, 5.4% in the Fiduciary Trust Fund, and 1.2% in the Cmt Market Liquidity Rate.

**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](http://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 9/30/2020, the fund's target mix is as follows: 44.5% in the Total Stock Market Index Institutional Plus Fund, 23.6% in the Total Int'l Stock Index Institutional Plus Fund, 16.7% in the Total Bond Market II Index I Fund, 7.8% in the Total Int'l Bond Index Institutional Fund, 6.0% in the Fiduciary Trust Fund, and 1.4% in the Cmt Market Liquidity Rate.

**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](http://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 9/30/2020, the fund's target mix is as follows: 48.9% in the Total Stock Market Index Institutional Plus Fund, 25.9% in the Total Int'l Stock Index Institutional Plus Fund, 11.6% in the Total Bond Market II Index I Fund, 6.6% in the Fiduciary Trust Fund, 5.5% in the Total Int'l Bond Index Institutional Fund, and 1.5% in the Cmt Market Liquidity Rate.

**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](http://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 9/30/2020, the fund's target mix is as follows: 53.5% in the Total Stock

Market Index Institutional Plus Fund, 28.2% in the Total Int'l Stock Index Institutional Plus Fund, 7.2% in the Total Int'l Stock Index I Fund, 6.3% in the Total Bond Market II Index I Fund, 3.2% in the Total Int'l Bond Index Institutional Fund, and 1.6% in the Cmt Market Liquidity Rate.

**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](http://DCRetire.com) to view the underlying composite index compositions.*

#### **VANGUARD TARGET RETIREMENT 2050 TRUST I**

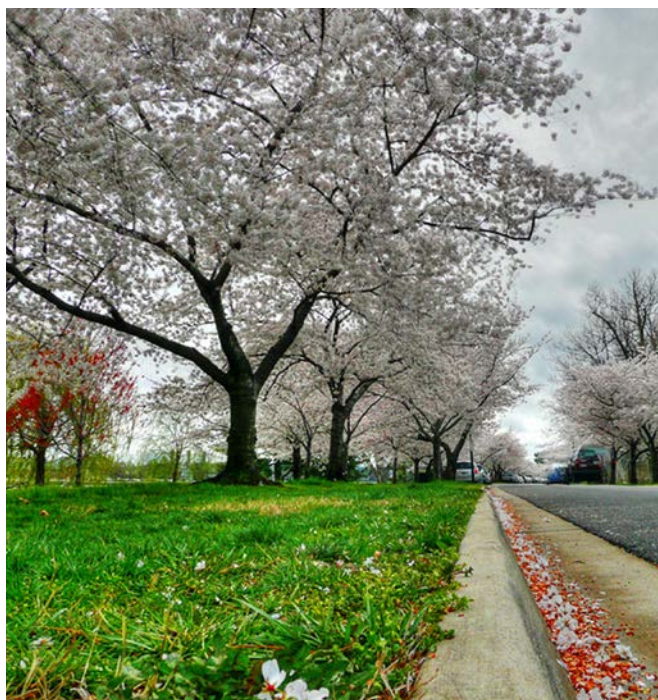
Vanguard Target Retirement 2050 Trust uses an asset-allocation strategy designed for investors planning to retire between 2048 and 2052. As of 9/30/2020, the fund's target mix is as follows: 53.9% in the Total Stock Market Index Institutional Plus Fund, 28.1% in the Total Int'l Stock Index Institutional Plus Fund, 7.4% in the Fiduciary Trust Fund, 6.1% in the Total Bond Market II Index I Fund, 2.9% in the Total Int'l Bond Index Institutional Fund, and 1.6% in the Cmt Market Liquidity Rate.

**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](http://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 9/30/2020, the fund's target mix is as follows: 53.7% in the Total Stock Market Index Institutional Plus Fund, 27.5% in the Total Int'l Stock Index Institutional Plus Fund, 7.8% in the Fiduciary Trust Fund, 6.5% in the Total Bond Market II Index I Fund, 2.9% in the Total Int'l Bond Index Institutional Fund, and 1.6% in the Cmt Market Liquidity Rate.

**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](http://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 9/30/2020, the fund's target mix is as follows: 53.8% in the Total Stock Market Index Institutional Plus Fund, 27.2% in the Total Int'l Stock Index Institutional Plus Fund, 7.8% in the Fiduciary Trust Fund, 6.9% in the Total Bond Market II Index I Fund, 2.6% in the Total Int'l Bond Index Institutional Fund, and 1.7% in the Cmt Market Liquidity Rate.

**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](http://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 9/30/2020, the fund's target mix is as follows: 39.1% in the Total Stock Market Index Institutional Plus Fund, 19.6% in the Total Int'l Stock Index Institutional Plus Fund, 15.5% in the Total Stock Market Index I Fund, 10.2% in the Total Int'l Stock Index Investment Fund, 5.8% in the Fiduciary Trust



Fund, 5.2% in the Total Bond Market II Index I Fund, 2.0% in the Total Bond Market II Index Investment Fund, 1.8% in the Total Int'l Bond Index Institutional Fund, and 0.8% in the Total Int'l Bond Index Admiral 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](http://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 2500™ 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 investment objective, it invests primarily in common stocks that the investment adviser believes have the potential for growth.

**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.*

#### **Specialty**

##### **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 REITs (Real Estate Investment Trusts) that own, develop, and manage properties.*

## ICMA-RC Fund Performance Summary *(as of September 30, 2020)*

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](http://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](http://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, 2020)

Fund Name	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
<b>Stable Value/Cash Management</b>								
Vantagepoint PLUS Fund R10	0.54%	1.70%	2.31%	2.32%	2.20%	2.36%	N/A	10/11/13
<i>ICE BofAML US 1-3 YR Treasury Index (Annualized)</i>	0.10%	3.05%	3.58%	2.64%	1.80%	1.28%	N/A	
Vanguard Federal Money Market	0.02%	0.44%	0.87%	1.54%	1.10%	0.55%	4.06%	7/13/81
<i>ICE BofAML US 3 Month Treasury Bill Index</i>	0.04%	0.64%	1.10%	1.69%	1.20%	0.64%	N/A	
<b>Bond</b>								
DC Plus Fixed Income — 401	0.87%	6.57%	6.43%	5.07%	4.07%	3.70%	N/A	5/5/09
<i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	0.62%	6.79%	6.98%	5.24%	4.18%	3.64%	N/A	
DC Plus Fixed Income — 457	0.87%	6.57%	6.43%	5.07%	4.07%	3.70%	N/A	5/5/09
<i>Bloomberg Barclays U.S. Aggregate Bond Index</i>	0.62%	6.79%	6.98%	5.24%	4.18%	3.64%	N/A	
PIMCO Real Return CIT II	3.43%	9.84%	11.05%	5.76%	4.61%	N/A	2.34%	3/30/12
<i>Bloomberg Barclays U.S. Treasury Inflation-Linked Bond Index (Series-L)</i>	3.03%	9.22%	10.08%	5.79%	4.61%	3.57%	N/A	
<b>Guaranteed Lifetime Income</b>								
VT Retirement Income Advantage	5.12%	3.86%	9.31%	6.12%	7.25%	6.62%	N/A	8/23/10
<i>Custom Benchmark</i>	5.30%	5.28%	11.06%	7.97%	8.95%	8.23%	N/A	
<b>Target Date/Lifecycle/Allocation</b>								
Vanguard Target Retire Inc Tr	3.13%	4.69%	7.47%	5.85%	6.10%	5.68%	5.31%	6/22/07
<i>Target Income Composite Index</i>	3.19%	5.20%	8.07%	6.10%	6.31%	5.80%	N/A	
Vanguard Target Retire 2015 Tr	3.52%	4.37%	7.75%	6.15%	7.12%	7.12%	5.33%	6/28/07
<i>Target 2015 Composite Index</i>	3.55%	4.87%	8.37%	6.43%	7.35%	7.23%	N/A	
Vanguard Target Retire 2020 Tr	4.49%	3.93%	8.59%	6.63%	8.03%	7.90%	5.64%	6/22/07
<i>Target 2020 Composite Index</i>	4.56%	4.56%	9.31%	6.94%	8.30%	8.09%	N/A	
Vanguard Target Retire 2025 Tr	5.15%	3.67%	9.16%	6.99%	8.69%	8.46%	5.74%	6/28/07
<i>Target 2025 Composite Index</i>	5.25%	4.33%	9.92%	7.32%	8.97%	8.66%	N/A	
Vanguard Target Retire 2030 Tr	5.68%	3.29%	9.48%	7.13%	9.16%	8.93%	5.81%	6/28/07
<i>Target 2030 Composite Index</i>	5.81%	3.93%	10.24%	7.47%	9.44%	9.13%	N/A	
Vanguard Target Retire 2035 Tr	6.25%	2.91%	9.80%	7.26%	9.62%	9.39%	5.97%	6/28/07
<i>Target 2035 Composite Index</i>	6.38%	3.49%	10.51%	7.59%	9.90%	9.58%	N/A	
Vanguard Target Retire 2040 Tr	6.80%	2.49%	10.10%	7.36%	10.06%	9.68%	6.21%	6/28/07
<i>Target 2040 Composite Index</i>	6.94%	3.00%	10.73%	7.68%	10.35%	9.89%	N/A	
Vanguard Target Retire 2045 Tr	7.35%	2.09%	10.30%	7.39%	10.19%	9.75%	6.24%	6/28/07
<i>Target 2045 Composite Index</i>	7.51%	2.58%	10.95%	7.73%	10.50%	9.96%	N/A	
Vanguard Target Retire 2050 Tr	7.37%	2.15%	10.38%	7.41%	10.21%	9.76%	6.29%	6/28/07
<i>Target 2050 Composite Index</i>	7.54%	2.61%	10.97%	7.74%	10.50%	9.96%	N/A	
Vanguard Target Retire 2055 Tr	7.39%	2.15%	10.38%	7.41%	10.22%	N/A	9.61%	10/5/10
<i>Target 2055 Composite Index</i>	7.54%	2.61%	10.97%	7.74%	10.50%	N/A	N/A	
Vanguard Target Retire 2060 Tr	7.39%	2.23%	10.45%	7.44%	10.24%	N/A	9.37%	3/1/12
<i>Target 2060 Composite Index</i>	7.54%	2.61%	10.97%	7.74%	10.50%	N/A	N/A	
Vanguard Target Retire 2065 Tr	7.36%	2.19%	10.40%	7.47%	N/A	N/A	9.19%	7/7/17
<i>Target 2065 Composite Index</i>	7.54%	2.61%	10.97%	7.74%	N/A	N/A	N/A	
PIMCO All Asset Instl	2.53%	-3.33%	0.84%	2.06%	5.89%	3.98%	6.33%	7/31/02
<i>Bloomberg Barclays U.S. 1-10 Year Treasury Inflation Notes Index</i>	2.51%	6.69%	7.75%	4.56%	3.66%	2.72%	N/A	

## ICMA-RC Fund Performance (as of September 30, 2020)

Fund Name	3 Mos.	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
<b>U.S. Large-Cap Stock</b>								
DC Plus Large Cap Value — 401	2.76%	-16.52%	-10.80%	0.72%	7.31%	8.57%	N/A	5/5/09
<i>Russell 1000 Value Index</i>	5.59%	-11.58%	-5.03%	2.63%	7.66%	9.95%	N/A	
DC Plus Large Cap Value — 457	2.75%	-16.53%	-10.82%	0.72%	7.31%	8.57%	N/A	5/5/09
<i>Russell 1000 Value Index</i>	5.59%	-11.58%	-5.03%	2.63%	7.66%	9.95%	N/A	
American Funds Fundamental Inv	7.03%	1.09%	12.28%	8.96%	12.87%	12.43%	13.72%	5/1/09
<i>S&amp;P 500 Index</i>	8.93%	5.57%	15.15%	12.28%	14.15%	13.74%	N/A	
Vanguard Institutional Index Inst'l Plus	8.93%	5.58%	15.15%	12.27%	14.14%	13.74%	7.83%	7/7/97
<i>S&amp;P 500 Index</i>	8.93%	5.57%	15.15%	12.28%	14.15%	13.74%	N/A	
DFA US Core Equity I	8.16%	-0.05%	9.14%	8.65%	11.80%	12.51%	8.62%	9/15/05
<i>Russell 3000 Index</i>	9.21%	5.41%	15.00%	11.65%	13.69%	13.48%	N/A	
DC Plus Large Cap Growth — 401	11.69%	21.08%	34.27%	18.50%	17.42%	14.87%	N/A	5/5/09
<i>Russell 1000 Growth Index</i>	13.22%	24.33%	37.53%	21.67%	20.10%	17.25%	N/A	
DC Plus Large Cap Growth — 457	11.70%	21.10%	34.29%	18.52%	17.42%	14.87%	N/A	5/5/09
<i>Russell 1000 Growth Index</i>	13.22%	24.33%	37.53%	21.67%	20.10%	17.25%	N/A	
<b>U.S. Mid-Cap Stock</b>								
Ariel Institutional	4.64%	-16.17%	-8.75%	-0.67%	5.69%	N/A	9.95%	12/30/11
<i>Russell 2500 Value Index</i>	3.54%	-18.39%	-12.62%	-2.69%	4.65%	N/A	N/A	
<b>U.S. Small-Cap Stock</b>								
Vanguard Small-Cap Index Instl	5.80%	-6.28%	1.35%	4.40%	8.96%	10.96%	8.41%	7/7/97
<i>Spliced Small Cap Index</i>	5.78%	-6.32%	1.29%	4.37%	8.92%	10.92%	N/A	
Brown Cap Mgmt Small Co Instl	5.35%	21.65%	27.17%	18.24%	19.16%	N/A	18.25%	12/15/11
<i>Russell 2000 Growth Index</i>	7.16%	3.88%	15.71%	8.18%	11.42%	N/A	N/A	
<b>International/Global Stock</b>								
American Funds New Perspective	12.66%	14.16%	25.74%	13.77%	14.71%	12.22%	13.93%	5/1/09
<i>MSCI ACWI Index (Net)</i>	8.13%	1.37%	10.44%	7.12%	10.30%	8.55%	N/A	
Harbor International Instl	8.67%	-6.19%	2.81%	-1.23%	3.63%	3.55%	9.66%	12/29/87
<i>MSCI EAFE Index (Net)</i>	4.80%	-7.09%	0.49%	0.62%	5.26%	4.62%	N/A	
Virtus Vontobel Emerg Mkts Ops	9.71%	-1.21%	5.57%	1.87%	6.71%	4.02%	6.49%	10/20/97
<i>MSCI Emerging Markets Index (Net)</i>	9.56%	-1.16%	10.54%	2.42%	8.97%	2.50%	N/A	
<b>Specialty</b>								
Nuveen Real Estate Securities	2.31%	-12.77%	-13.57%	2.07%	4.83%	N/A	4.91%	4/30/13
<i>MSCI US REIT Index</i>	1.63%	-17.12%	-17.76%	0.31%	3.99%	N/A	N/A	

# Education Summary

The education strategy for District of Columbia (“District”) employees incorporated 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; virtual group educational seminars and individual 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 the *Bring Your Future Into Focus* week long virtual investment fair.

In 2020, the local team was diligently working towards increasing their dedication to servicing participants in the local office. Due to the COVID-19 pandemic, we moved to full-time remote work from home, resulting in a change in strategy. A new strategy of sending weekly email campaigns to HR Advisors resulted in a successful year for the Retirement Plan Specialists.

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

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 2020.

The local team’s dedication to increasing the financial literacy of District employees was supported by our continued virtual presence and availability to employees; on-site group education seminars and meetings. Prior to transitioning to full-time remote work in March 2020, the team had already conducted exactly 585 phone calls,

over 800 one-on-one appointments, numerous new-hire orientations, and on-site group education seminars and meetings. By the end of 2020, the team conducted nearly 2,400 phone calls and virtual appointments and 720 meetings, education seminars and new-hire orientations via on-site and virtually.

## Virtual Services: Group Meetings

In 2020, the local team’s goal was to increase servicing of participants in the local offices. Due to the COVID-19 pandemic, the corporation moved to full-time remote work resulting in a change in strategy. The updated strategy included virtual one-on-one meetings, virtual seminars, as well as weekly email campaigns to participants and HR Advisors. The strategy was successfully implemented by the team. The following virtual seminars were used during 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
- Get to Know Your 401(a)
- Get to Know Your 457(b)
- Investing in Retirement Basics
- Investing in Volatile Markets
- Investing During a Pandemic

- 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
- Your Retirement Plans Work Together
- Women & Money
- Why Start Now?

### Virtual Services: Individual Meetings

2020 turned out to be a year of quick pivots for D.C. employees. Eligible employees, participants and retirees were not able to visit 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. Instead, they are able to schedule virtual meetings and telephone calls with the RPS. Employees can talk about everything relating to retirement readiness, from enrolling in 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 2020, ICMA-RC RPSs met with 4,476 individuals.

### Virtual 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.

### Virtual Services: Agency Meetings

In 2020, the RPSs engaged regularly with 85 agencies across the District. Regularly scheduled virtual meetings and seminars were held with the following agencies 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 Rights (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

#### VANGUARD VOLATILITY WEBINARS

In response to the market volatility, Vanguard, which offers several funds through the D.C. 401(a) Defined Contribution and 457(b) Deferred Compensation Plans, hosted special webinars to help participants through the volatility of the market. Realizing how market volatility can be stressful for participants, an understanding of Vanguard’s investment philosophy would help participants navigate the ups and downs of the market to reach their financial goals. This webinar focused on setting clear investment goals, creating a broadly diversified mix of investments, keeping costs low, and investing for the long term. Sessions were held March 26, March 31, April 2, April 7, and April 9. 2,558 employees expressed interest and registered to attend a seminar during the week, which resulted in a total 1,777 actual attendees.



#### BRING YOUR FUTURE INTO FOCUS — VIRTUAL INVESTMENT FAIR

The Office of Finance and Treasury and the District of Columbia Department of Human Resources held a virtual investment fair to celebrate National Retirement Security Month. The “Bring Your Future Into Focus” financial

wellness fair was held from Monday, October 19 through Friday, October 23, 2020.

The event featured an entire week of special online seminars with local and national financial and investment experts where participants learned about successful strategies for their finances and investing for their future. The event featured John Rogers, Jr., Chairman, Co-CEO and Chief Investment Officer of Ariel Investments as keynote speaker. The event provided informative sessions with financial and investment experts each day, and prize giveaways. The week was filled with over 20 sessions that included financial wellness topics, such as Debt Management, College Savings, Estate Planning and Retirement Planning.



ICMA-RC partnered with various third-party presenters (CABB, Vanguard, DCHR, Ascensus and Ariel Investments) to hold 20 live webinars. ICMA-RC’s Retirement Plans Specialists led 11 of the presentations. In total, there were 2,558 registrations for the 20 events. A total of 47 prizes (gift cards from \$25 to \$100) were awarded to attendees of the fair.

### Campaigns And Mailings

#### \$3 DOLLARS A DAY CONGRATULATIONS ON YOUR NEW CAREER

New hire communications welcomed employees to the program and informed them of their retirement savings opportunity through the District’s 401(a) Defined Contribution Plan and the 457(b) Deferred Compensation Plan. Handouts provided key details on the plan and encouraged employees to schedule a meeting with an RPS to discuss their retirement security. The campaign consisted of flyers and emails with invitations to schedule a meeting with an RPS.



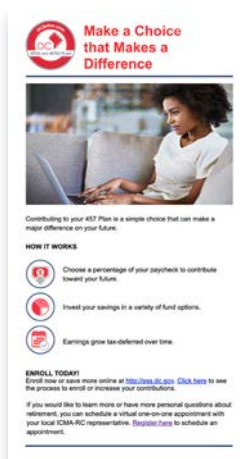
### INVESTING IN VOLATILE MARKETS INVESTING FOR YOUR FUTURE THROUGH DOLLAR COST AVERAGING

This education campaign helped employees understand long-term investing, risk tolerance, the value of a diversified portfolio, and managing market volatility by staying invested. Retirement Plans Specialists hosted a series of weekly webinars to help guide participants through the ups and downs of the market and helped participants stay focused on their goal of retirement security. The campaign included flyers/emails with links to register for webinars and/or schedule time with RPS.



### MAKE A CHOICE THAT MAKES A DIFFERENCE — WHAT DOES FINANCIAL FREEDOM MEAN TO YOU?

Our targeted campaigns to younger employees demonstrated the value of saving for retirement early in their career. They focused on the simple steps of enrolling, tax-advantages and the value of planning now for future financial wellness. The RPS provided collateral information and links to enroll and, if desired, an invite to meet with an RPS to discuss personal retirement planning.



### CORONAVIRUS-RELATED DISTRIBUTIONS

In 2020 the Coronavirus Aid, Relief and Economic Security (CARES) Act permitted employees affected by COVID-19 to access their savings and/or suspend retirement plan loan payments temporarily. This educational campaign provided participants the details needed to take advantage of their CARES Act options. The Coronavirus-Related Distribution handout informed participants of the details and options for an in-service withdrawal from their 401(a) Defined Contribution Plan or 457(b) Deferred Compensation plan.



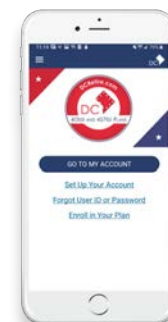
### DCRETIRE.COM

The www.DCRetire.com website continues to serve as a resource for eligible employees and participants who need information about retirement planning. Monthly, the website is updated and includes the addition of new dynamic banners as well as 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 also available online.



### 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. The mobile app features facial and touch recognition, simplified app layout, and enhanced design. 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

**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 2020, 2,600 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.

- 10,453 times for code BAL
- 1,130 times for code ROR
- 366 time for code LOAN

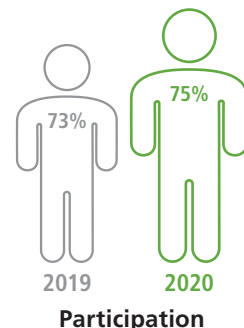
**PARTICIPANT SERVICES AND VOICE RESPONSE UNIT (VRU)**

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, 41,594 District participants called into the toll-free phone line to obtain account information. Of those calls, 37,710 were answered by Participant Services.

**Targeted Agencies**

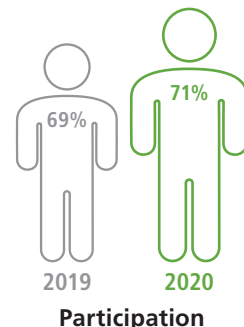
**THE OFFICE OF THE CHIEF FINANCIAL OFFICER (OCFO)**

The participation rate for OCFO increased again in 2020. The RPS conducted seminars and orientation sessions at the 1101 4th Street location early in the year, with one-on-one appointments before and after seminars and orientation sessions; there have been a total of six seminars and visits in the first quarter of 2020. The RPS educated OCFO employees about their retirement plans and financial-planning topics using webinars and one-on-one virtual sessions during the mid to last part of the year. The RPS established monthly communications with the HR Director, LaSharn Moreland, to discuss virtual webinars and one-on-one sessions. The RPS provided a personal invitation to Ms. Moreland and her agency for the successful virtual investment fair during National Retirement Security Month.



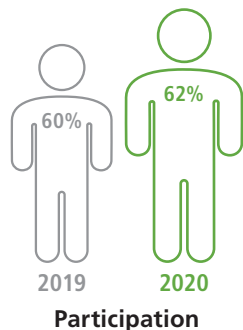
**THE CHILD AND FAMILY SERVICES AGENCY (CFSA)**

This agency saw a slight increase in participation from last year. We conducted a lobby day in February 2020 for CFSA employees. The RPS educated employees about their retirement plans and financial-planning topics using webinars and one-on-one virtual sessions during the mid to last part of the year. The RPS corresponded with HR advisors regarding virtual webinars and one-on-one sessions on a monthly basis. The RPS continued to work with HR Advisors to conduct monthly virtual orientation sessions.



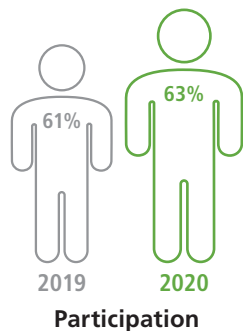
**DEPARTMENT OF YOUTH REHABILITATION SERVICES (DYRS)**

This department also experienced a slight increase in participation from last year. The RPS had the opportunity to physically visit one DYRS location, Mt. Olivet, in January 2020. The RPS educated DYRS employees about their retirement plans and financial-planning topics using webinars and one-on-one virtual sessions during the mid to last part of the year. Monthly, the RPS corresponded with HR advisors regarding virtual webinars and one-on-one sessions.



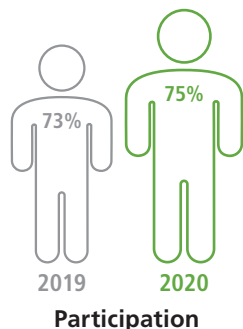
**DEPARTMENT OF CORRECTIONS (DOC)**

This department slightly increased their participation rate in 2020. The RPS educated DOC employees about their retirement plans using webinars and one-on-one virtual sessions. The RPS physically attended the monthly pre-service and cadet in-service training at the DOC training facility in the beginning of 2020. RPS also visited the jail location in the first quarter of 2020. The RPS has had continued contact with Michael Phetphongsy, the wellness coordinator, and Lynnita Thomas, the HR advisor, about upcoming webinars and agency updates.



**DEPARTMENT OF BEHAVIORAL HEALTH (DBH)**

2020 gave us an opportunity to increase visibility at the agency and at St. Elizabeth Hospital. The hospital's HR team was instrumental in ensuring that participants' needs were met by sending communications informing participants of RPS on-site availability every first Wednesday in the month. During the RPS' all-day presence we saw an increase in appointments for one-on-one consultations, account

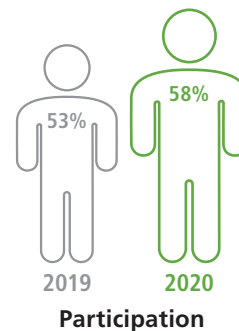


reviews and seminars. Dr. Louisa Buadoo-Amoa, Training Coordinator and Mariam R. Brown, HR Advisor were also vital in providing unlimited access to participants at 64 New York Avenue, which helped participants who had challenging schedules. The agency HR team also included the RPS as a presenter every second Wednesday of the month for their new-employee orientation.

All orientation, seminars and one-on-one presentations were moved to virtual appointments after the pandemic in March.

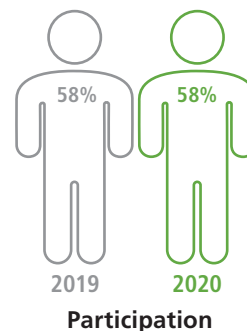
**DEPARTMENT OF PUBLIC WORKS (DPW)**

HR Advisors, Velma Hill and Ralph Sookraj, were the primary contacts who facilitated training in 2020. We conducted seminars twice a month and one-on-one appointments at their Okie, TED, Benning Road, and Bryant Street locations. We also conducted new-employee orientation at the TED location. We moved all training online after the pandemic in March 2020. Devaun Benjamin, the departments Program Analyst, has been extremely helpful with arranging phone and virtual one-on-one consultations with agency participants which increased since 2019.



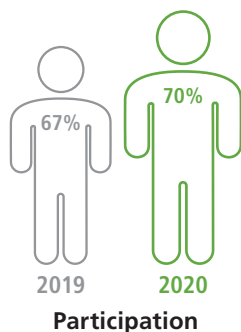
**DEPARTMENT OF HEALTH (DOH)**

We have forged a strong working relationship with HR specialist Patricia Evans, who paved the way for participant communication to be emailed frequently to agency participants during the pandemic. We have seen an increase in account review sessions and seminar requests.



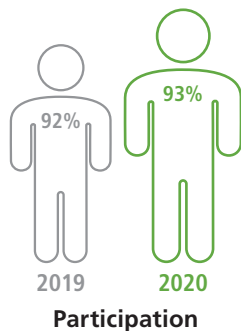
**FIRE DEPARTMENT AND EMS (FEMS)**

We worked with FEMS President, Dabney Scott Hudson, on a seamless transition from in-person seminars at the firehouses to phone and virtual meetings. We also worked with Mr. Hudson to educate participants about the CARES Act and to help participants submit requests for processing.



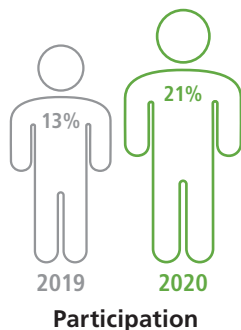
**DC RETIREMENT BOARD (DCRB)**

We worked with the Board’s HR Advisor, Rabinai Carson, and our internal team to devise a more effective way to process the agency’s requests. We added an internal direct liaison, Sultan Ludd, which resulted in employer inquiries being processed in a more timely and effective way. We also worked with Waverly Jones on our EZLink Team to make sure that employer’s EZLink issues are handled in an expeditious way.



**DC DEPT OF EMPLOYMENT SERVICES (DOES)**

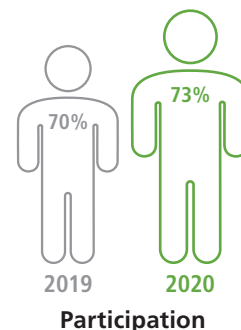
As of September 30, 2020, the 457(b) Deferred Compensation Plan participation rate at DOES has increased from 13 percent in 2019 to 21 percent in 2020. Since the COVID-19 shutdown in March, our RPS team was available daily to conduct individual one-on-one appointments and account reviews. Numerous communications were emailed to Jose Pino, Training Coordinator, Tracey Langley, Training Coordinator, Tanisha Rawley, HR Advisor, and Denise Jackson, HR Advisor, to distribute to the agency. We sent two virtual Lunch n’ Learn invitations, offering free Uber Eats lunch as a contest prize for participants to encourage participation. We provided 99 Virtual OPEN Webinars from January to December 2020. In July, an email sharing the department’s participation metrics was



sent to HR staff. In August, we began weekly outreach campaigns for HR staff to distribute to the agency. We sent more than 15 flyers to target millennials, mid-career, and pre-retirees, two invites to the Virtual Investment Fair, and a mass email invite for open enrollment. The RPS continues to reach out to HR staff to meet with and educate plan participants about their accounts.

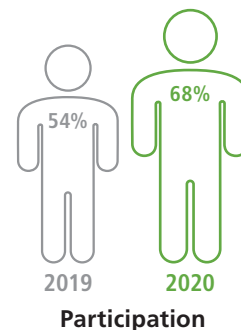
**DC DEPT OF HEALTH CARE FINANCE (DCHCF)**

As of September 30, 2020, the 457(b) Deferred Compensation Plan participation rate at DCHCF has increased from 70 percent in 2019 to 73 percent in 2020, an increase of 3 percentage points. Since the COVID-19 shutdown in March, our RPS team was available daily to conduct individual one-on-one appointments and account reviews. Numerous communications were emailed to the Training Coordinators; Travis Allen, Portia Shorter, and Michael Kline, to distribute to the agency. We sent two virtual Lunch n’ Learn invitations, offering free Uber Eats lunch as a contest prize for participants to encourage participation. We provided 99 Virtual OPEN Webinars from January to September 2020. In July, an email sharing the department’s participation metrics was sent to HR staff. In August, we began weekly outreach campaigns for HR staff to distribute to the agency. We sent more flyers to target millennials, mid-career, and pre-retirees, two invites to the Virtual Investment Fair, and a mass email invite for open enrollment. The RPS continues to reach out to HR staff to meet with and educate plan participants about their accounts.



**DC DEPT OF HUMAN RESOURCES (DCHR)**

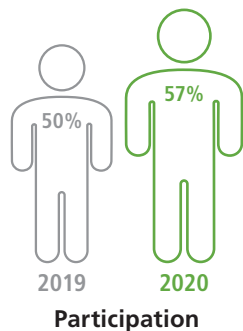
As of September 30, 2020, the 457(b) Deferred Compensation Plan participation rate at DCHR increased from 54 percent in 2019 to 68 percent in 2020, an increase of 14 percentage points. Since the COVID-19 shutdown in March, the RPS team was available daily to conduct individual



one-on-one appointments and account reviews. Numerous communications were emailed initially to Paul Shaw, Associate Director, Benefits and Retirement Administration and later to Jill Johnson, Wellness Coordinator to distribute to the agency. We sent two virtual Lunch n’ Learn invitations, offering free Uber Eats lunch as a contest prize for participants to encourage participation. We provided 99 Virtual OPEN Webinars from January to September 2020. In July, an email sharing the department’s participation metrics was sent to HR staff. In August, we began weekly outreach campaigns for HR staff to distribute to the agency. We sent more than 15 flyers to target millennials, mid-career, and pre-retirees, two invites to the Virtual Investment Fair, and a mass email invite for open enrollment. The RPS continues to reach out to HR staff to meet with and educate plan participants about their accounts.

**DC DEPT OF TRANSPORTATION (DDOT)**

As of September 30, 2020, the 457(b) Deferred Compensation Plan participation rate at DDOT increased from 50 percent in 2019 to 57 percent in 2020, an increase of 7 percentage points.

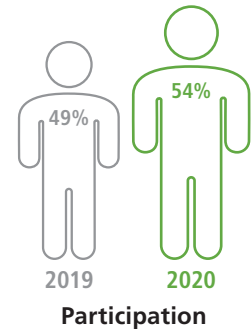


In February, we participated in the DDOT Info Expo “Connect, Engage, Be Informed” at the Reeves Center where more than 65 employees/participants attended. Since the COVID-19 shutdown in March, the RPS team was available daily to conduct individual one-on-one appointments and account reviews. Numerous communications were emailed to Shalonda Frazier, Program Analyst, Sharon Patterson, Program Analyst, Sylvester Dixon, HR Advisor and Christal Williams, Program Analyst to distribute to the agency. We sent two virtual Lunch n’ Learn invitations, offering free Uber Eats lunch as a contest prize for participants to encourage participation. We provided 99 Virtual OPEN Webinars from January to September 2020. In July, an email sharing the department’s participation metrics was sent to HR staff. In August, we began weekly outreach campaigns for HR staff to distribute to the agency. We sent more than 15 flyers to target millennials, mid-career, and pre-retirees, two invites to the Virtual Investment Fair and a mass email invite for open enrollment. The

RPS continues to reach out to HR staff to meet with and educate plan participants about their accounts.

**DC DEPARTMENT OF MOTOR VEHICLE (DMV)**

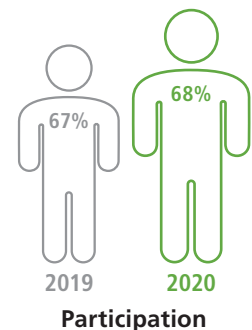
As of September 30, 2020, the 457(b) Deferred Compensation Plan participation rate at DMV increased from 49 percent in 2019 to 54 percent in 2020, an increase of 5 percentage points.



The Department for Hire Vehicles saw a participation boost from 48 percent to 60 percent, an increase of 12 percentage points. Since the COVID-19 shutdown in March, the RPS team was available daily to conduct individual one-on-one appointments and account reviews. Numerous communications were emailed to the departments HR Advisors, Odessa Nance, and Osei-Djan Montii, to distribute to the agency. We sent two virtual Lunch n’ Learn invitations, offering free Uber Eats lunch as a contest prize for participants to encourage participation. We provided 99 Virtual OPEN Webinars from January to December 2020. In July, an email sharing the department’s participation metrics was sent to HR staff. In August, we began weekly outreach campaigns for HR staff to distribute to the agency. We sent more than 15 flyers to target millennials, mid-career, and pre-retirees, two invites to the Virtual Investment Fair, and a mass email invite for open enrollment. The RPS continues to reach out to HR staff to meet with and educate plan participants about their accounts.

**DC OFFICE OF CONTRACTS & PROCUREMENT (OCP)**

As of September 30, 2020, the 457(b) Deferred Compensation Plan participation rate at OCP increased from 67 percent in 2019 to 68 percent in 2020, an increase of 1 percentage point since the COVID-19 shutdown

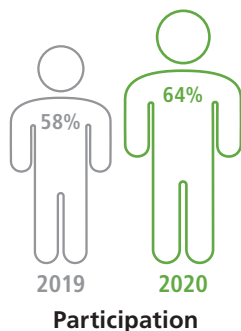


in March, the RPS team was available daily to conduct individual one-on-one appointments and account reviews. Numerous communications were emailed to the HR Advisors, Ernesto Rodriguez, Constance Best, Tammie Sommons,

and Otisha Chaplinf to distribute to the agency. We sent two virtual Lunch n’ Learn invitations, offering free Uber Eats lunch as a contest prize for participants to encourage participation. We provided 99 Virtual OPEN Webinars from January to September 30, 2020. In July, an email sharing the department’s participation metrics was sent to HR staff. In August, we began weekly outreach campaigns for HR staff to distribute to the agency. We sent more than 15 flyers to target millennials, mid-career and pre-retirees, two invites to the Virtual Investment Fair and a mass email invite for open enrollment. The RPS continues to reach out to HR staff to meet with and educate plan participants about their accounts.

**DC OFFICE OF DISABILITY RIGHTS (ODR)**

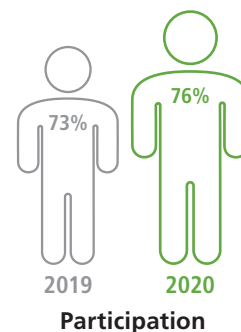
As of September 30, 2020, the 457(b) Deferred Compensation Plan participation rate at ODR increased from 58 percent in 2019 to 64 percent in 2020, an increase of 6 percentage points. Since the COVID-19 shutdown in March, the RPS



team was available daily to conduct individual one-on-one appointments and account reviews. Numerous communications were emailed to Christina Mitchell, Chief of Staff, to distribute to the agency. We sent two virtual Lunch n’ Learn invitations, offering free Uber Eats lunch as a contest prize for participants to encourage participation. We provided 99 Virtual OPEN Webinars from January to September 30, 2020. In July, an email sharing the department’s participation metrics was sent to HR staff. In August, we began weekly outreach campaigns for HR staff to distribute to the agency. We sent more than 15 flyers to target millennials, mid-career and pre-retirees, two invites to the Virtual Investment Fair and a mass email invite for open enrollment. The RPS continues to reach out to HR staff to meet with and educate plan participants about their accounts.

**DC OFFICE OF THE PEOPLE’S COUNSEL (OPC)**

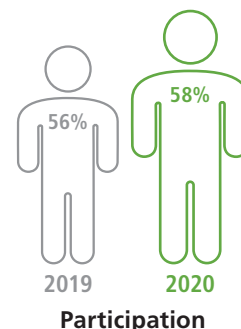
As of September 30, 2020, the 457(b) Deferred Compensation Plan participation rate at OPC increased from 73 percent in 2019 to 76 percent in 2020, an increase of 3 percentage points.



Since the COVID-19 shutdown in March, the RPS team was available daily to conduct individual one-on-one appointments and account reviews. Numerous communications were emailed to Christina Walker, Program Analyst, Eric Coard, Program Analyst and Anicca Miller, HR Advisor to distribute to the agency. We sent two virtual Lunch n’ Learn invitations, offering free Uber Eats lunch as a contest prize for participants to encourage participation. We provided 99 Virtual OPEN Webinars from January to September 2020. In July, an email sharing the department’s participation metrics was sent to HR staff. In August, we began weekly outreach campaigns for HR staff to distribute to the agency. We sent more than 15 flyers to target millennials, mid-career, and pre-retirees, two invites to the Virtual Investment Fair, and a mass email invite for open enrollment. The RPS continues to reach out to HR staff to meet with and educate plan participants about their accounts.

**DC OFFICE OF UNIFIED COMMUNICATIONS (OUC)**

As of September 30, 2020, the 457(b) Deferred Compensation Plan (b) Deferred Compensation Plan participation rate at OUC increased from 56 percent in 2019 to 58 percent in 2020, an increase of 2 percentage points. In February we gave

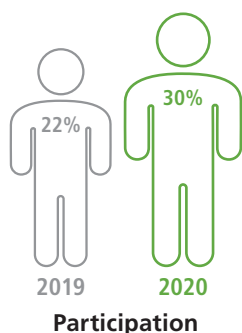


a 401(a) Defined Contribution & 457(b) Deferred Compensation Plan Educational Overview at the office on MLK Avenue. In early March we performed two on-site meetings. Since the COVID-19 shutdown in March, the RPS team was available daily to conduct individual one-on-one appointments and account reviews. Numerous communications were emailed to HR Advisors Setrena Ford, Wanda Gattison, and Shanta Mays-Carpenter to

distribute to the agency. We sent two virtual Lunch n’ Learn invitations, offering free Uber Eats lunch as a contest prize for participants to encourage participation. We provided 99 Virtual OPEN Webinars from January to September 2020. In July, an email sharing the department’s participation metrics was sent to HR staff. In August, we began weekly outreach campaigns for HR staff to distribute to the agency. We sent more than 15 flyers to target millennials, mid-career, and pre-retirees, two invites to the Virtual Investment Fair, and a mass email invite for open enrollment. The RPS continues to reach out to HR staff to meet with and educate plan participants about their accounts.

**DC PARKS AND RECREATION (DCPR)**

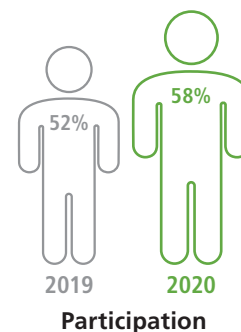
As of September 30, 2020, the 457(b) Deferred Compensation Plan participation rate at DCPR increased from 22 percent in 2019 to 30 percent in 2020, an increase of 8 percentage points. Since the COVID-19 shutdown



in March, the RPS team was available daily to conduct individual one-on-one appointments and account reviews. Numerous communications were emailed to Carlene Forbes, Training Coordinator, Tyessen Smith, Training Coordinator, Lesley Long, HR Advisor, Leshia Gaddis, Training Coordinator and Maritza Saint Hill, Training Coordinator to distribute to the agency. We sent two virtual Lunch n’ Learn invitations, offering free Uber Eats lunch as a contest prize for participants to encourage participation. We provided 99 Virtual OPEN Webinars from January to September 2020. In July, an email sharing the department’s participation metrics was sent to HR staff. In August, we began weekly outreach campaigns for HR staff to distribute to the agency. We sent more than 15 flyers to target millennials, mid-career, and pre-retirees, two invites to the Virtual Investment Fair, and a mass email invite for open enrollment. The RPS continues to reach out to HR staff to meet with and educate plan participants about their accounts.

**DC PUBLIC LIBRARY (DCPL)**

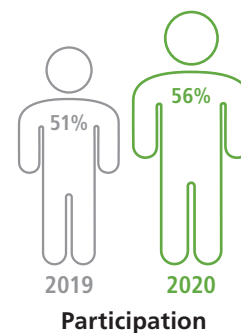
As of September 30, 2020, the 457(b) Deferred Compensation Plan participation rate at DCPL increased from 52 percent in 2019 to 58 percent in 2020, an increase of 6 percentage points.



We performed four on-site meetings. Since the COVID-19 shutdown in March, the RPS team was available daily to conduct individual one-on-one appointments and account reviews. Numerous communications were emailed to Lisa Stafford, HR Specialist and Tracy Sumler, Supervisory Librarian to distribute to the agency. We sent two virtual Lunch n’ Learn invitations, offering free Uber Eats lunch as a contest prize for participants to encourage participation. We provided 99 Virtual OPEN Webinars from January to September 2020. In July, an email sharing the department’s participation metrics was sent to HR staff. In August, we began weekly outreach campaigns for HR staff to distribute to the agency. We sent more than 15 flyers to target millennials, mid-career and pre-retirees, two invites to the Virtual Investment Fair and a mass email invite for open enrollment. The RPS continues to reach out to HR staff to meet with and educate plan participants about their accounts.

**DEPARTMENT OF GENERAL SERVICES (DGS)**

Employee enrollment at DGS increased for 2020, bringing us up to 56 percent. This is an increase of 5 percentage points since 2019. As in past years, we continued to educate employees of DGS with prudent and proven savings strategies by conducting



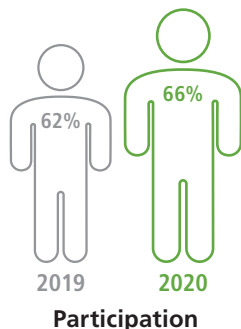
online webinars and informational sessions for the year. Due to the pandemic, we were forced to stop all field activity and move toward an online-based platform to reach and educate employees. In the second quarter, we began a robust campaign of presenting two online webinars per day, 10 per week, for this agency and everyone in the District. We also held an Investment Fair that turned out to be a great success for DGS and their



employees. We continue to present the 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan to all new hires and existing employees and provide one-on-one consultations.

**METROPOLITAN POLICE DEPARTMENT (MPD)**

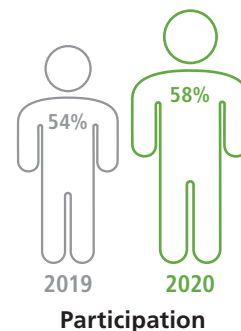
Enrollment among MPD employees increased to 66 percent for 2020. An increase of 4 percentage points since 2019. As in past years, we continued to educate MPD employees with prudent and proven savings strategies by conducting online webinars and informational sessions for the year. Due to the pandemic, we were forced to stop all field activity and move toward an online-based platform to reach and educate employees. In the second quarter, we began a robust campaign of presenting two online webinars per day, 10 per week, for this agency and everyone in the District. We also held an Investment Fair that turned out to be a great success for MPD and their employees. We continue to present the 457(b) Deferred Compensation Plan to all new hires coming through the Blue Plains location (the Academy) and provide one-on-one consultations for other officers.



to be a great success for OAG and their employees. 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 and to provide one-on-one consultations.

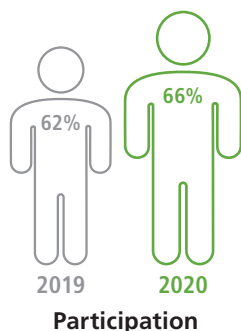
**CONSUMER AND REGULATORY AFFAIRS (DCRA)**

Plan participation among DCRA employees increased 4 percentage points since 2019 to 58 percent for 2020. As in past years, we continued to educate and empower the employees of DCRA with prudent and proven savings strategies by conducting online webinars and informational sessions for the year. Due to the COVID-19 pandemic, we were forced to stop all field activity and move toward an online-based platform to reach and educate all the employees. In the second quarter, we began a robust campaign of presenting two online webinars per day, 10 per week, for this agency and everyone in the District. We also held an Investment Fair that turned out to be a great success for DCRA and their employees. We continue to present the 401(a) Defined Contribution Plan and 457(b) Deferred Compensation Plan to all new hires and existing employees and to provide one-on-one consultations.



**OFFICE OF THE ATTORNEY GENERAL (OAG)**

Plan participation for the OAG rose to 66 for 2020. An increase of 4 percentage points since 2019. As in past years, we continued to educate and empower OAG employees with prudent and proven savings strategies by conducting online webinars and informational sessions for the year. Due to the COVID-19 pandemic, we were forced to stop all field activity and move toward an online-based platform to reach and educate all the employees. In the second quarter, we began a robust campaign of presenting two online webinars per day, 10 per week, for this agency and everyone in the District. We also held an Investment Fair that turned out







## 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 2020 was a rewarding, yet volatile, year for plan participants. We had positive returns as of September 30, 2020, for twenty-seven 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 7.47%
- Vanguard Target Retire 2015 Trust gained 7.75%
- Vanguard Target Retire 2020 Trust gained 8.59%
- Vanguard Target Retire 2025 Trust gained 9.16%
- Vanguard Target Retire 2030 Trust gained 9.48%
- Vanguard Target Retire 2035 Trust gained 9.80%
- Vanguard Target Retire 2040 Trust gained 10.10%
- Vanguard Target Retire 2045 Trust gained 10.30%
- Vanguard Target Retire 2050 Trust gained 10.38%
- Vanguard Target Retire 2055 Trust gained 10.38%
- Vanguard Target Retire 2060 Trust gained 10.45%
- Vanguard Target Retire 2065 Trust gained 10.40%

For comparison purposes, the S&P 500 Index rose 15.15% and the Bloomberg Barclays U.S. Aggregate Bond Index was up 6.98%.

Plan assets increased from \$1,087.9 million to \$1,222.8 million or 12.41% as asset contributions outpaced depreciation and withdrawals. The Plan had 29,864 participants with an average account balance of \$40,932.

## 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:

- Attainment of normal retirement age (age 65), or
- 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 72 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.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law in March of 2020, included the following 401(a) Defined Contribution Plan retirement-related provisions adopted by District, expiring on December 31, 2020: Required Minimum Distribution (RMD) Waiver and Coronavirus-Related Distributions.

# 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, 2020)*

Asset Class/Fund Name	Assets as of September 30, 2020	Percentage of Total Assets	Number of Participants Invested
<b>Stable Value/Cash Management</b>			
Vantagepoint PLUS Fund R10	\$ 84,196,150	6.89	2,118
Vanguard Federal Money Market	5,585,083	0.46	268
	<b>\$ 89,781,233</b>	<b>7.35</b>	<b>2,386</b>
<b>Bond</b>			
DC Plus Fixed Income	\$ 21,275,656	1.74	864
PIMCO Real Return CIT II	3,603,135	0.29	376
	<b>\$ 24,878,791</b>	<b>2.03</b>	<b>1,240</b>
<b>Guaranteed Lifetime Income</b>			
VT Retirement IncomeAdvantage	\$ 2,766,070	0.23	123
	<b>\$ 2,766,070</b>	<b>0.23</b>	<b>123</b>
<b>Balanced/Asset Allocation</b>			
Vanguard Target Retire Inc Tr	\$ 18,250,399	1.49	478
Vanguard Target Retire 2015 Tr	44,042,551	3.60	908
Vanguard Target Retire 2020 Tr	99,925,091	8.17	1,768
Vanguard Target Retire 2025 Tr	149,868,346	12.26	2,720
Vanguard Target Retire 2030 Tr	174,370,483	14.26	3,386
Vanguard Target Retire 2035 Tr	176,360,957	14.42	3,901
Vanguard Target Retire 2040 Tr	124,598,333	10.19	3,547
Vanguard Target Retire 2045 Tr	100,384,039	8.21	3,986
Vanguard Target Retire 2050 Tr	62,044,016	5.07	4,051
Vanguard Target Retire 2055 Tr	27,138,252	2.22	3,169
Vanguard Target Retire 2060 Tr	4,089,618	0.33	1,057
Vanguard Target Retire 2065 Tr	685,858	0.06	151
PIMCO All Asset Instl	342,123	0.03	44
	<b>\$ 982,100,066</b>	<b>80.31</b>	<b>29,166</b>
<b>U.S. Stock</b>			
American Funds Fundamental Inv	\$ 6,009,493	0.49	720
Ariel Institutional	7,256,698	0.59	673
Brown Cap Mgmt Small Co Instl	15,940,297	1.30	642
DC Plus Large Cap Growth	18,698,561	1.53	773
DC Plus Large Cap Value	7,429,772	0.61	857
DFA US Core Equity 1	4,289,921	0.35	540
Vanguard Institutional Index	35,213,245	2.88	1,250
Vanguard Small-Cap Index Instl	6,529,564	0.53	776
	<b>\$ 101,367,551</b>	<b>8.28</b>	<b>6,231</b>

Asset Class/Fund Name	Assets as of September 30, 2019	Percentage of Total Assets	Number of Participants Invested
<b>International/Global Stock</b>			
American Funds New Perspective	\$ 7,976,694	0.65	722
Harbor International Instl	7,600,623	0.62	1,031
Virtus Vontobel Emerg Mkts Ops	2,637,049	0.22	572
	<b>\$ 18,214,366</b>	<b>1.49</b>	<b>2,325</b>
<b>Specialty</b>			
Nuveen Real Estate Securities	\$ 3,715,849	0.30	825
	<b>3,715,849</b>	<b>0.30</b>	<b>825</b>
<b>401(a) PLAN ASSETS</b>	<b>\$ 1,222,823,926</b>	<b>100.00</b>	

### Contributions by Investment Option *(as of September 30, 2020)*

ICMA-RC Fund Name	October 1, 2019 through September 30, 2020	Percent of Total Contributions
<b>Stable Value/Cash Management</b>		
Vantagepoint PLUS Fund R10	\$ 3,373,720	4.13
Vanguard Federal Money Market	224,941	0.28
	<b>\$ 3,598,661</b>	<b>4.41</b>
<b>Bond</b>		
DC Plus Fixed Income	\$ 581,797	0.71
PIMCO Real Return CIT II	148,927	0.18
	<b>\$ 730,724</b>	<b>0.89</b>
<b>Guaranteed Lifetime Income</b>		
VT Retirement IncomeAdvantage	\$ 55,895	0.07
	<b>\$ 55,895</b>	<b>0.07</b>
<b>Balanced/Asset Allocation</b>		
Vanguard Target Retirement Income Trust	\$ 697,119	0.85
Vanguard Target Retirement 2015 Trust	1,841,172	2.25
Vanguard Target Retirement 2020 Trust	4,255,733	5.20
Vanguard Target Retirement 2025 Trust	6,947,687	8.50
Vanguard Target Retirement 2030 Trust	9,047,547	11.06
Vanguard Target Retirement 2035 Trust	10,496,340	12.84
Vanguard Target Retirement 2040 Trust	9,729,094	11.90
Vanguard Target Retirement 2045 Trust	10,149,984	12.41
Vanguard Target Retirement 2050 Trust	9,668,927	11.82
Vanguard Target Retirement 2055 Trust	6,411,565	7.84
Vanguard Target Retirement 2060 Trust	1,760,396	2.15
Vanguard Target Retirement 2065 Trust	171,228	0.21
PIMCO All Asset Instl	26,303	0.03
	<b>\$ 71,203,093</b>	<b>87.07</b>

ICMA-RC Fund Name	October 1, 2019 through September 30, 2020	Percent of Total Contributions
<b>U.S. Stock</b>		
American Funds Fundamental Inv	\$ 357,687	0.44
Ariel Institutional	473,238	0.58
Brown Cap Mgmt Small Co Instl	637,627	0.78
DC Plus Large Cap Growth	620,205	0.76
DC Plus Large Cap Value	469,957	0.57
DFA US Core Equity 1	191,886	0.23
Vanguard Institutional Index	1,575,812	1.93
Vanguard Small Cap Index Instl	494,515	0.60
	<b>\$ 4,820,926</b>	<b>5.90</b>
<b>International/Global Stock</b>		
American Funds New Perspective	\$ 478,162	0.58
Harbor International Instl	464,210	0.57
Virtus Vontobel Emerg Mkts Ops	181,261	0.22
	<b>\$ 1,123,633</b>	<b>1.37</b>
<b>Specialty</b>		
Nuveen Real Estate Securities	\$ 245,502	0.30
	<b>\$ 245,502</b>	<b>0.30</b>
<b>401(a) PLAN CONTRIBUTIONS</b>	<b>\$ 81,778,433</b>	<b>100.00</b>

## Contributions by Asset Class

ICMA-RC Asset Class	October 1, 2019 through September 30, 2020	Percent of Total Contributions
Stable Value/Cash Management	\$ 3,598,661	4.38
Bond	730,724	0.89
Guaranteed Lifetime Income	55,895	0.07
Balanced/Asset Allocation	71,203,093	86.71
U.S. Stock	4,820,926	5.87
International/Global Stock	1,123,633	1.37
Specialty	245,502	0.30
<b>Contributions Subtotal</b>	<b>\$ 81,778,433</b>	<b>102.97</b>
<b>401(a) Plan Rollover Contributions</b>	341,518	0.43
<b>Net Change in Employer Contribution Receivable*</b>	388,400	0.49
<b>Activity Adjustment</b>	(3,088,056)	(3.89)
<b>Total Contributions</b>	<b>\$ 79,420,295</b>	<b>100.00</b>

\*See page 10 of 401(a) Plan Audit Report

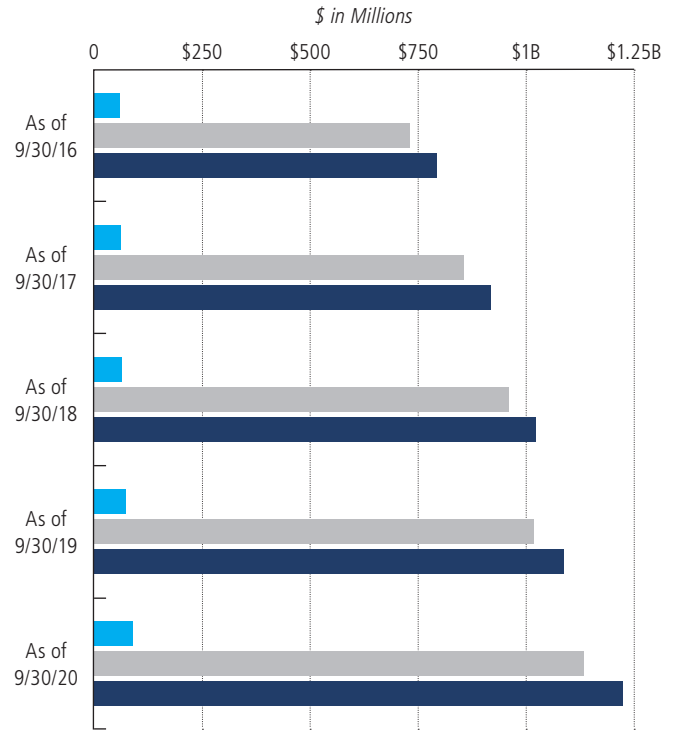


**FIGURE 1 Investment Assets**

Reporting Period	Fixed Assets	Variable Assets	Other Assets*	Total Assets
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
As of 9/30/2020	89,781,233	1,133,042,693		1,222,823,926

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

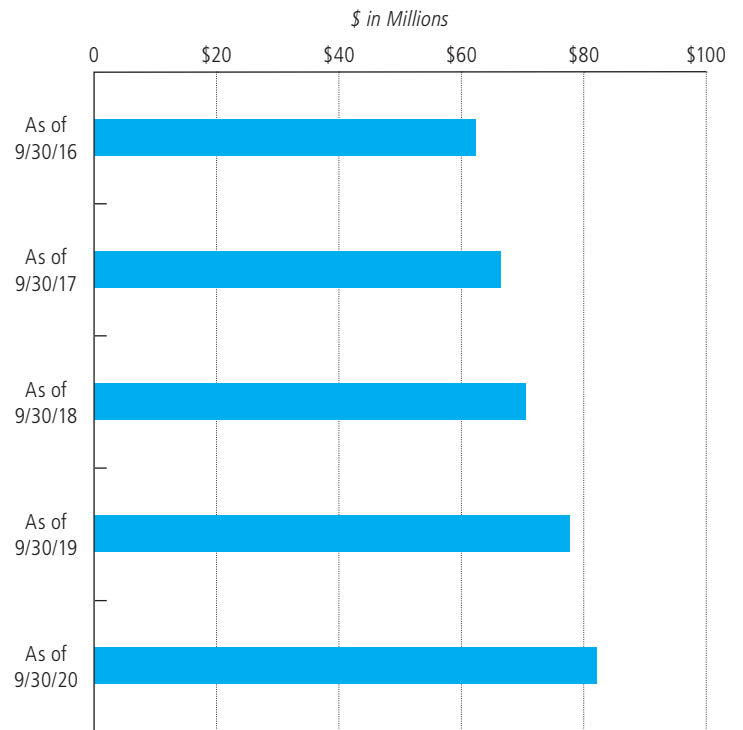
- Fixed Assets
- Variable Assets
- Total Assets



**FIGURE 2 Historical Contributions**

Reporting Period	Total Contributions*
As of 9/30/2016	\$ 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
As of 9/30/2020	82,119,951

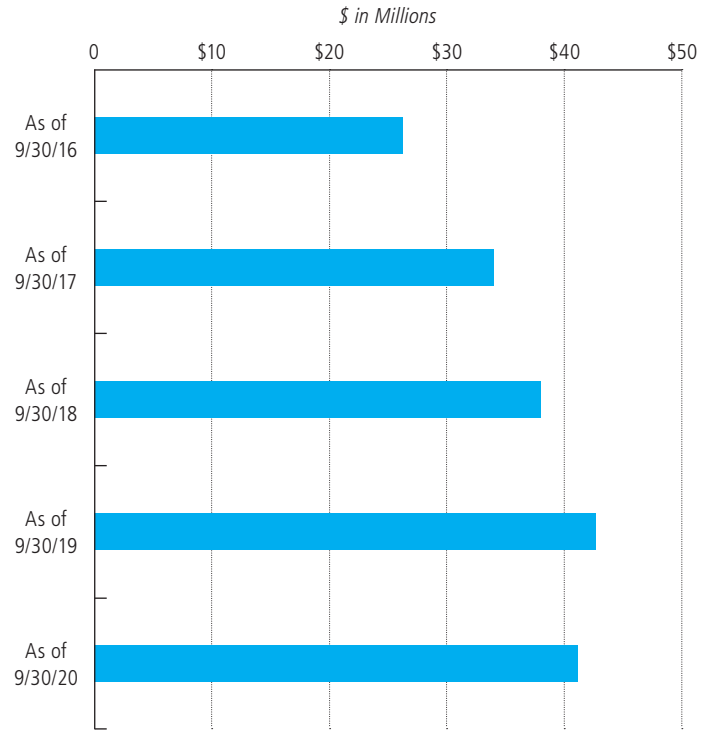
\*Includes incoming rollovers



**FIGURE 3 Historical Withdrawals**

Reporting Period	Total Withdrawals
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
As of 9/30/2020*	41,075,920

\*Includes Coronavirus-Related Distributions.

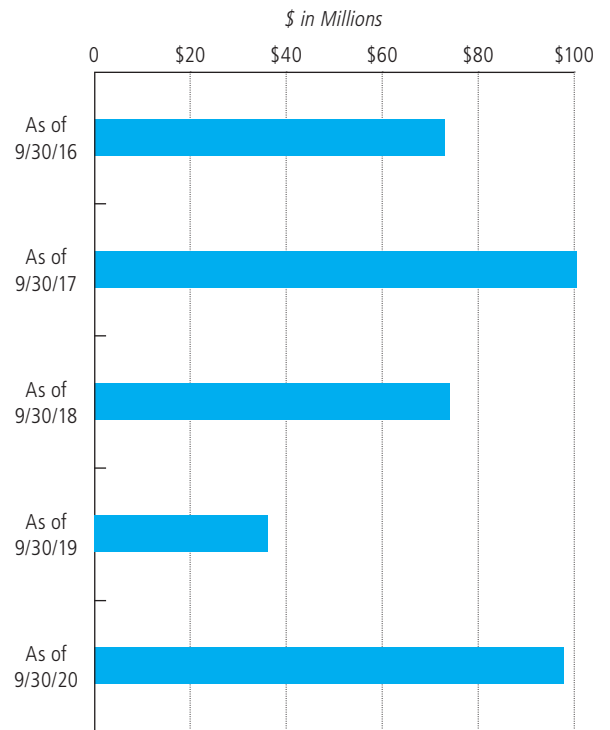


**FIGURE 4 Dividends/Appreciation/Depreciation of Total Assets**

Reporting Period	Dividends	Appreciation/Depreciation	Total Earnings
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
As of 9/30/2020	4,256,545	93,591,314	97,847,859

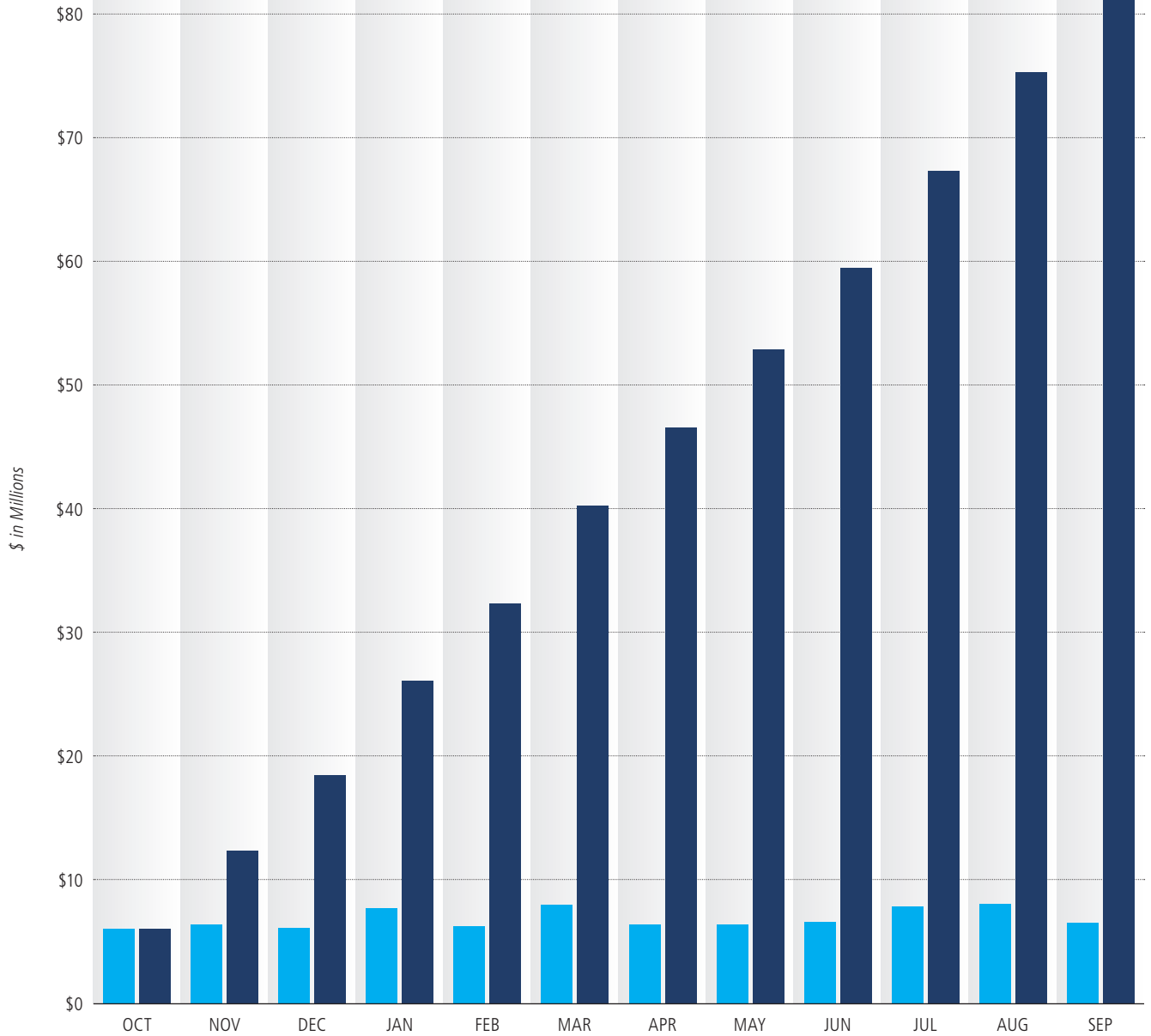
\*Earnings adjustment of \$1.2 Million.

■ Total Earnings



**FIGURE 5 Monthly Contributions** (Reporting Period October 1, 2019 through September 30, 2020)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
<b>Monthly Contributions (\$)</b>	6,001,399	6,307,760	6,088,740	7,674,501	6,275,173	7,894,780	6,300,749	6,327,863	6,579,329	7,801,705	8,033,881	6,492,553
<b>Aggregate Contributions YTD (\$)</b>	6,001,399	12,309,160	18,397,900	26,072,401	32,347,573	40,242,353	46,543,102	52,870,965	59,450,293	67,251,998	75,285,879	81,778,433

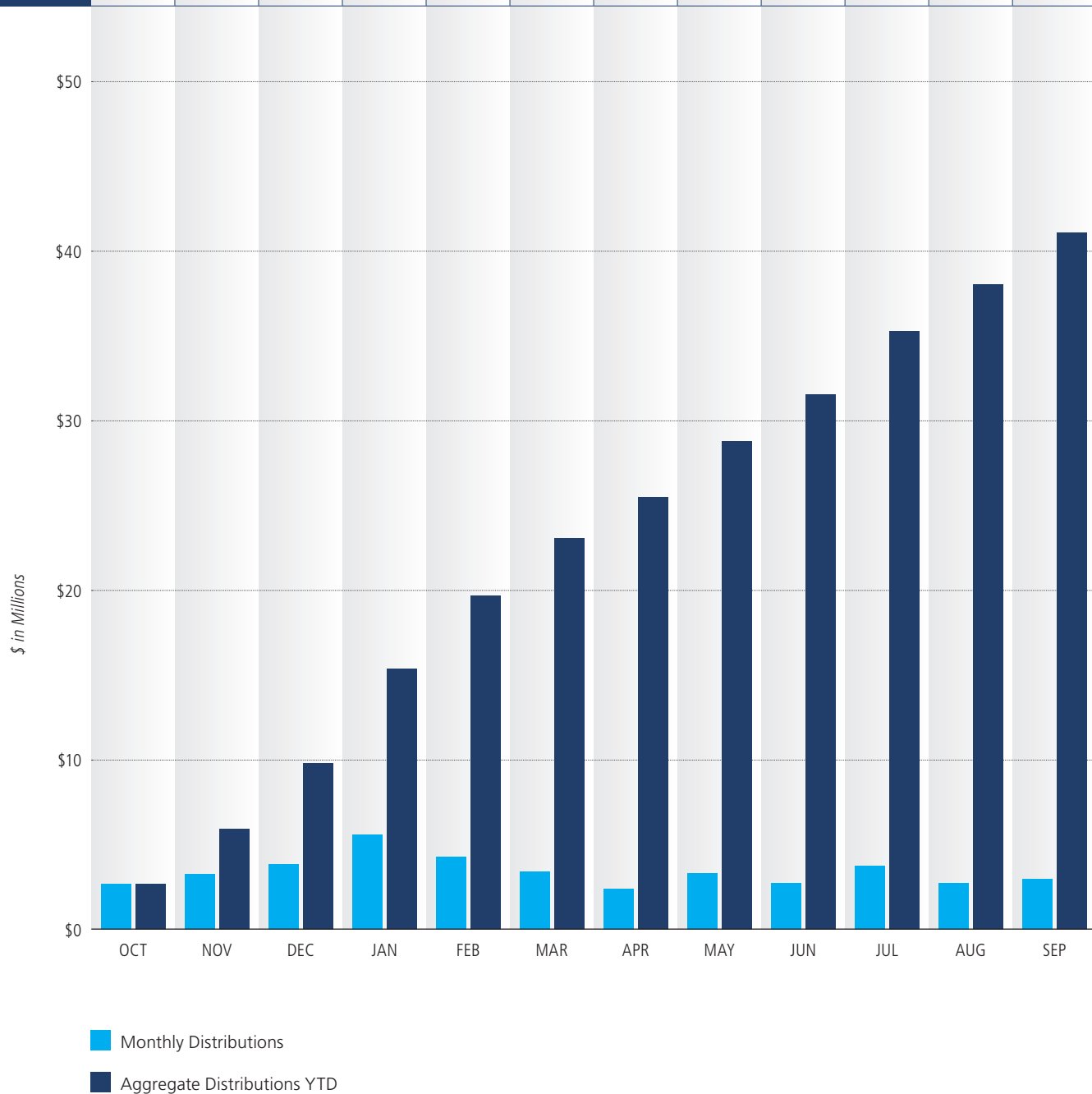


\*This chart excludes rollovers, receivables and activity adjustments to the plan.

■ Monthly Contributions    ■ Aggregate Contributions YTD

**FIGURE 6 Monthly Distributions** (Reporting Period October 1, 2019 through September 30, 2020\*)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
<b>Monthly Distributions (\$)</b>	(2,720,501)	(3,230,276)	(3,870,361)	(5,597,448)	(4,292,959)	(3,411,682)	(2,375,192)	(3,308,316)	(2,732,888)	(3,753,278)	(2,764,630)	(3,018,389)
<b>Aggregate Distributions YTD (\$)</b>	(2,720,501)	(5,950,778)	(9,821,138)	(15,418,586)	(19,711,545)	(23,123,226)	(25,498,419)	(28,806,735)	(31,539,622)	(35,292,900)	(38,057,530)	(41,075,920)



\*Includes Coronavirus-Related Distributions from April 1, 2020 to September 30, 2020.

## Participant Demographics

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

### FIGURE 7 Age Stratification

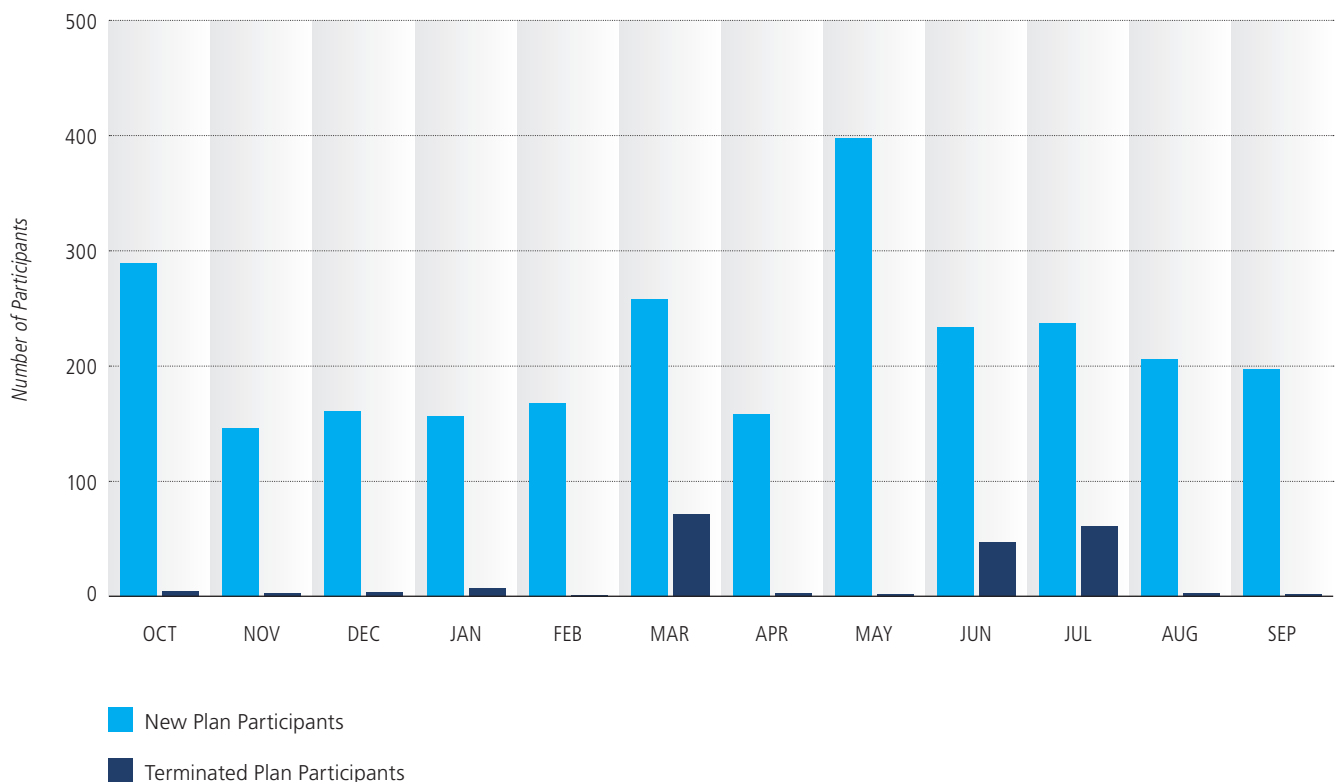
This table illustrates participation and asset levels by age group as of September 30, 2020.

Age Ranges	Number of Participants	Total Investments	Average Balance
Under 30	2,058	\$ 12,353,125	\$ 6,002
30–39	7,584	121,591,827	16,033
40–49	7,545	297,785,484	39,468
50–59	7,206	429,047,085	59,540
60–69	4,336	298,004,744	68,728
Over 69	1,135	63,616,532	56,050
<b>Total*</b>	<b>29,864</b>	<b>\$ 1,222,398,798</b>	<b>\$ 40,932</b>

\*Excludes beneficiary plans.

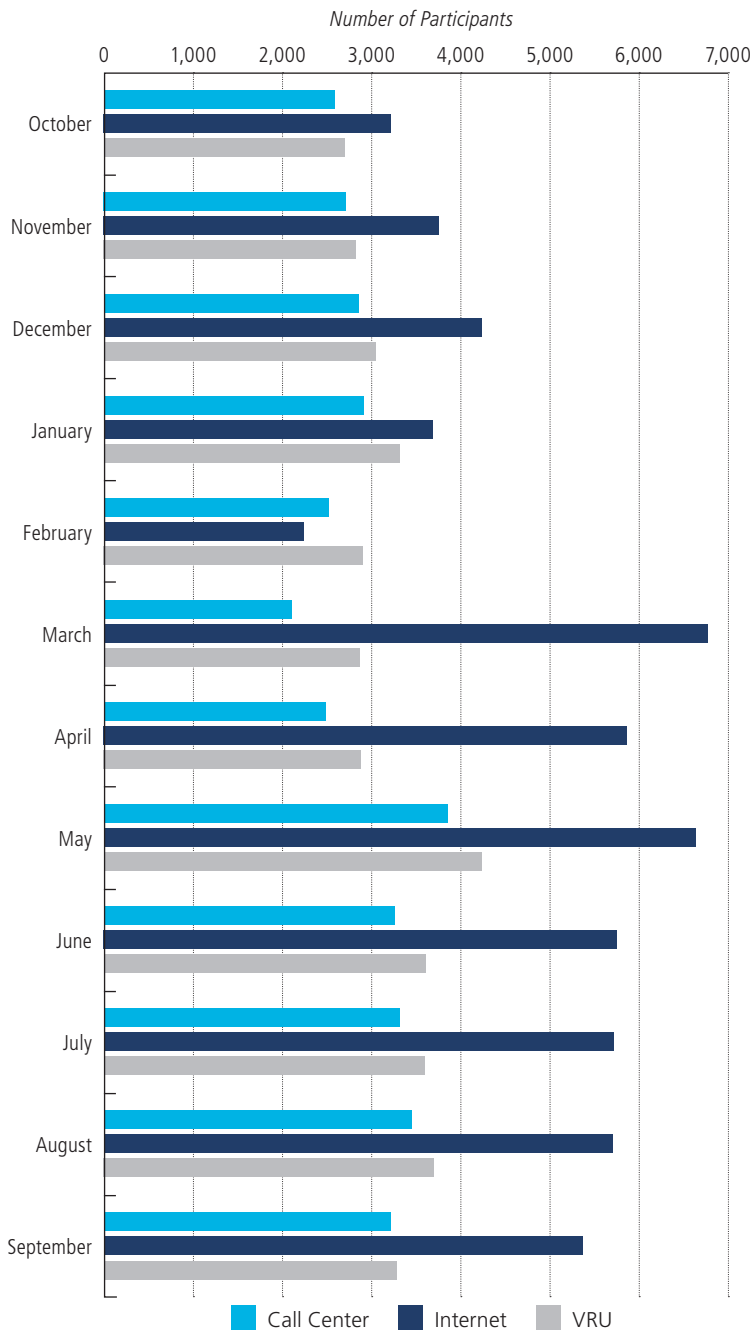
### FIGURE 8 New vs. Terminated Plan Participants (Reporting Period October 1, 2019 through September 30, 2020)

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



**FIGURE 9 Participant Service Utilization** (Reporting Period October 1, 2019 through September 30, 2020)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Average per Month
VRU	2,700	2,831	3,045	3,309	2,908	2,861	2,883	4,232	3,602	3,599	3,706	3,286	3,247
Call Center	2,589	2,719	2,856	2,912	2,519	2,100	2,487	3,851	3,255	3,309	3,450	3,214	2,938
Internet	3,217	3,760	4,232	3,691	2,241	6,768	5,869	6,637	5,756	5,720	5,706	5,369	4,914



**PARTICIPANT PHONE CALLS**

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

41,594

**REMAIN IN VOICE RESPONSE UNIT**  
3,884

**HANDLED BY PARTICIPANT SERVICES**  
37,710

**HANDLED BY:**  
**LOCAL FIELD OFFICE**

3,506

**\*TOTAL CALLS FROM PARTICIPANTS**
45,100

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

Note: Due to COVID-19, local office was closed starting in March of 2020. No calls were received at local office and participants were redirected to contact the ICMA-RC Retirement Plans Specialist directly by scheduling virtual one-on-one calls.



## 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 2020 was a rewarding, yet volatile, year for plan participants. We had positive returns as of September 30, 2020, for twenty-seven 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 7.47%
- Vanguard Target Retire 2015 Trust gained 7.75%
- Vanguard Target Retire 2020 Trust gained 8.59%
- Vanguard Target Retire 2025 Trust gained 9.16%
- Vanguard Target Retire 2030 Trust gained 9.48%
- Vanguard Target Retire 2035 Trust gained 9.80%
- Vanguard Target Retire 2040 Trust gained 10.10%
- Vanguard Target Retire 2045 Trust gained 10.30%
- Vanguard Target Retire 2050 Trust gained 10.38%
- Vanguard Target Retire 2055 Trust gained 10.38%
- Vanguard Target Retire 2060 Trust gained 10.45%
- Vanguard Target Retire 2065 Trust gained 10.40%

For comparison purposes, the S&P 500 Index rose 15.15% and the Bloomberg Barclays U.S. Aggregate Bond Index was up 6.98%.

Plan assets increased from \$872.7 million to \$953.4 million or 9.24% as asset contributions and earnings outpaced depreciation and withdrawals. The Plan had 26,150 participants with an average account balance of \$36,454.

## 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

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 2020 calendar year was \$19,500, unless a higher amount was available under IRS catch-up provisions. The 2020 calendar year age 50+ catch-up contribution limit was \$26,000, while the 457(b) Plan special catch-up contribution limit was a maximum of \$39,000, 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 \$19,500 for calendar year 2020.

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.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law in March of 2020, included the following 457(b) Deferred Compensation Plan retirement-related loan relief provision adopted by the District, expiring on 12/31/2020: loan payments could be suspended for calendar year 2020 and the loan maximum was increased to \$75,000 or 50 percent of their account balance, whichever was lower.

### 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 72, 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.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, signed into law in March of 2020, included the following 457(b) Deferred Compensation Plan retirement-related provisions adopted by District, expiring on 12/31/2020: 2020 Required Minimum Distribution (RMD) Waiver Coronavirus-Related Distributions Loan Relief: Suspension of loan payments and increased loan maximum to \$75,000.

# 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, 2020)*

Asset Class/Fund Name	Assets as of September 30, 2020	Percentage of Total Assets	Number of Participants Invested
<b>Stable Value/Cash Management</b>			
Vantagepoint PLUS Fund R10	\$ 257,797,239	27.04	9,716
Vanguard Federal Money Market	13,734,088	1.44	619
Insurance Premium	N/A	0.00	0
	<b>\$ 271,531,327</b>	<b>28.48</b>	<b>10,335</b>
<b>Bond</b>			
DC Plus Fixed Income	\$ 38,151,280	4.00	2,759
PIMCO Real Return CIT II	6,045,645	0.63	709
	<b>\$ 44,196,925</b>	<b>4.63</b>	<b>3,468</b>
<b>Guaranteed Lifetime Income</b>			
VT Retirement IncomeAdvantage	\$ 3,808,253	0.40	153
	<b>\$ 3,808,253</b>	<b>0.40</b>	<b>153</b>
<b>Balanced/Asset Allocation</b>			
Vanguard Target Retire Inc Tr	\$ 6,617,641	0.69	161
Vanguard Target Retire 2015 Tr	6,200,470	0.65	208
Vanguard Target Retire 2020 Tr	13,728,022	1.44	574
Vanguard Target Retire 2025 Tr	23,630,576	2.48	1,014
Vanguard Target Retire 2030 Tr	25,360,048	2.66	1,326
Vanguard Target Retire 2035 Tr	28,265,710	2.96	1,702
Vanguard Target Retire 2040 Tr	22,275,508	2.34	1,797
Vanguard Target Retire 2045 Tr	23,637,503	2.48	2,295
Vanguard Target Retire 2050 Tr	21,728,027	2.28	2,397
Vanguard Target Retire 2055 Tr	11,879,010	1.25	2,250
Vanguard Target Retire 2060 Tr	4,049,241	0.42	1,375
Vanguard Target Retire 2065 Tr	976,117	0.10	260
PIMCO All Asset Instl	374,303	0.04	85
	<b>\$ 188,722,177</b>	<b>19.79</b>	<b>15,444</b>
<b>U.S. Stock</b>			
American Funds Fundamental Inv	\$ 25,020,727	2.62	2,645
Ariel Institutional	57,089,777	5.99	4,891
Brown Cap Mgmt Small Co Instl	38,453,296	4.03	2,184
DC Plus Large Cap Growth	47,696,478	5.00	3,094
DC Plus Large Cap Value	78,766,449	8.26	4,802
DFA US Core Equity 1	5,780,730	0.61	945
Vanguard Institutional Index	104,929,411	11.01	3,836
Vanguard Small-Cap Index Instl	21,362,559	2.24	2,417
	<b>\$ 379,099,428</b>	<b>39.76</b>	<b>24,814</b>

Asset Class/Fund Name	Assets as of September 30, 2020	Percentage of Total Assets	Number of Participants Invested
<b>International/Global Stock</b>			
American Funds New Perspective	\$ 15,280,806	1.60	1,523
Harbor International Instl	27,870,435	2.92	4,288
Virtus Vontobel Emerg Mkts Ops	4,157,093	0.44	1,125
	<b>\$ 47,308,334</b>	<b>4.96</b>	<b>6,936</b>
<b>Specialty</b>			
Nuveen Real Estate Securities	\$ 9,205,700	0.97	2,319
VantageBroker	9,572,678	1.00	115
	<b>\$ 18,778,378</b>	<b>1.97</b>	<b>2,434</b>
<b>457(b) PLAN ASSETS</b>	<b>\$ 953,444,823</b>	<b>100.00</b>	

### Contributions by Investment Option *(as of September 30, 2020)*

ICMA-RC Fund Name	October 1, 2019 through September 30, 2020	Percent of Total Contributions
<b>Stable Value/Cash Management</b>		
Vantagepoint PLUS Fund R10	\$ 17,984,138	19.38
Vanguard Federal Money Market	872,023	0.94
Insurance Premium	93,989	0.10
	<b>\$ 18,950,150</b>	<b>20.42</b>
<b>Bond</b>		
DC Plus Fixed Income	\$ 2,523,139	2.72
PIMCO Real Return CIT II	352,873	0.38
	<b>\$ 2,876,012</b>	<b>3.10</b>
<b>Guaranteed Lifetime Income</b>		
VT Retirement IncomeAdvantage	\$ 107,964	0.12
	<b>\$ 107,964</b>	<b>0.12</b>
<b>Balanced/Asset Allocation</b>		
Vanguard Target Retirement Income Trust	\$ 277,101	0.30
Vanguard Target Retirement 2015 Trust	628,399	0.68
Vanguard Target Retirement 2020 Trust	1,608,098	1.73
Vanguard Target Retirement 2025 Trust	3,362,221	3.62
Vanguard Target Retirement 2030 Trust	3,886,355	4.19
Vanguard Target Retirement 2035 Trust	4,655,658	5.02
Vanguard Target Retirement 2040 Trust	4,862,304	5.24
Vanguard Target Retirement 2045 Trust	5,875,123	6.33
Vanguard Target Retirement 2050 Trust	6,250,630	6.73
Vanguard Target Retirement 2055 Trust	4,349,291	4.69
Vanguard Target Retirement 2060 Trust	1,969,694	2.12
Vanguard Target Retirement 2065 Trust	347,376	0.37
PIMCO All Asset Instl	69,776	0.08
	<b>\$ 38,142,025</b>	<b>41.09</b>

ICMA-RC Fund Name	October 1, 2019 through September 30, 2020	Percent of Total Contributions
<b>U.S. Stock</b>		
American Funds Fundamental Inv	\$ 1,965,421	2.12
Ariel Institutional	4,520,864	4.87
Brown Cap Mgmt Small Co Instl	2,558,862	2.76
DC Plus Large Cap Growth	3,111,782	3.35
DC Plus Large Cap Value	4,727,091	5.09
DFA US Core Equity 1	461,022	0.50
Vanguard Institutional Index	6,876,803	7.41
Vanguard Small Cap Index Instl	2,445,512	2.63
	<b>\$ 26,667,356</b>	<b>28.73</b>
<b>International/Global Stock</b>		
American Funds New Perspective	\$ 1,487,746	1.60
Harbor International Instl	2,920,560	3.15
Virtus Vontobel Emerg Mkts Ops	521,757	0.56
	<b>\$ 4,930,063</b>	<b>5.31</b>
<b>Specialty</b>		
Nuveen Real Estate Securities	\$ 1,059,134	1.14
VantageBroker	85,482	0.09
	<b>\$ 1,144,616</b>	<b>1.23</b>
<b>457(b) PLAN CONTRIBUTIONS</b>	<b>\$ 92,818,184</b>	<b>100.00</b>

## Contributions by Asset Class

ICMA-RC Asset Class	October 1, 2019 through September 30, 2020	Percent of Total Contributions
Stable Value/Cash Management	\$ 18,950,150	18.95
Bond	2,876,012	2.88
Guaranteed Lifetime Income	107,964	0.11
Balanced/Asset Allocation	38,142,025	38.14
U.S. Stock	26,667,356	26.67
International/Global Stock	4,930,063	4.93
Specialty	1,144,616	1.14
<b>Contributions Subtotal</b>	<b>\$ 92,818,184</b>	<b>92.81</b>
<b>457(b) Plan Rollover Contributions</b>	6,315,860	6.32
<b>Subtotal</b>	<b>\$ 99,134,044</b>	<b>99.13</b>
<b>Net Change in Employee Contribution Receivable*</b>	537,438	0.54
<b>Activity Adjustment</b>	336,527	0.33
<b>Total Contributions</b>	<b>\$ 100,008,009</b>	<b>100.00</b>

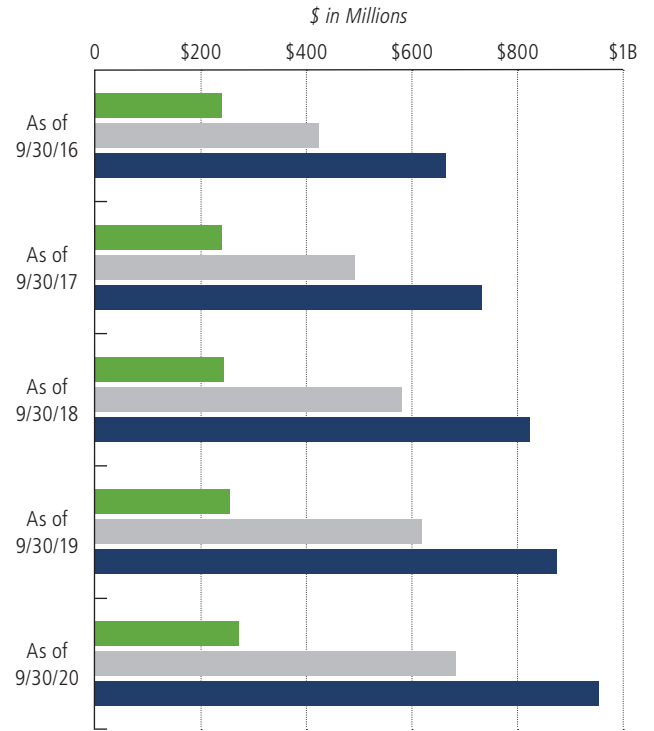
\*See page 10 of 457(b) Plan Audit Report

**FIGURE 1 Investment Assets**

Reporting Period	Fixed Assets	Variable Assets	Other Assets*	Total Assets
As of 9/30/2016	\$ 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
As of 9/30/2020	271,531,327	681,913,496		953,444,823

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

■ Fixed Assets  
■ Variable Assets  
■ Total Assets



**FIGURE 2 Historical Contributions**

Reporting Period	Employee Deferrals	Rollovers	Total Contributions
As of 9/30/2016	\$ 56,038,970 <sup>1</sup>	\$ 2,617,877	\$ 58,656,847
As of 9/30/2017	62,352,854 <sup>1</sup>	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
As of 9/30/2020	93,692,149	6,315,860	100,008,009

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

■ Total Contributions



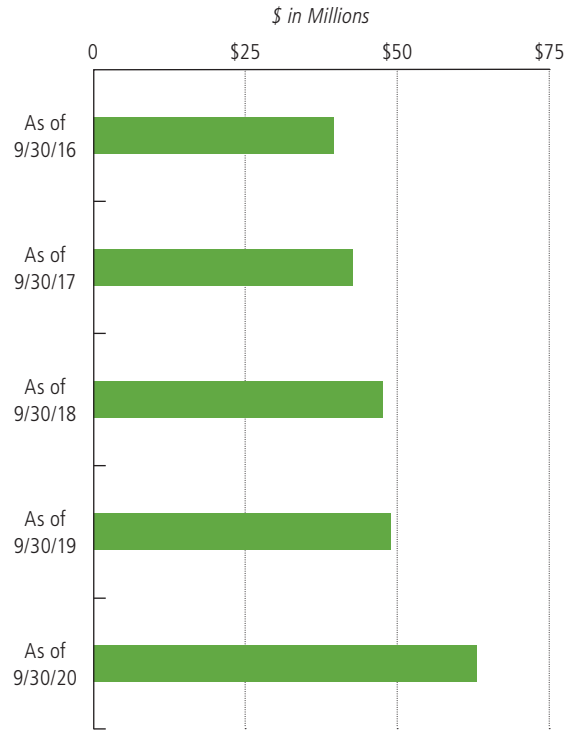
**FIGURE 3 Historical Distributions**

Reporting Period	Distributions	Deemed Distributions and Offset Loans	Total Distributions <sup>†</sup>
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
As of 9/30/2020**	61,702,819	1,420,120	63,122,939

<sup>†</sup> Includes Cash Surrenders from Life Insurance Policies that were applied to participants accounts and later withdrawn.

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

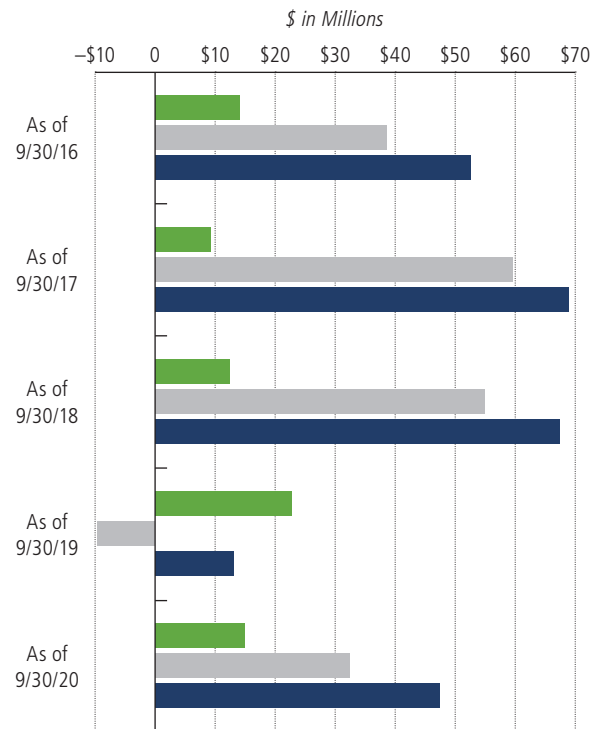
\*\* Includes Coronavirus-Related Distributions.



**FIGURE 4 Dividends/Appreciation/Depreciation of Total Assets**

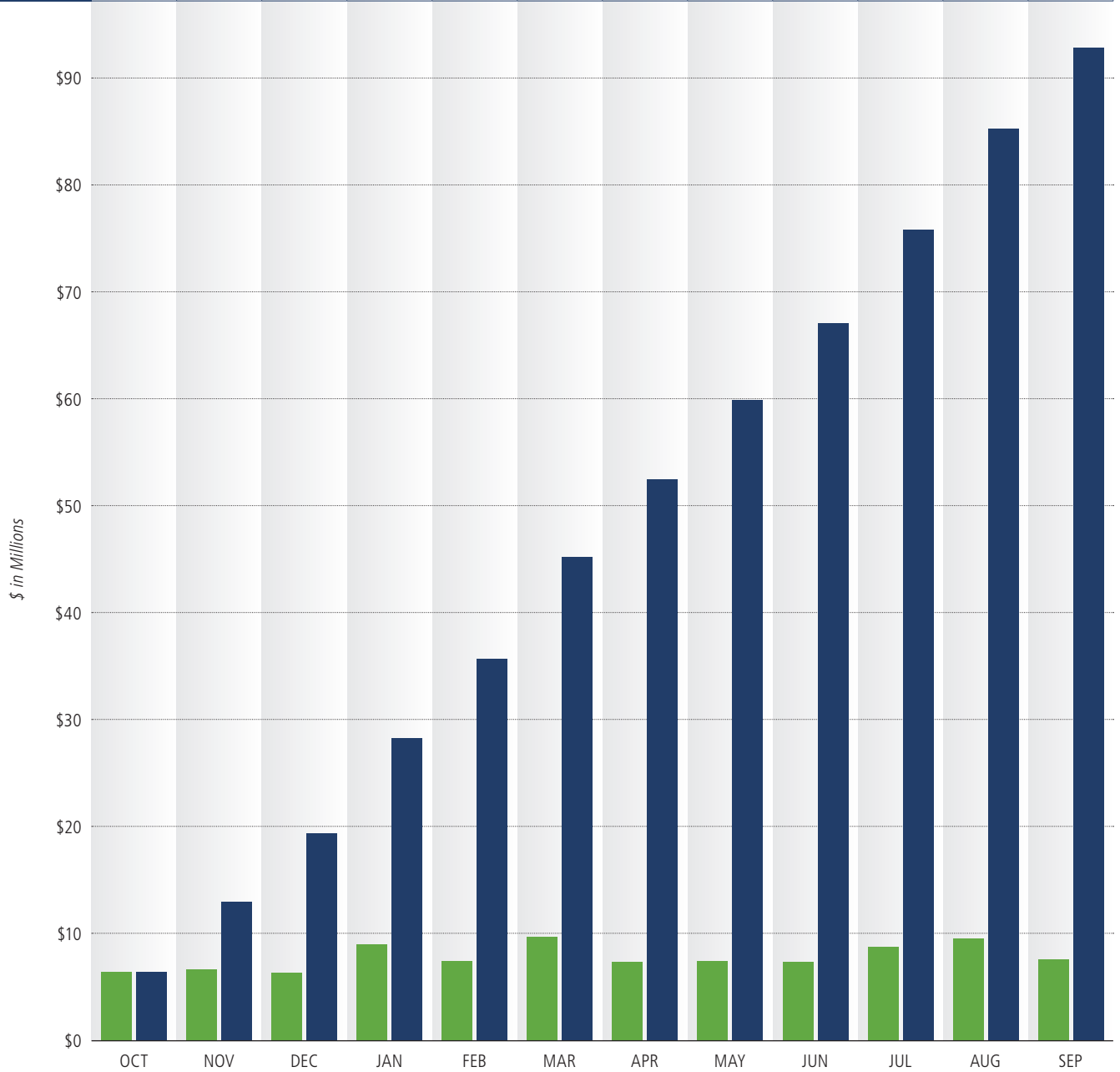
Reporting Period	Dividends	Appreciation/Depreciation	Total Earnings
As of 9/30/2016	\$ 14,110,216	\$ 38,513,319	\$ 52,623,535
As of 9/30/2017	9,218,093	59,673,300	68,891,393
As of 9/30/2018	12,475,893	54,935,573	67,411,466
As of 9/30/2019	22,758,858	(9,640,662)	13,118,196
As of 9/30/2020	15,008,344	32,485,852	47,494,196

■ Dividends  
 ■ Appreciation/Depreciation  
 ■ Total Earnings



**FIGURE 5 Monthly Contributions\*** (Reporting Period October 1, 2019 through September 30, 2020)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
<b>Monthly Contributions (\$)</b>	6,398,815	6,598,810	6,343,935	8,901,292	7,360,136	9,599,380	7,262,591	7,340,369	7,263,965	8,745,586	9,431,805	7,571,501
<b>Aggregate Contributions YTD (\$)</b>	6,398,815	12,997,624	19,341,559	28,242,851	35,602,988	45,202,368	52,464,958	59,805,327	67,069,292	75,814,878	85,246,684	92,818,185

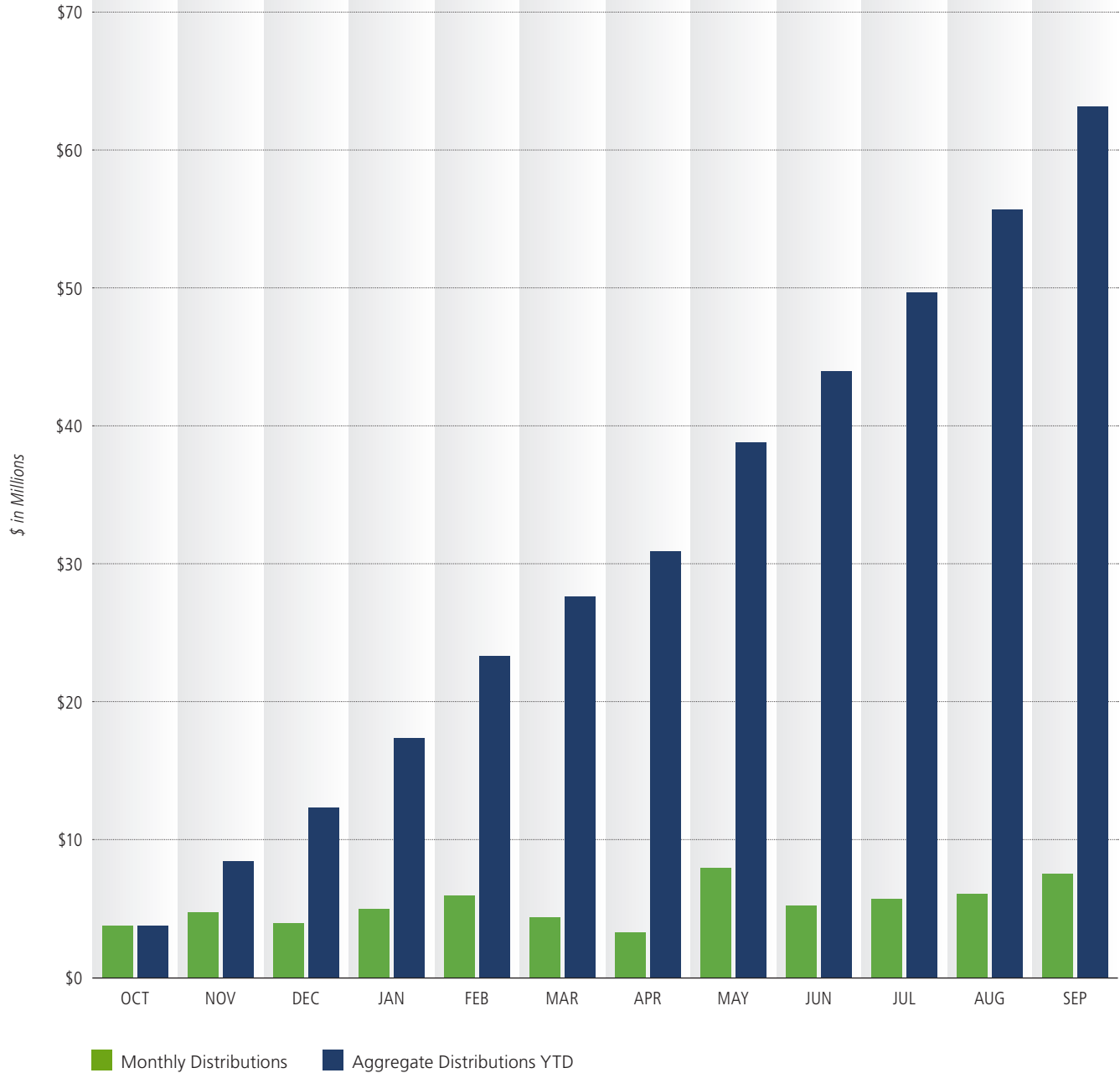


\*This chart excludes rollovers, receivables and activity adjustments to the plan.

■ Monthly Contributions    ■ Aggregate Contributions YTD

**FIGURE 6 Monthly Distributions\*\*** (Reporting Period October 1, 2019 through September 30, 2020\*)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
<b>Monthly Distributions (\$)</b>	(3,714,943)	(4,693,241)	(3,938,614)	(4,992,567)	(5,943,266)	(4,310,373)	(3,239,542)	(7,944,293)	(5,169,631)	(5,682,261)	(6,024,786)	(7,469,423)
<b>Aggregate Distributions YTD (\$)</b>	(3,714,943)	(8,408,183)	(12,346,797)	(17,339,364)	(23,282,630)	(27,593,003)	(30,832,545)	(38,776,838)	(43,946,470)	(49,628,730)	(55,653,516)	(63,122,939)



\* Includes Coronavirus-Related Distributions from April 1, 2020 to September 30, 2020.  
 \*\* Total includes deemed distributions and offset loans.



**FIGURE 7 New Loan Activity** (Reporting Period October 1, 2019 through September 30, 2020)


## FIGURE 8 Age Stratification

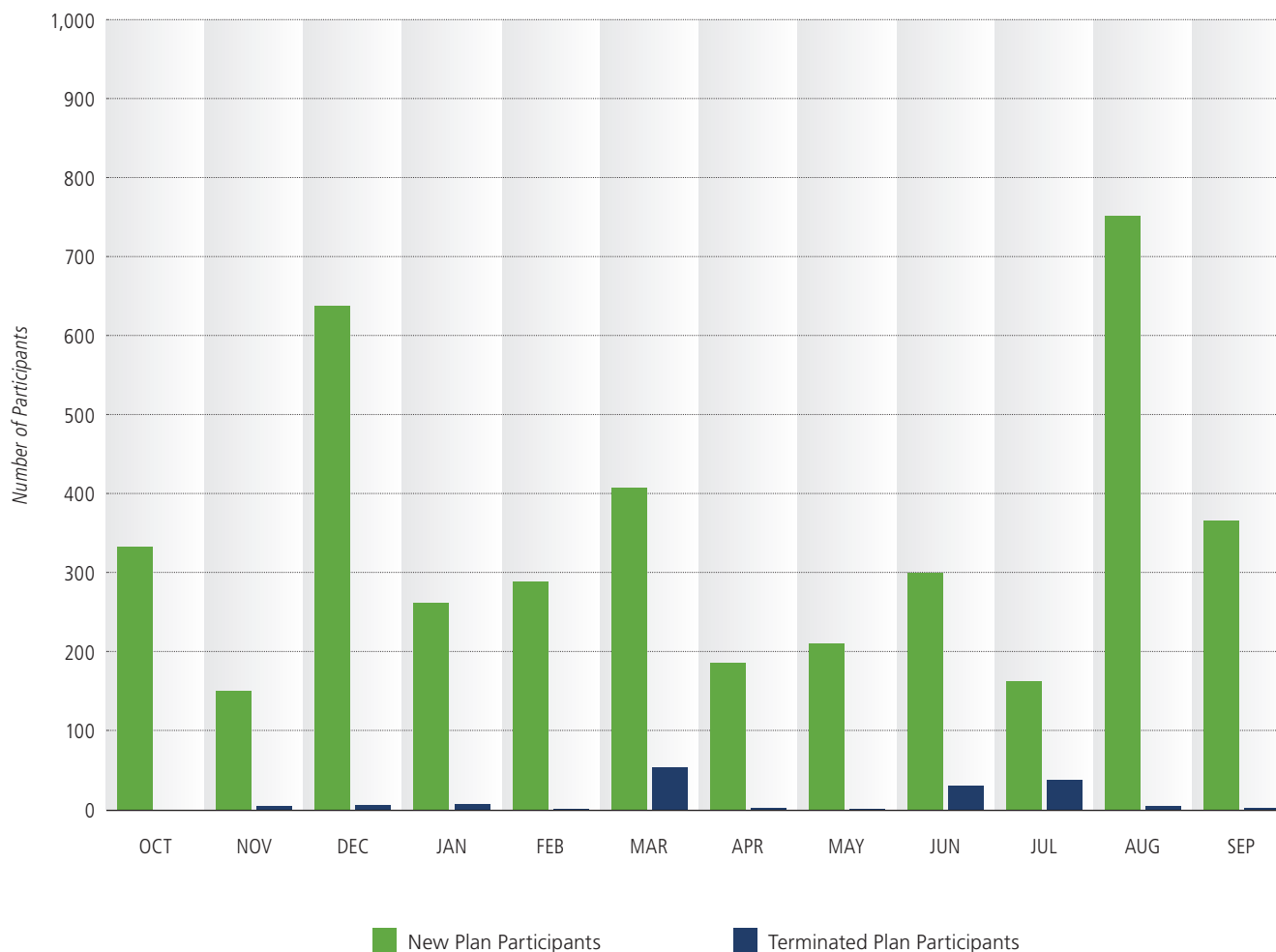
This table illustrates participation and asset levels by age group as of September 30, 2020.

Age Group	Number of Participants	Total Assets	Average Balance
Under 30	2,768	\$ 11,739,847	\$ 4,241
30–39	6,638	94,396,626	14,221
40–49	6,047	191,521,270	31,672
50–59	5,864	276,730,595	47,191
60–69	3,538	255,161,873	72,120
Over 69	1,295	123,716,111	95,534
<b>Total*</b>	<b>26,150</b>	<b>\$ 953,266,321</b>	<b>\$ 36,454</b>

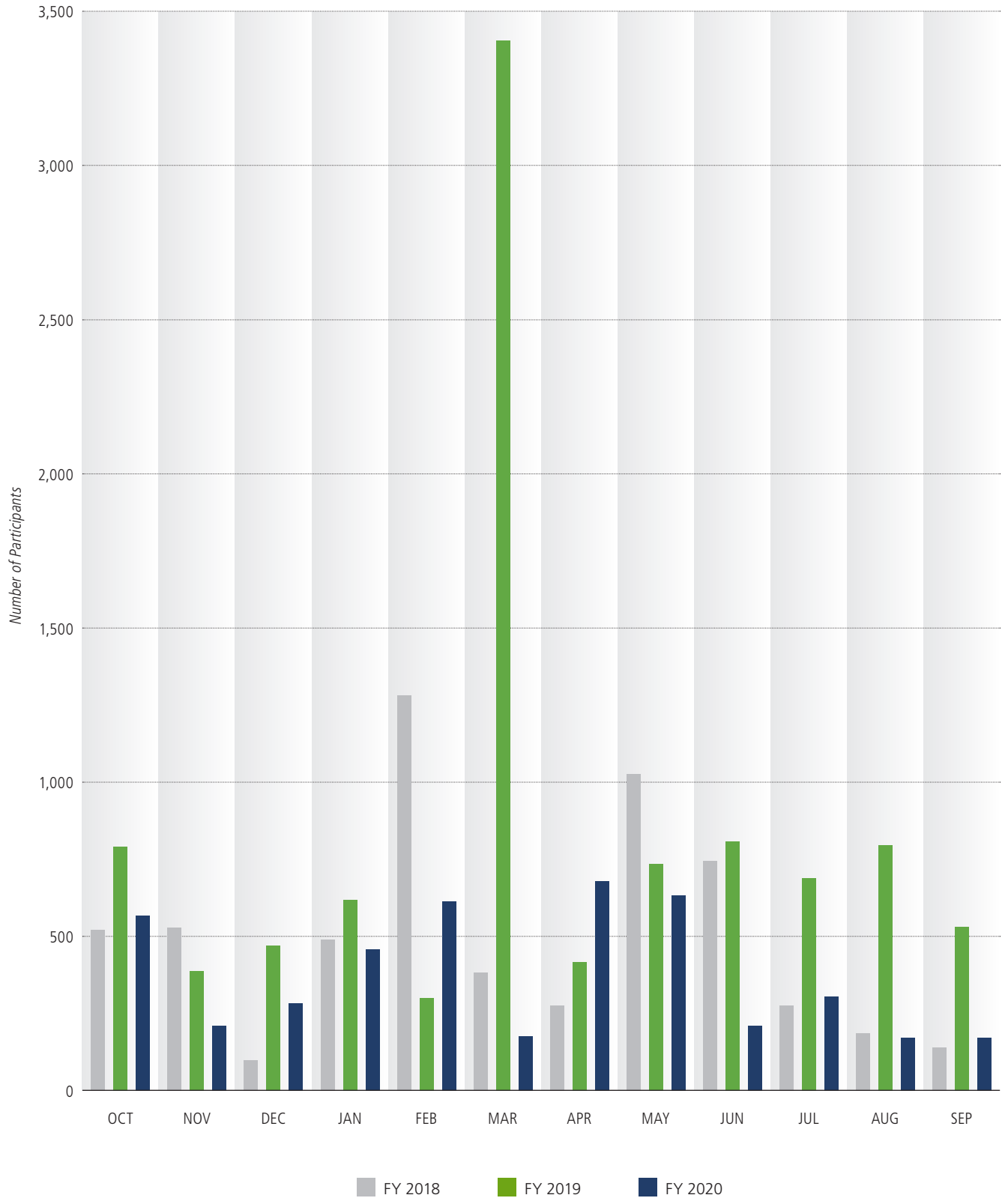
\*Excludes Beneficiary Plans and Outstanding Loan Balance

## FIGURE 9 New vs. Terminated Plan Participants (Reporting Period October 1, 2019 through September 30, 2020)

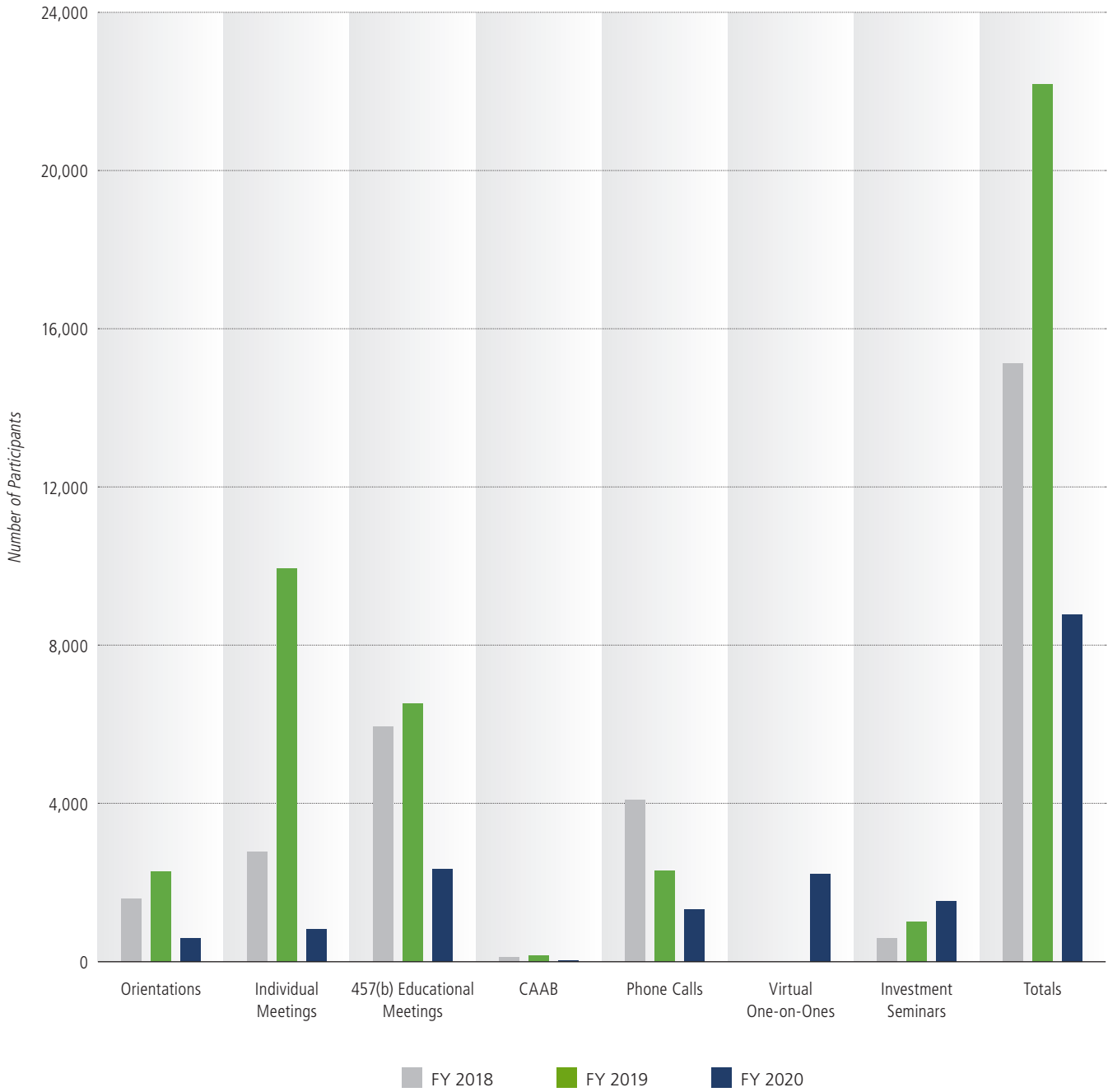
This graph shows the number of new and terminated participants by month.



**FIGURE 10 Monthly Meeting Attendance** (Reporting Period October 1, 2018 through September 30, 2020)



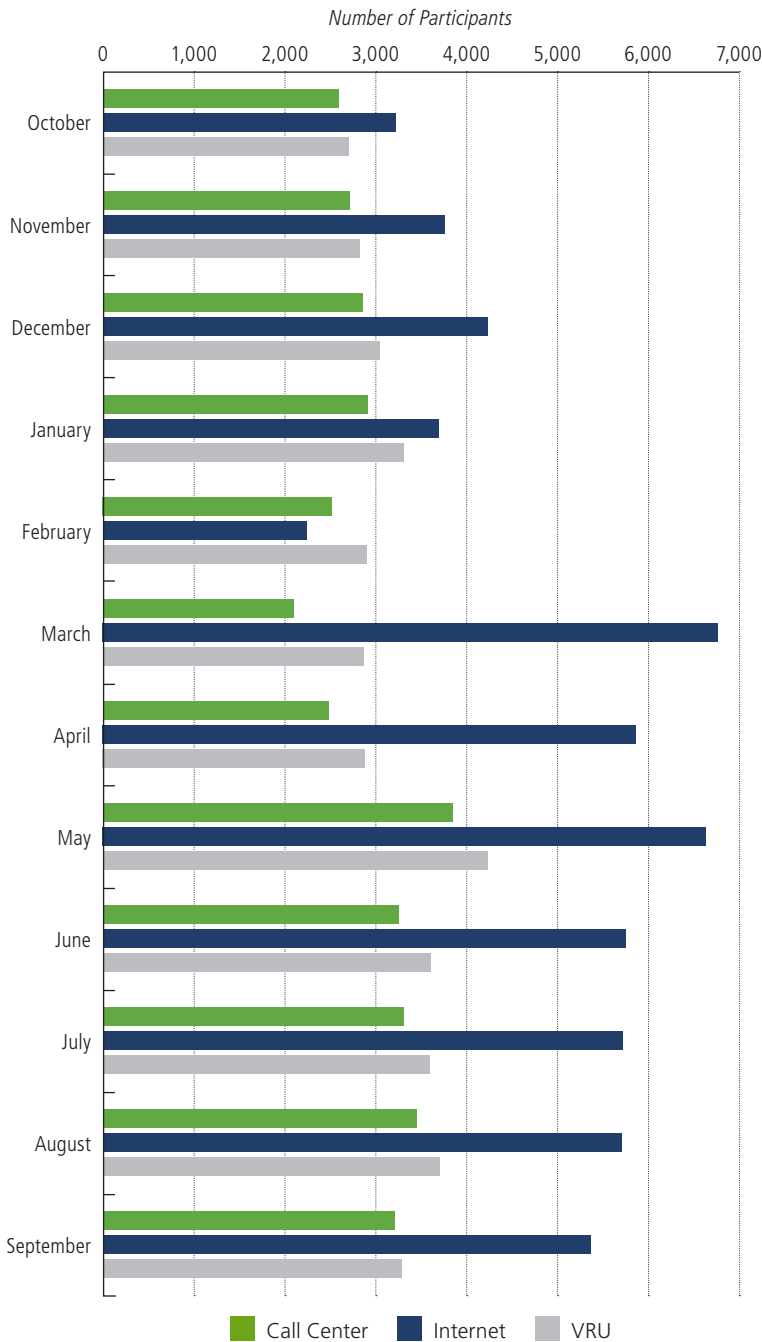
**FIGURE 11 Overall Attendance by Meeting Type** (Reporting Period October 1, 2018 through September 30, 2020)



*Note: Due to COVID-19, local office was closed starting in March of 2020. No calls were received at local office and participants were redirected to contact the ICMA-RC Retirement Plans Specialist directly by scheduling virtual one-on-one calls.*

**FIGURE 12 Participant Service Utilization** (Reporting Period October 1, 2019 through September 30, 2020)

	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	Average per Month
<b>VRU</b>	2,700	2,831	3,045	3,309	2,908	2,861	2,883	4,232	3,602	3,599	3,706	3,286	3,247
<b>Call Center</b>	2,589	2,719	2,856	2,912	2,519	2,100	2,487	3,851	3,255	3,309	3,450	3,214	2,938
<b>Internet</b>	3,217	3,760	4,232	3,691	2,241	6,768	5,869	6,637	5,756	5,720	5,706	5,369	4,914



**PARTICIPANT PHONE CALLS**

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

41,594

**REMAIN IN VOICE RESPONSE UNIT**  
3,884

**HANDLED BY PARTICIPANT SERVICES**  
37,710

**HANDLED BY:**  
**LOCAL FIELD OFFICE**

3,506

**\*TOTAL CALLS FROM PARTICIPANTS**
45,100

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

Note: Due to COVID-19, local office was closed starting in March of 2020. No calls were received at local office and participants were redirected to contact the ICMA-RC Retirement Plans Specialist directly by scheduling virtual one-on-one calls.

## 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, 2020)

	Shenandoah	TransAmerica	Total
October	\$ 48	\$ 7,751	\$ 7,799
November	48	7,875	7,923
December	48	7,426	7,474
January	72	8,233	8,305
February	48	7,224	7,272
March	48	9,975	10,023
April	48	7,221	7,269
May	48	7,261	7,309
June	48	6,951	6,999
July	72	7,539	7,611
August	36	9,307	9,343
September	24	6,638	6,662
	<b>\$ 588</b>	<b>\$ 93,401</b>	<b>\$ 93,989</b>

**FIGURE 14 Number of Plan Participants with Insurance Policies**  
(as of September 30, 2020)

	Shenandoah	TransAmerica	Total
9/30/2016	23	835	858
9/30/2017	20	787	807
9/30/2018	18	738	756
9/30/2019	18	701	719
9/30/2020	18	656	674

**FIGURE 15 Cash Surrender Value<sup>1,2</sup>**  
(as of September 30, 2020)

	Shenandoah	TransAmerica	Total
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
9/30/2020	48,187	3,657,540	3,705,727

<sup>1</sup> Statistical information based on data provided by each respective insurance carrier.

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



# 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 hosts new employee orientation meetings where ICMA-RC educates new employees of the benefits on the the District’s Retirement

Plans. When an employee requests a distribution after separation of employment, DCHR advisors must validate the employee’s distribution eligibility and vesting percentages in the 401(a) Plan for their respective agencies.

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

pension issues and to receive feedback on how to best serve the District workforce.



**Paul Shaw**  
Associate Director  
Benefits and Retirement Administration

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

Seyoum Demssie, Human Resources Benefits and

Data Specialist; Pamela Gary, Benefits Analyst; Shannon Morris, Human Resources Specialist; and Wendy Rooker, Supervisory Human Resources Specialist; coordinate the day-to-day service activity in the Plan. They work closely with District 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; and **Shannon Morris**, Human Resources Specialist.

### 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 Kevin Brown, Samuel Kelly, Angel Hawthorne, Angela Macon 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
- Samuel Kelly: FINRA Series 6 and 63
- 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](http://www.DCRetire.com)

*\*William Carreras resigned effective March 31, 2020; his replacement, Samuel Kelly was hired in October 2020.*

**CLIENT SERVICES TEAM**

ICMA-RC's Client Service Team is composed of Angela Greenleaf, Vice President, Key Client Relations; Rod Alcazar, Senior Director, Key Client Relations; Sultan Ludd, Relationship Manager, Key Client Relations; Maria Pruner, Director, State Plan Service Team; Severin Aiken, Supervisor; Alev Cakmak, Manager, State Plan Service Team; Diana I. Diaz, Communications Consultant, 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
- Project Management
- Support Marketing and Communications efforts
- 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 base on OFT and DCHR direction
- Proving 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.



**Angela Greenleaf**  
Vice President  
Key Client Relations



**Rod Alcazar**  
Senior Director  
Key Client Relations



**Sultan Ludd**  
Relationship Manager  
Key Client Relations



**Maria Pruner**  
Director  
State Plan Service Team



**Diana Diaz**  
Communications  
Consultant

# 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 9,800 retirement plans. Our more than 800 teammates 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 non-profit organizations such as So Others Might Eat (SOME) and Habitat for Humanity. Since 2005, ICMA-RC teammates have selflessly volunteered thousands of hours volunteering in the community, including serving 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, teammates 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 teammates 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. In 2020, the ICMA-RC Memorial Scholarship Fund expanded its reach to include employees in the mission-adjacent education, healthcare and not-for-profit industries. To date, the ICMA-RC Memorial Scholarship Fund has raised over \$1.3 million and awarded more than 450 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. Early this year, the two organizations combined to form the Center for State and Local Government Excellence at ICMA-RC. The Center at ICMA-RC is considered a premier resource for research on workforce trends, compensation, pensions, health care, education, 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 seven years running. In 2020, due to COVID-19, ICMA-RC employees joined with other runners and walkers for a virtual run and walk through Washington, D.C. to 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 K-9s and their activities and accomplishments. Our Richmond teammates participated 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.

The world was drastically impacted in 2020 by the COVID-19 pandemic. During the holiday season, we honored our participants and their commitment to serving our communities by donating \$10,000 to Feeding America. These efforts were meant to help food banks across the country support some of the most vulnerable communities impacted by the pandemic.

In early March, as states, cities and towns began implementing strategies to deal with the spread of COVID-19, ICMA-RC was already prepared to move to a virtual office experience that would allow us to continue to serve our client communities. We stayed acutely connected to participants and plan sponsors through a series of video messages from our CEO and President, Lynne Ford. Additionally, we created helpful messages, included guidance on how to deal with Market Volatility, as well as two resource centers to equip plan sponsors and participants with CARES Act information and other COVID-19-related resources.

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**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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**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 401(a) Defined Contribution Plan (the "Plan") as of September 30, 2020 and 2019, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements, which collectively comprise the basic 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2020 and 2019, and the changes in net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

### *Required Supplementary Information*

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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plan's internal control over financial reporting and compliance.

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

December 17, 2020  
Washington, D.C.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

The following presents our discussion and analysis of the financial performance of the Government of District of Columbia’s 401(a) Defined Contribution Plan (the “Plan”) for the fiscal years ended September 30, 2020 and 2019. 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.

**2020 Financial Highlights**

- Investments increased by \$134,922,484 or 12.40%
- Net investment income was \$97,847,859, an increase of \$61,702,161 or 170.70%
- District contributions increased by \$8,088,128 or 11.34%
- Benefits paid to participants decreased by \$1,591,097 or 3.73%

**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%

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**Financial Analysis – Fiduciary Net Position**

**Table 1 – Condensed Statements of Fiduciary Net Position as of September 30, 2020, 2019, and 2018**

ASSETS	2020	2019	2018	2020-2019		2019-2018	
				\$ Variance	% Variance	\$ Variance	% Variance
Investments	\$ 1,222,823,926	\$ 1,087,901,442	\$ 1,022,444,353	\$ 134,922,484	12.40%	\$ 65,457,089	6.40%
Employer Contributions Receivable	3,372,958	2,984,558	4,390,236	388,400	13.01%	(1,405,678)	-32.02%
Due from Program Manager	61,972	55,701	52,400	6,271	11.26%	3,301	6.30%
<b>Total Assets</b>	<b>1,226,258,856</b>	<b>1,090,941,701</b>	<b>1,026,886,989</b>	<b>135,317,155</b>	<b>12.40%</b>	<b>64,054,712</b>	<b>6.24%</b>
<b>LIABILITIES</b>							
Due to District Government	1,461,128	1,158,447	449,516	302,681	26.13%	708,931	157.71%
<b>Total Liabilities</b>	<b>1,461,128</b>	<b>1,158,447</b>	<b>449,516</b>	<b>302,681</b>	<b>26.13%</b>	<b>708,931</b>	<b>157.71%</b>
<b>Fiduciary Net Position</b>							
Available for Plan Benefits	\$ 1,224,797,728	\$ 1,089,783,254	\$ 1,026,437,473	\$ 135,014,474	12.39%	\$ 63,345,781	6.17%

**Fiscal Year 2020**

In fiscal year 2020, the Plan’s investments increased by \$134,922,484 or 12.40%, over the prior fiscal year; in addition, there was an increase of net investment income of \$61,702,161. Market conditions were more favorable during fiscal year 2020 compared to 2019, and as a result 27 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, 2020**, a significant portion of the Plan’s investments were in Vanguard Retirement 2035 (14.4%), Vanguard Target Retirement 2030 Fund (14.3%), Vanguard Target Retirement 2025 Fund (12.3%), Vanguard Target Retirement 2040 Fund (10.2%), Vanguard Target Retirement 2020 Fund (8.2%), Vanguard Target Retirement 2045 Fund (8.2%), Vantagepoint Plus Fund (6.9%), and Vanguard Target Retirement 2050 (5.1%). 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 \$388,400 or 13.01% 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 PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**Table 2a - Investment by Fund with Rates of Returns as of September 30, 2020**

	<u>Investment Value</u>	<u>Percent of Total Assets</u>	<u>Rate of Return %</u>
American Funds Fundamental Investors	\$ 6,009,493	0.5	12.28
American Funds New Perspective Fund	7,976,694	0.7	25.74
Ariel Institutional	7,256,698	0.6	-8.75
Brown Capital Management Small	15,940,297	1.3	27.17
DCPLUS Fixed Income Portfolio	21,275,656	1.7	6.43
DCPLUS Large Cap Growth Portfolio	18,698,561	1.5	34.27
DCPLUS Large Cap Value Portfolio	7,429,772	0.6	-10.80
DFA US Core Equity 1 Portfolio	4,289,921	0.4	9.14
Harbor International Institutional	7,600,623	0.6	2.81
Nuveen Real Estate Securities Fund	3,715,849	0.3	-13.57
PIMCO All Asset Fund Institutional Class	342,123	0.0	0.84
PIMCO Real Return Collective Trust II	3,603,135	0.3	11.05
Vanguard Federal Money Market	5,585,083	0.5	0.87
Vanguard Institutional Index Fund	35,213,245	2.9	15.15
Vanguard Small Cap Index Fund	6,529,564	0.5	1.35
Vanguard Target Retirement 2015 Fund	44,042,551	3.6	7.75
Vanguard Target Retirement 2020 Fund	99,925,091	8.2	8.59
Vanguard Target Retirement 2025 Fund	149,868,346	12.3	9.16
Vanguard Target Retirement 2030 Fund	174,370,483	14.3	9.48
Vanguard Target Retirement 2035 Fund	176,360,957	14.4	9.80
Vanguard Target Retirement 2040 Fund	124,598,333	10.2	10.10
Vanguard Target Retirement 2045 Fund	100,384,039	8.2	10.30
Vanguard Target Retirement 2050 Fund	62,044,016	5.1	10.38
Vanguard Target Retirement 2055 Fund	27,138,252	2.2	10.38
Vanguard Target Retirement 2060 Fund	4,089,618	0.3	10.45
Vanguard Target Retirement 2065 Fund	685,858	0.1	10.40
Vanguard Target Retirement Inc.	18,250,399	1.5	7.47
VantagepointPlus Fund	84,196,150	6.9	2.31
Virtus Emerging Markets Fund Class 1	2,637,049	0.2	5.57
VT Retirement Income Advantage	2,766,070	0.2	9.31
	<u>\$1,222,823,926</u>	<u>100.0</u>	

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**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 2b - 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 PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**Table 2b - Investment by Fund with Rates of Return as of September 30, 2019**

	<u>Investment Value</u>	<u>Percent of Total Assets</u>	<u>Rate of Return %</u>
American Funds Fundamental 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 PLAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**Financial Analysis – Changes in Fiduciary Net Position**

**Table 3 – Condensed Statements of Changes in Fiduciary Net Position for the Years Ended September 30, 2020, 2019 and 2018**

	2020	2019	2018	2020-2019		2019-2018	
				\$ Variance	% Variance	\$ Variance	% Variance
<b>ADDITIONS</b>							
District Government Contributions	\$ 79,420,295	\$ 71,332,167	\$ 70,488,849	\$ 8,088,128	11.34%	\$ 843,318	1.20%
Net Investment Income	97,847,859	36,145,698	74,093,028	61,702,161	170.70%	(37,947,330)	-51.22%
Total Additions	177,268,154	107,477,865	144,581,877	69,790,289	64.93%	(37,104,012)	-25.66%
<b>DEDUCTIONS</b>							
Benefits Paid to Participants	41,075,920	42,667,017	37,928,508	\$(1,591,097)	-3.73%	4,738,509	12.49%
Administrative Expenses	704,200	640,098	615,450	64,102	10.01%	24,648	4.00%
Other Deductions	473,560	824,969	342,635	(351,409)	-42.60%	482,334	140.77%
Total Deductions	42,253,680	44,132,084	38,886,593	(1,878,404)	-4.26%	5,245,491	13.49%
Net Increase	135,014,474	63,345,781	105,695,284	71,668,693	113.14%	(42,349,503)	40.07%
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	1,089,783,254	1,026,437,473	920,742,189	63,345,781	6.17%	105,695,284	11.48%
Fiduciary Net Position Available for Plan Benefits, end of Year	\$ 1,224,797,728	\$ 1,089,783,254	\$ 1,026,437,473	\$ 135,014,474	12.39%	\$ 63,345,781	6.17%

**Fiscal Year 2020**

The District was required to contribute \$75,819,858 to the Plan during the fiscal year, which was a 3.18% increase from \$73,486,219 in the prior fiscal year. However, the actual amount contributed by the District was \$79,420,295, an increase of 11.34% over fiscal 2019. The District used the Plan’s forfeiture funds to pay \$3,126,877 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 \$473,560 in contributions that were made to the Plan in error.

The Plan’s net investment income was \$97,847,859 in fiscal year 2020, compared to a net investment gain of \$36,145,698 for fiscal year 2019. The increase in net investment income was primarily due to favorable market conditions in fiscal year 2020 compared to 2019. 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 9.19% compared to a return of 3.58% for fiscal year 2019.

Benefits paid to participants decreased by \$1,591,097 due to a decrease in the number of participants receiving distributions. The total number of participants receiving distributions from the Plan for fiscal year 2020 was 4,223 compared to 4,234 in fiscal year 2019.

The administrative expenses for fiscal year 2020 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 \$704,200.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**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% over fiscal year 2018. 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.

**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](mailto:Rodney.Dickerson@dc.gov).

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
STATEMENTS OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b><i>ASSETS</i></b>		
Investments:		
Registered Investment Companies	\$ 1,138,627,776	\$ 1,018,438,195
Vantage PLUS Stable Value Fund	84,196,150	69,463,247
Total Investments	1,222,823,926	1,087,901,442
Receivables:		
Employer Contributions	3,372,958	2,984,558
Due from Program Manager	61,972	55,701
Total Receivables	3,434,930	3,040,259
Total Assets	1,226,258,856	1,090,941,701
<b><i>LIABILITIES</i></b>		
Due to District Government	1,461,128	1,158,447
Total Liabilities	1,461,128	1,158,447
Fiduciary Net Position Available for Plan Benefits	\$ 1,224,797,728	\$ 1,089,783,254

The accompanying notes are an integral part of the financial statements

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**401(a) DEFINED CONTRIBUTION PLAN**  
**STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><i>ADDITIONS</i></b>		
District Government Contribution	\$ 79,420,295	\$ 71,332,167
Investment Income:		
Net Appreciation in Fair Value of Investments	96,861,323	33,472,977
Dividends	4,256,545	5,626,458
Less: Investment Management Fees	(1,627,386)	(1,430,414)
Program Manager Fees	(1,642,623)	(1,523,323)
Net Investment Income	<u>97,847,859</u>	<u>36,145,698</u>
Total Additions	<u>177,268,154</u>	<u>107,477,865</u>
<b><i>DEDUCTIONS</i></b>		
Benefits Paid to Participants	41,075,920	42,667,017
Administrative Expenses	704,200	640,098
Other Deduction	473,560	824,969
Total Deductions	<u>42,253,680</u>	<u>44,132,084</u>
Net Increase	135,014,474	63,345,781
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	<u>1,089,783,254</u>	<u>1,026,437,473</u>
Fiduciary Net Position Available for Plan Benefits, End of Year	<u>\$1,224,797,728</u>	<u>\$1,089,783,254</u>

The accompanying notes are an integral part of the financial statements

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**401(a) DEFINED CONTRIBUTION PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 1 - DESCRIPTION OF THE PLAN**

The Government of the District of Columbia (the “District”) offers a Defined Contribution 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 PLAN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 1 - DESCRIPTION OF THE PLAN (Continued)**

However, under Section 2202 of the CARES Act, enacted on March 27, 2020, a coronavirus-related distribution up to \$100,000 across all retirement plans can be made to qualified individuals from January 1, 2020 to December 31, 2020.

Generally, at the date beginning April 1 of the calendar year following the later of: (1) the calendar year in which the participant reaches age 72 (age 70 ½ for individuals attaining that age before 2020), or (2) the calendar year in which the participant retires, the participant must annually make a required minimum distribution (RMD). The RMD rules do not apply to calendar year 2020 as a result of the enactment of the CARES Act on March 27, 2020.

***Plan Membership***

The Plan’s membership consisted of the following at September 30, 2020 and 2019.

	<b>2020</b>	<b>2019</b>
Active Members	21,198	20,265
Inactive Members	8,666	8,386
	29,864	28,651

**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, 2020 and 2019, 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.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**401(a) DEFINED CONTRIBUTION PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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:

***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.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

**NOTE 3 - INVESTMENTS**

Investments of the Plan at September 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Stock and Bond Funds	\$ 1,138,627,776	\$ 1,018,438,195
Stable Value Fund	84,196,150	69,463,247
	<u>\$ 1,222,823,926</u>	<u>\$ 1,087,901,442</u>

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 3 – INVESTMENTS (CONTINUED)**

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 2020 and 2019 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, 2020.

<b>Investment</b>	<b>Average Maturity</b>
Vantagepoint Plus Fund	3.06 years
DCPLUS Fixed Income Portfolio	8.50 years
PIMCO Real Return Collective Trust II	8.42 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 PLAN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 3 - INVESTMENTS (Continued)**

At September 30, 2020 and 2019, 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 Yen.

- *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 2020 and 15 out of 30 investments that had credit ratings in fiscal year 2019. At September 30, 2020 and 2019, those investments and their related credit ratings were as follows:

<b>September 30, 2020</b>	
<b>Funds</b>	<b>Credit Ratings</b>
DCPLUS Fixed Income Portfolio	AAA/BBB/A/AA
Vantagepoint 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/A

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 3 - INVESTMENTS (Continued)**

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/A

**Investment concentrations** - In accordance with GASB Statement No. 67, *Financial Reporting for Pension Plans*, the Plan is required to disclose investments in any one organization that represent 5% or more of the Plan's fiduciary net position. Investments issued or explicitly guaranteed by the U.S. government are excluded from this requirement.

The funds that meet the 5% or more disclosure criteria, discussed above, are: Vanguard Retirement 2035 (14.4%), Vanguard Target Retirement 2030 Fund (14.3%), Vanguard Target Retirement 2025 Fund (12.3%), Vanguard Target Retirement 2040 Fund (10.2%), Vanguard Target Retirement 2020 Fund (8.2%), Vanguard Target Retirement 2045 Fund (8.2%), Vantagepoint Plus Fund (6.9%), and Vanguard Target Retirement 2050 (5.1%).

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**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, 2020:

	<b>Total</b>	<b>Fair Value Measurements Using</b>		
		<b>Quoted Prices in Active Markets for Identical Assets (Level 1)</b>	<b>Significant Other Observable Inputs (Level 2)</b>	<b>Significant Unobservable Inputs (Level 3)</b>
Investments measured at fair value:				
Equities				
Materials	\$ 45,647,958	\$ 45,647,958	\$ -	\$ -
Consumer, Cyclical and Defensive	220,782,937	220,782,937	-	-
Financial Services	152,848,914	152,848,914	-	-
Real Estate	45,084,539	45,084,539	-	-
Communication Services	95,818,456	95,818,456	-	-
Energy	32,809,596	32,809,596	-	-
Industrials	114,184,775	114,184,775	-	-
Technology	223,783,143	223,783,143	-	-
Healthcare	146,307,528	146,307,528	-	-
Utilities	32,626,208	32,626,208	-	-
Debt securities				
Government	9,455,330	9,455,330	-	-
Corporate	5,321,887	5,321,887	-	-
Securitized	5,258,035	5,258,035	-	-
Municipal	843,305	843,305	-	-
Other	85,748	85,748	-	-
Other funds	7,432,843	7,432,843	-	-
Total investments measured at fair value	1,138,291,202	<u>\$ 1,138,291,202</u>	<u>\$ -</u>	<u>\$ -</u>
Investments measured at cost:				
Cash	336,574			
Investments measured at contract value:				
Stable Value Fund	<u>84,196,150</u>			
Total Investments	<u>\$ 1,222,823,926</u>			

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)**

The Plan has the following fair value measurement as of September 30, 2019:

	<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	\$ 47,412,932	\$ 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>			

**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, 2020 and 2019, the Plan's forfeiture account balance was \$5,202,080 and \$4,047,712, respectively. The District used \$3,126,877 and \$2,979,022 of forfeiture funds to pay for contributions during 2020 and 2019, respectively.



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**NOTE 5 - FORFEITURE ACCOUNT (Continued)**

The transactions that occurred within the account during 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Beginning Balance	\$ 4,047,712	\$ 4,218,260
Net Non-vested Transfers	3,907,992	2,359,380
Investment Income	373,253	449,094
District Payroll Contributions	(3,126,877)	(2,979,022)
Ending Balance	<u>\$ 5,202,080</u>	<u>\$ 4,047,712</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, 2020 and 2019, investment management fees totaled \$1,627,386 and \$1,430,414, 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, 2020 and 2019, Program Manager administrative fees totaled \$1,642,623 and \$1,523,323, 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 2020 and 2019 was \$704,200 and \$640,098, respectively. At September 30, 2020 and 2019, the amount Due from Program Manager was \$61,972 and \$55,701, respectively. For fiscal year 2019, the Program Manager deposited all amounts due into the administrative account. As of September 30, 2020, and 2019, the Plan's revenue sharing fund balance was \$1,461,128 and \$1,158,447, respectively, and is reported as Due to the District Government.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
401(a) DEFINED CONTRIBUTION PLAN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**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, 2020 and 2019 totaled \$495,506 and \$200,006, respectively, and were as follows:

	<b>2020</b>	<b>2019</b>
Administrative Salaries	\$ 322,000	\$ 50,000
Financial Statement Compilation & Audit	150,300	96,133
Investment Consulting Services	23,203	53,873
	\$ 495,506	\$ 200,006

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 2020 and 2019, 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 \$473,560 and \$824,969 during fiscal years 2020 and 2019, respectively, were returned to the District to be transferred to the participants' correct pension plans.

**NOTE 10 - TERMINATED PARTICIPANTS**

As of September 30, 2020, and 2019, the Plan had 8,666 and 7,343 terminated vested participants, respectively, who had account balances in the Plan. These participants are no longer receiving contributions to their accounts, but their account balances are adjusted for fees and investment earnings. The value of the account balances at fiscal year-end September 30, 2020 and 2019 were approximately \$207,146,078 and \$158,194,723, 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 PLAN  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020 AND 2019**

**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 December 17, 2020, the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2020, but prior to December 17, 2020, that provided additional evidence about conditions that existed September 30, 2020, have been recognized in the financial statements for the year ended September 30, 2020. Events or transactions that provided evidence about conditions that did not exist as of September 30, 2020, 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, 2020.

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

CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government of the District of Columbia 401(a) Defined Contribution Plan (the "Plan"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated December 17, 2020.

### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

December 17, 2020  
Washington, D.C.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
457(b) DEFERRED COMPENSATION PLAN**

**Financial Statements  
(With Independent Auditor's Report)  
For Fiscal Years Ended September 30, 2020 and 2019**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
457(b) DEFERRED COMPENSATION PLAN**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
457(b) DEFERRED COMPENSATION PLAN**

**FINANCIAL STATEMENTS  
WITH INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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**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 457(b) Deferred Compensation Plan (the "Plan") as of September 30, 2020 and 2019, and the related statements of changes in fiduciary net position for the years then ended and the related notes to the financial statements, which collectively comprise the basic 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2020 and 2019, and the changes in net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

### *Required Supplementary Information*

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.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2020 on our consideration of the Plan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Plan's internal control over financial reporting and compliance.

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

December 17, 2020  
Washington, D.C.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**457(b) DEFERRED COMPENSATION PLAN**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

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, 2020 and 2019. 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.

**2020 Financial Highlights**

- Investments increased by \$80,776,577 or 9.26%
- Receivables increased by \$4,478,091 or 13.61%
- Net investment income was \$47,494,196, an increase of \$34,376,000 or 262.05%
- Benefits paid to participants increased by \$14,139,532 or 28.87%

**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%

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
457(b) DEFERRED COMPENSATION PLAN  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**Financial Analysis – Fiduciary Net Position**

**Table 1 – Condensed Statements of Fiduciary Net Position as of September 30, 2020, 2019 and 2018**

	2020	2019	2018	2020-2019		2019-2018	
				Variance	% Variance	Variance	% Variance
<b>ASSETS</b>							
Investments	\$ 953,444,823	\$ 872,668,246	\$ 822,869,481	\$ 80,776,577	9.26%	\$ 49,798,765	6.05%
Receivables	<u>37,376,780</u>	<u>32,898,689</u>	<u>30,801,725</u>	<u>4,478,091</u>	13.61%	<u>2,096,964</u>	6.81%
Total Assets	<u>990,821,603</u>	<u>905,566,935</u>	<u>853,671,206</u>	<u>85,254,668</u>	9.41%	<u>51,895,729</u>	6.08%
<b>LIABILITIES</b>							
Due to District Government	<u>773,364</u>	<u>499,875</u>	<u>337,277</u>	<u>273,489</u>	54.71%	<u>162,598</u>	48.21%
Total Liabilities	<u>773,364</u>	<u>499,875</u>	<u>337,277</u>	<u>284,551</u>	56.92%	<u>162,598</u>	48.21%
Fiduciary Net Position Available for Plan Benefits	<u>\$ 990,048,239</u>	<u>\$ 905,067,060</u>	<u>\$ 853,333,929</u>	<u>\$ 84,970,117</u>	9.39%	<u>\$ 51,733,131</u>	6.06%

**Fiscal Year 2020**

The Plan’s investments increased by \$80,776,577 or 9.26% 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 2020, there was a net appreciation in the fair value of investments and an increase in dividends and interest income. Of the 30 managed investment funds 27 had a positive rate of return in fiscal year 2020. VantageBroker accounts are funds held in the “Self-Directed Brokerage Accounts”.

As shown in **Table 2a - Investment by Fund with Rates of Returns as of September 30, 2020**, a significant portion of the Plan’s investments remain in Vantagepoint Plus Fund (27.1%), Vanguard Institutional Index Fund (11.0%), DCPLUS Large Cap Value Portfolio (8.3%), Ariel Institutional (6.0%) and the DCPLUS Large Cap Growth Portfolio (5.0%). The Vantagepoint 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 large capitalization common stocks and seeks growth in capital.

Receivables are comprised of notes receivable from participants and contributions receivable. For the fiscal year 2020, receivables increased by \$4,478,091 or 13.61% due to an increase in participant loans and contributions receivable.

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, 2020 AND 2019**

**Table 2a - Investment by Fund with Rates of Returns as of September 30, 2020**

	<u>Investment Value</u>	<u>Percent of Total Assets</u>	<u>Rate of Return %</u>
American Funds Fundamental Investors	\$ 25,020,727	2.6	12.28
American Funds New Perspective Fund	15,280,806	1.6	25.74
Ariel Institutional	57,089,777	6.0	-8.75
Brown Capital Management Small	38,453,296	4.0	27.17
DCPLUS Fixed Income Portfolio	38,151,280	4.0	6.43
DCPLUS Large Cap Growth Portfolio	47,696,478	5.0	34.29
DCPLUS Large Cap Value Portfolio	78,766,449	8.3	-10.82
DFA US Core Equity 1 Portfolio	5,780,730	0.6	9.14
Harbor International Institutional	27,870,435	2.9	2.81
Nuveen Real Estate Securities Fund	9,205,700	1.0	-13.57
PIMCO All Asset Fund Institutional Class	374,303	0.0	0.84
PIMCO Real Return Collective Trust II	6,045,645	0.6	11.05
Vanguard Federal Money Market	13,734,088	1.4	0.87
Vanguard Institutional Index Fund	104,929,411	11.0	15.15
Vanguard Small Cap Index Fund	21,362,559	2.3	1.35
Vanguard Target Retirement 2015 Fund	6,200,470	0.7	7.75
Vanguard Target Retirement 2020 Fund	13,728,022	1.4	8.59
Vanguard Target Retirement 2025 Fund	23,630,576	2.5	9.16
Vanguard Target Retirement 2030 Fund	25,360,048	2.7	9.48
Vanguard Target Retirement 2035 Fund	28,265,710	3.0	9.80
Vanguard Target Retirement 2040 Fund	22,275,508	2.3	10.10
Vanguard Target Retirement 2045 Fund	23,637,503	2.5	10.30
Vanguard Target Retirement 2050 Fund	21,728,027	2.3	10.38
Vanguard Target Retirement 2055 Fund	11,879,010	1.2	10.38
Vanguard Target Retirement 2060 Fund	4,049,241	0.4	10.45
Vanguard Target Retirement 2065 Fund	976,117	0.1	10.40
Vanguard Target Retirement Inc.	6,617,641	0.7	7.47
Vantagepoint Plus Fund	257,797,242	27.1	2.31
VantageBroker**	9,572,678	1.0	N/A**
Virtus Emerging Markets Fund Class 1	4,157,093	0.4	5.57
VT Retirement Income Advantage	3,808,253	0.4	9.31
	<u>\$ 953,444,823</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, 2020 AND 2019**

**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 in fiscal year 2019.

As shown in **Table 2b - 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, 2020 AND 2019**

**Table 2b - 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 Fundamental 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, 2020 AND 2019**

**Financial Analysis – Changes in Fiduciary Net Position**

**Table 3 – Condensed Statements of Changes in Fiduciary Net Position for the Years Ended September 30, 2020, 2019 and 2018**

	2020	2019	2018	2020-2019		2019-2018	
				Variance	%Variance	Variance	%Variance
<b>ADDITIONS</b>							
Employee Contributions	\$ 100,008,009	\$ 87,153,299	\$ 76,834,685	\$ 12,854,710	14.75%	\$ 10,318,614	13.43%
Net Investment Income	47,494,196	13,118,196	67,411,466	34,376,000	262.05%	(54,293,270)	-80.54%
Interest Income on Notes							
Receivable from Participants	1,384,165	1,190,395	866,817	193,770	16.28%	323,578	37.33%
Total Additions	<u>148,886,370</u>	<u>101,461,890</u>	<u>145,112,968</u>	<u>47,424,480</u>	46.74%	<u>(43,651,078)</u>	-30.08%
<b>DEDUCTIONS</b>							
Benefits Paid to Participants	63,122,939	48,983,407	47,538,421	14,139,532	28.87%	1,444,986	3.04%
Administrative Expenses	368,361	342,743	328,790	25,618	7.47%	13,953	4.24%
Loan Fees	413,891	402,609	301,238	11,282	2.80%	101,371	33.65%
Total Deductions	<u>63,905,191</u>	<u>49,728,759</u>	<u>48,168,449</u>	<u>14,176,432</u>	28.51%	<u>1,560,310</u>	3.24%
Net Increase	84,981,179	51,733,131	96,944,519	33,248,048	64.27%	(45,211,388)	-46.64%
Fiduciary Net Position Available for Plan Benefit, Beginning 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%
Fiduciary Net Position Available for Plan Benefit, End of Year	<u>\$ 990,048,239</u>	<u>\$ 905,067,060</u>	<u>\$ 853,333,929</u>	<u>\$ 84,981,179</u>	9.39%	<u>\$ 51,733,131</u>	6.06%

**Fiscal Year 2020**

Employee contributions increased by \$12,854,710 or 14.75% compared to prior fiscal year. 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 17,162 in fiscal year 2019 to 19,386 in fiscal year 2020. The average monthly contributions decreased from \$402.33 in fiscal year 2019 to \$398.99 in fiscal year 2020. The prior year average monthly contributions amount has been revised from \$454.14 to reflect the current calculation methodology.

In fiscal year 2020, the Plan’s net investment income was \$47,494,196 compared to \$13,118,196 in fiscal year 2019. The increase in net investment income was primarily due to higher fund performance in fiscal year 2020 compared with 2019. Overall, 27 of the 30 managed funds in the Plan reflected positive rates of return. VantageBroker accounts are funds held in the “Self-Directed Brokerage Accounts”. The Plan’s investments collectively had a weighted average rate of return of 6.84% in fiscal year 2020 compared to 1.81% in fiscal year 2019.

Benefits paid to participants increased by \$14,139,532 or 28.87%. The increase was due to more participants requesting payouts in fiscal year 2020 compared to fiscal year 2019.

The administrative expenses for fiscal year 2020 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 \$368,361.



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
457(b) DEFERRED COMPENSATION PLAN  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

**Fiscal Year 2019**

Employee contributions increased by \$10,318,614 or 13.43% compared to fiscal 2018. 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 fiscal year 2018 to 17,162 in fiscal year 2019. In addition, the average monthly contributions increased from \$417.80 in fiscal year 2018 to \$454.14 in fiscal year 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 in fiscal year. The Plan's investments collectively had a weighted average rate of return of 1.81% in fiscal year 2019 compared to 9.31% in fiscal year 2018.

Benefits paid to participants increased by \$1,444,986 or 3.04% in fiscal year. The increase was due to more participants requesting payouts in fiscal year 2019 compared to 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 \$342,743.

**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](mailto:Rodney.Dickerson@dc.gov).

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
457(b) DEFERRED COMPENSATION PLAN  
STATEMENTS OF FIDUCIARY NET POSITION  
SEPTEMBER 30, 2020 AND 2019**

	2020	2019
<b><i>ASSETS</i></b>		
Investments:		
Registered Investment Companies	\$ 686,074,903	\$ 620,159,702
Vantagepoint PLUS Stable Value Fund	257,797,242	246,335,190
Self-Directed Brokerage Accounts	9,572,678	6,173,354
Total Investments	953,444,823	872,668,246
Receivables:		
Due from Program Manager	31,769	29,526
Notes Receivable from Participants	33,594,791	29,656,381
Participant Contributions	3,750,220	3,212,782
Total Receivables	37,376,780	32,898,689
Total Assets	990,821,603	905,566,935
<b><i>LIABILITIES</i></b>		
Due to District Government	773,364	499,875
Total Liabilities	773,364	499,875
Fiduciary Net Position Available for Plan Benefits	\$ 990,048,239	\$ 905,067,060

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, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b><i>ADDITIONS</i></b>		
Employee Contributions	\$ 100,008,009	\$ 87,153,299
Investment Income:		
Appreciation (Depreciation) in Fair Value of Investments	37,616,133	(4,730,412)
Dividends and Interest Income	15,008,344	22,758,858
Less: Investment Management Expenses	(3,903,844)	(3,791,040)
Program Manager Fees	(1,226,437)	(1,119,210)
Net Investment Income	47,494,196	13,118,196
Interest Income on Notes Receivable from Participants	1,384,165	1,190,395
Total Additions	148,886,370	101,461,890
<b><i>DEDUCTIONS</i></b>		
Benefits Paid to Participants	63,122,939	48,983,407
Administrative Expenses	368,361	342,743
Loan Fees	413,891	402,609
Total Deductions	63,905,191	49,728,759
Net Increase	84,981,179	51,733,131
Fiduciary Net Position Available for Plan Benefits, Beginning of Year	905,067,060	853,333,929
Fiduciary Net Position Available for Plan Benefits, End of Year	\$ 990,048,239	\$ 905,067,060

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, 2020 AND 2019**

**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**  
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**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 Program Manager 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 \$19,500 for 2020 and \$19,000 for 2019 or 100% of the participants' includible compensation. Participants who are at least age 50 can contribute up to \$26,000 for 2020 and \$25,000 for 2019 to the Plan. Participants who qualify for pre-retirement catch-up contributions can contribute up to \$39,000 for 2020 and \$38,000 for 2019 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. However, under Section 2202 of the CARES Act, enacted on March 27, 2020, a coronavirus-related distribution up to \$100,000 across all retirement plans can be made to qualified individuals from January 1, 2020 to December 31, 2020.

Generally, at the date beginning April 1 of the calendar year following the later of: (1) the calendar year in which the participant reaches age 72 (age 70 ½ for individuals attaining that age before 2020), or (2) the calendar year in which the participant retires, the participant must annually make a required minimum distribution (RMD). The RMD rules do not apply to calendar year 2020 as a result of the enactment of the CARES Act on March 27, 2020.

***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. However, under Section 2202 of the CARES Act, enacted on March 27, 2020, participants may borrow up to the lesser of \$75,000 or 100% of the qualified participant's account balance in the plan for loans made from March 27, 2020 to September 22, 2020.

The loans are secured by the balance in the participant's account and must be repaid over a maximum period of 60 months for general purposes and 180 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 3.25% and 5.25% at September 30, 2020 and 2019, respectively. The interest rates on home purchase loans were 2.875% and 4.504% at September 2020 and 2019, respectively. However, under Section 2202 of the CARES Act, enacted on March 27, 2020, participants with loans outstanding on or after

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
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NOTES TO FINANCIAL STATEMENTS  
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**NOTE 1 - DESCRIPTION OF PLAN (Continued)**

March 27, 2020, and any payment on the loan is due from March 27, 2020 to December 31, 2020, that due date may be delayed under the Plan for up to one year.

***Plan Membership***

At September 30, 2020 and 2019, the Plan's membership consisted of the following:

	<b>2020</b>	<b>2019</b>
Active Members	19,386	17,007
Inactive Members	6,764	6,115
	26,150	23,122

**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, 2020 and 2019, 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.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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

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 paid 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, 2020, and 2019, the total of all defaulted loans was \$1,420,120 and \$1,753,621, respectively.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***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.

**NOTE 3 - INVESTMENTS**

Investments of the Plan at September 30, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Stock and Bond Funds	\$ 686,074,903	\$ 620,159,702
Stable Value Fund	257,797,242	246,335,190
Self-Directed Brokerage Account	<u>9,572,678</u>	<u>6,173,354</u>
Total Investments	<u>\$ 953,444,823</u>	<u>\$ 872,668,246</u>



**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
457(b) DEFERRED COMPENSATION PLAN  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 3 – INVESTMENTS (Continued)**

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 years 2020 and 2019 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, 2020.

<b>Investment</b>	<b>Average Maturity</b>
Vantagepoint Plus Fund	3.06 years
DCPLUS Fixed Income Portfolio	8.50 years
PIMCO Real Return Collective Trust II	8.42 years

- *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.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
457(b) DEFERRED COMPENSATION PLAN  
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SEPTEMBER 30, 2020 AND 2019**

**NOTE 3 - INVESTMENTS (Continued)**

At September 30, 2020 and 2019, the investment with the largest foreign currency risk is the Harbor International Fund. The major currency denomination for the Harbor International Fund is the Yen.

- *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 31 investments that had credit ratings in fiscal year 2020 and 15 out of 30 that had a credit rating in fiscal year 2019. At September 30, 2020 and 2019, those investments and the related credit ratings were as follows:

**September 30, 2020**

<b>Fund</b>	<b>Credit Ratings</b>
DCPLUS Fixed Income Portfolio	AAA/BBB/A/AA/BB
Vantagepoint 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/A

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
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**NOTE 3 - INVESTMENTS (Continued)**

**September 30, 2019**

<b>Fund</b>	<b>Credit Ratings</b>
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

**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.

The funds that meet the 5% or more disclosure criteria discussed above are: Vantagepoint Plus Fund (27.1%), Vanguard Institutional Index Fund (11.0%), DCPLUS Large Cap Value Portfolio (8.3%), Ariel Institutional (6.0%) and the DCPLUS Large Cap Growth Portfolio (5.0%).

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**457(b) DEFERRED COMPENSATION PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**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, 2020:

	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	\$ 18,934,122	\$ 18,934,122	\$ -	\$ -
Consumer and Cyclical and Defensive	103,692,685	103,692,685	-	-
Financial Services	82,505,464	82,505,464	-	-
Real Estate	32,412,876	32,412,876	-	-
Communication Services	62,469,582	62,469,582	-	-
Energy	22,235,242	22,235,242	-	-
Industrials	64,696,712	64,696,712	-	-
Technology	123,913,907	123,913,907	-	-
Healthcare	91,263,986	91,263,986	-	-
Utilities	21,286,651	21,286,651	-	-
Debt securities				
Government	19,256,837	19,256,837	-	-
Corporate	10,881,432	10,881,432	-	-
Securitized	10,728,140	10,728,140	-	-
Municipal	1,720,623	1,720,623	-	-
Other	998,678	998,678	-	-
Other funds	28,039,432	28,039,432	-	-
Total investments measured at fair value	\$ 695,036,369	\$ 695,036,369	\$ -	\$ -
Investments measured at cost:				
Cash	611,212			
Investments measured at contract value:				
Stable Value Fund	257,797,242			
Total Investments	\$ 953,444,823			

**GOVERNMENT OF THE DISTRICT OF COLUMBIA**  
**457(b) DEFERRED COMPENSATION PLAN**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020 AND 2019**

**NOTE 4 - FAIR VALUE MEASUREMENTS (Continued)**

The Plan has 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, 2020 AND 2019**

**NOTE 5 - LIFE INSURANCE POLICIES**

Prior to fiscal year 2000, the Plan offered participants an investment option to purchase 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, 2020, and 2019, 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, 2020 and 2019, totaled \$3,705,727 and \$3,897,335, 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, 2020 and 2019, investment management fees totaled \$3,903,844 and \$3,791,040, 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, 2020 and 2019, Program Manager administrative fees totaled \$1,226,437 and \$1,119,210, 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, 2020 and 2019 was \$773,364 and \$499,875, 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, 2020 and 2019 was \$31,769 and \$29,526, respectively.

**GOVERNMENT OF THE DISTRICT OF COLUMBIA  
457(b) DEFERRED COMPENSATION PLAN  
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SEPTEMBER 30, 2020 AND 2019**

**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 \$368,361 and \$342,743 for fiscal years 2020 and 2019, 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, 2020 and 2019 totaled \$172,506 and \$289,131, respectively, and were as follows:

	<b>2020</b>	<b>2019</b>
Audit and Compilation Services	\$ 150,300	\$ 96,133
Investment Consulting Services	22,206	60,298
District Administrative Reimbursement	-	126,850
Other Expenses	-	5,850
	<b>\$ 172,506</b>	<b>\$ 289,131</b>

For fiscal years 2020 and 2019, the Plan assessed \$75 for each new participant loan processed and \$50 per participant for existing loans. Loan fees totaled \$413,890 and \$402,609 in fiscal years 2020 and 2019, respectively.

**NOTE 9 - TERMINATED PARTICIPANTS**

As of September 30, 2020, and 2019, the Plan had 6,764 and 5,960 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, 2020 and 2019 totaled \$267,706,953 and \$215,808,618, 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  
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SEPTEMBER 30, 2020 AND 2019**

**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 December 17, 2020 the date the financial statements were available to be issued. Events or transactions occurring after September 30, 2020, but prior to December 17, 2020, that provided additional evidence about conditions that existed September 30, 2020, have been recognized in the financial statements for the year ended September 30, 2020. Events or transactions that provided evidence about conditions that did not exist as of September 30, 2020 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, 2020.



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## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Government of the District of Columbia 457(b) Deferred Compensation Plan (the "Plan"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements, and have issued our report thereon dated December 17, 2020.

### Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Plan's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Plan's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Plan's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Plan's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Plan's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

December 17, 2020  
Washington, D.C.



