



CITY OF *Los Angeles*

DEFERRED COMPENSATION PLAN

Quarterly
Newsletter
**January
2018**



Keeping Your Account Secure

The transition of the City's Plan to participant services provider Voya Financial (Voya) brings a new emphasis on protecting the security of your account. We recognize the importance of safeguarding your financial accounts and personal information against fraud and cyber threats. In partnership with Voya, the following are some of the changes the Plan has made to its security measures:

- Plan forms no longer require full Social Security Numbers (SSNs) in order to minimize the utilization of the SSN in participant transactions.
- Participants calling in to the call center provide their SSN to an automated system only – once a call is transferred to a customer service agent, that agent will not see your SSN displayed.
- Participants setting up account access online or on the phone system now use “multi-factor authentication” as part of the sign-up process, meaning they must provide more than one type of unique individual information in order to validate their identity.
- When changing passwords or signing on from a new device, a verification message is sent to a cell phone number or email address that you've previously established with the Plan.

More broadly, Voya utilizes aggressive challenge testing of its systems as part of its efforts to stay ahead of broad-based cyber attacks.

Continue reading on page two.

LA457.com

Keeping Your Account Secure (continued)

Individuals play an important role in protecting their financial accounts, whether with the City's Plan or elsewhere. Here are some important suggestions to consider to help you keep your accounts and personal information safe and secure:

General Password / PIN Security



- Use a unique password/PIN for each site where you maintain an account and regularly update your passwords/PINs. Never use your date of birth or Social Security number as your password/PIN.
- Don't allow social networking sites to memorize your passwords/PINs.
- Avoid writing down passwords/PINs.
- Don't share your password/PIN or answers to security questions with anyone and never put them in an e-mail.
- The strongest passwords are comprised of a chain of four unrelated common words.

Beware of "Phishing"



A phishing attack is an online fraud technique that involves sending official-looking e-mail messages with return addresses and links that appear to originate from legitimate businesses, often times with corporate branding. These e-mails typically contain a hyperlink to a spoof website. It is important to be suspicious of e-mails asking for your confidential information and look out for red flags such as urgent requests, unknown email addresses, or discrepancies between actual and displayed hyperlinks. Voya will never ask you for your personal information by e-mail.

Monitor Your Accounts Frequently



- Monitor your financial accounts frequently, and be sure to look for unusual withdrawals, deposits, or transactions.
- Sign up for electronic delivery of important documents.
- Immediately open your statements and transaction confirmations to verify all activity. If you notice anything suspicious, call your financial institution immediately.

Take Care of Your Computer and Mobile Devices



- Update your computer by installing the latest software and patches to prevent hackers or viruses from exploiting any known weaknesses on your computer.
- Install and update anti-virus software to protect your computer and to prevent hackers from installing malware or viruses on your computer.
- Install and update personal firewalls. A firewall is a hardware or software device that regulates the flow of information between computers and is often included in operating systems.
- Use only programs from a known, trusted source.
- Backup your important files on a regular basis and store the backups in a secure place.

Maintaining the security of the City's Plan and your account is an ongoing endeavor for the Plan. The City welcomes your comments and suggestions as we continue to evolve and enhance our security measures.

2018 Contribution Limits

Effective January 1, 2018, the federal government has increased the maximum contribution limits applying to the City's Plan.

Contribution Category	Maximum
Under Age 50	\$18,500
Age 50 or Older	\$24,500
Catch-Up*	\$37,000

*Catch-Up allows participants who are within at least three years of being eligible to retire without penalty to contribute up to twice the Under Age 50 contribution amount for three consecutive years. To be eligible, a participant must have an unused balance representing amounts the participant was eligible to but did not contribute in prior years. To learn more, please contact a Plan representative.



Success by the Numbers

Our individual achievements add up to group success!

Participation

As of December 31, 2017, approximately 73% of eligible City employees have accounts established in the Deferred Compensation Plan! This participation rate is an outstanding result, placing us 13% ahead of our governmental peers across the nation.¹ It's clear our employees believe in saving for the future.



73%

Approximately 73% of eligible City employees participate in the Deferred Compensation Plan

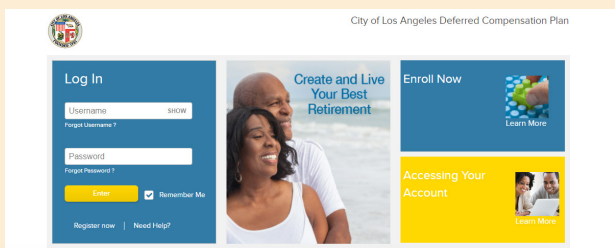
For those who have not yet joined, sometime all it takes is a gentle nudge from a friend, co-worker, or retiree to take that first step. Consider sharing the benefits of success!

Web Account Sign-Ups

As of year-end 2017, **19,042** individuals, or approximately **43%** of our total participants, have established an online account with the City's Plan. This number and percentage surpasses our previous record of 37% with our prior administrator. We're thrilled to see so many of you signing up and taking advantage of all the many new online features we make available in the City's Plan.



Approximately 43% of Plan participants have registered at LA457.com



Contributions

There's more to retirement security than just enrolling. It's important to save an amount that, in combination with your pension benefit, allows you to maintain your standard of living in retirement. Saving 5-10% of pay over the course of a City career puts you on track to achieve exactly that.



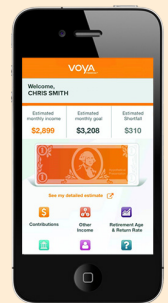
Employees contribute an average of \$285 per pay period, or approximately 6.75% of their annual salary. To date, 271 participants have elected a percent of pay contribution.

Presently, active employee participants contribute approximately 6.75% of salary to the Plan. **The City's Plan has an option, new with Voya, to establish your contributions as a percent of pay.** This makes it easier to ensure your contributions gradually increase as your pay increases. Check it out today by logging in to your account at LA457.com. Go to the "Account" tab, hover over "Contributions," then click on "Change Contributions" and follow the prompts.

Mobile Application

With Voya, the Plan introduced a new mobile application which lets participants view fund information and performance, review account details, and perform transactions. The mobile application has been accessed by 3,176 participants approximately 60,000 times! To download the application, search your preferred app store for Voya Retire.² To sign in you use the same Username and Password you set up for the Plan website.

The app has been used by **3,176** participants approximately **60,000** times!



¹ Comparative source: 2016 National Association of Government Defined Contribution Administrators benchmarking survey.

² Includes iPhone trademark of Apple Inc., registered in the United States and other countries. App Store is a service mark of Apple Inc. Android is a trademark of Google Inc. Amazon and Kindle are trademarks of Amazon.com, Inc. or its affiliates.

City of Los Angeles Deferred Compensation Plan

Investment Option Returns as of December 31, 2017

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 please call 844-523-2457. Investment return and principal value of an investment will fluctuate so that, when sold, an investment may be worth more or less than the original cost. The returns assume reinvestment of all dividends (ordinary income and capital gains) and are net of management fees and other fund operating expenses.

You should consider the investment objectives, risks and charges, and expenses of the funds carefully before investing. The Plan's fund fact sheets contain this and other information. Anyone who wishes to review the fund fact sheets may do so by visiting LA457.com or by calling (844) 523-2457. Please read the prospectus carefully before investing. Returns less than one year are not annualized. Fund Inception Date is the date of inception for the underlying fund, and is the date used in calculating the periodic returns. This date may also precede the portfolio's inclusion in the product.

Investment Options	Fund Benchmark ID (BM)	1 Month		3 Month		Year to Date		1 Year		3 Year		5 Year		10 Year		Since Inception	Fund Inception Date	
		Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM	Fund	BM			
Stability of Principal																		
FDIC-Insured Savings Account		0.11%		0.32%		1.12%		1.12%		0.65%		0.55%		0.50%		9/28/09		
DCP Stable Value Fund		0.19%		0.54%		2.04%		2.04%		2.03%		2.03%		2.89%		9/1/85		
Bonds																		
DCP Bond Fund	LEHM	0.66%	0.46%	0.56%	0.39%	4.42%	3.54%	4.42%	3.54%	2.56%	2.24%	2.07%	2.10%		2.58%	4/20/12		
Risk-Based Profile Portfolios																		
Ultra-Conservative		0.59%		1.27%		6.04%		6.04%		3.55%		3.70%		4.31%		1/8/08		
Conservative		0.82%		2.24%		9.99%		9.99%		5.20%		5.84%		5.10%		5/1/02		
Moderate		0.94%		3.54%		14.05%		14.05%		7.22%		8.95%		6.15%		5/1/02		
Aggressive		1.03%		4.16%		16.52%		16.52%		8.28%		10.53%		6.28%		5/1/02		
Ultra-Aggressive		1.12%		4.77%		19.02%		19.02%		9.32%		12.10%		6.88%		1/8/08		
Large-Cap Stock																		
DCP Large-Cap Fund	SPXRE	1.11%	1.11%	6.64%	6.64%	21.81%	21.83%	21.81%	21.83%	11.41%	11.41%	15.78%	15.79%		14.58%	4/20/12		
Mid-Cap Stock																		
DCP Mid-Cap Fund	RSMID	1.02%	0.93%	6.02%	6.07%	18.74%	18.52%	18.74%	18.52%	9.55%	9.58%	15.13%	14.96%		13.89%	4/20/12		
Small-Cap Stock																		
DCP Small-Cap Fund	RS2000	0.48%	-0.40%	3.95%	3.34%	14.39%	14.65%	14.39%	14.65%						8.32%	3/20/15		
International Stock																		
DCP International Fund	MSCIACEU	1.91%	2.27%	4.22%	5.06%	26.50%	27.77%	26.50%	27.77%						6.77%	6/26/15		

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Benchmark Indices

Benchmark ID	Benchmark Description
LEHM	Barclays Capital U.S. Aggregate Bond Index measures the performance of investment grade, U.S. dollar-denominated, fixed-rate taxable bond market, including Treasuries, government-related and corporate securities, Mortgage-Backed Security (agency fixed-rate and hybrid ARM passthroughs), Asset-Backed Security, and CMBs. It rolls up into other Barclays flagship indices, such as the multi-currency Global Aggregate Index and the U.S. Universal Index, which includes high yield and emerging markets debt.
MSCIACEU	MSCI ACWI (All Country World Index) ex US measures the performance of the large and mid-cap segment of the particular regions, excluding USA equity securities, including developed and emerging market. It is free float-adjusted market-capitalization weighted.
RS2000	Russell 2000 Index measures the performance of the small-cap segment of the U.S. equity universe. It is a subset of the Russell 3000 and includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.
RSMID	Russell Mid-Cap Index measures the performance of the mid-cap segment of the U.S. equity universe. It is a subset of Russell 1000 index and includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The index represents approximately 31% of the total market capitalization of the Russell 1000 companies.
SPXRE	S&P 500 Index measures the performance of 500 widely held stocks in U.S. equity market. Standard and Poor's chooses member companies for the index based on market size, liquidity and industry group representation. Included are the stocks of industrial, financial, utility, and transportation companies. Since mid 1989, this composition has been more flexible and the number of issues in each sector has varied. The index is market capitalization-weighted.
UTBGM3Y	United States Treasury T-Bill Cnst Mat Rate 3 Yr Index - description is not available.

Disclosures

- » The risks of investing in small company stocks may include relatively low trading volumes, a greater degree of change in earnings and greater short-term volatility.
- » Foreign investing involves special risks such as currency fluctuation and public disclosure, as well as economic and political risks.
- » Some of the Funds invest in securities guaranteed by the U.S. Government as to the timely payment of principal and interest; however, shares of the Funds are not insured nor guaranteed.
- » High yielding fixed-income securities generally are subject to greater market fluctuations and risks of loss of income and principal than are investments in lower yielding fixed-income securities.
- » Sector funds may involve greater-than average risk and are often more volatile than funds holding a diversified portfolio of stocks in many industries. Examples include: banking, biotechnology, chemicals, energy, environmental services, natural resources, precious metals, technology, telecommunications, and utilities.

Your Team

Your Deferred Compensation Plan is sponsored by the City of Los Angeles and supported by the City's Board of Deferred Compensation Administration, a team of Personnel Department staff, contracted service providers and consultants, and investment managers.

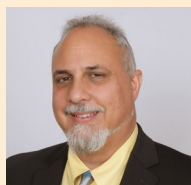
City Hall Service Center



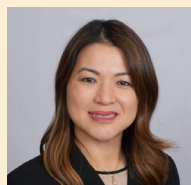
La Tanya Harris



Vincent Alvarez



Steve Harman



Carol Say



Leslie Yoshioka

We take pride in providing you with personalized, local representatives to support you with your account. Although most participant transactions can be conducted online at [LA457.com](https://www.la457.com) or through the Participant Services Call Center at (844) 523-2457, many of our participants consult with our local representatives for a variety of counseling needs. Our local counselors are based out of our office in Room 867 City Hall, but travel throughout the City for meetings and table service. To contact a local representative, please call (213) 978-1601, email perdcp@lacity.org, or visit our City Hall location Monday through Friday from 8:00 a.m. to 4:00 p.m. – no appointment needed!

Plan administration services provided by Voya Institutional Plan Services, LLC. Information from registered Plan Service Representatives is for educational purposes only and is not legal, tax or investment advice. Local Plan Service Representatives are registered representatives of Voya Financial Advisors, Inc. (member SIPC). 3051242.G.P.

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