



● 2010 Annual Defined Contribution Report

Summary

This report summarizes the activities related to the 401(k) and 457 plans for calendar year 2010. Metropolitan employees may participate in both 457 and 401(k) deferred compensation plans. Metropolitan has offered the 457 plan since February 1977 and the 401(k) plan since May 1985.

Pursuant to the Administrative Code, the General Manager is responsible for administering the plans. The General Manager has delegated authority to the Total Compensation Section Manager to act as the Plan Administrator. The Treasurer serves as Trustee for the plans. In addition, a Deferred Compensation Advisory Committee provides oversight of the plans and advises the Plan Administrator on plan activities.

Attachments

None

Detailed Report

Asset/Activity Summary

The following summarizes investment and transfer activities in the plans.

Plan Statistics	401(k) Plan (as of 12/31/09)	401(k) Plan (as of 12/31/10)	457 Plan (as of 12/31/09)	457 Plan (as of 12/31/10)
Current Number of Participants (includes retiree accounts)	2,187	2,185	1,490	1,480
Active Employees Eligible to Participate	1,831	1,831	1,915	1,869
Active Employees Contributing	1,711	1,682	926	914
Percentage of Contributing Participants	93%	92%	48%	49%

Plan Statistics	401(k) Plan	457 Plan
New Enrollments from January 1, 2010 to December 31, 2010	43	45
Plan Assets as of December 31, 2010	\$233,338,046	\$77,005,916
Employee Contributions from January 1, 2010 to December 31, 2010	\$15,497,824	\$7,352,198
Employer Matching Contributions from January 1, 2010 to December 31, 2010	\$7,631,952	N/A
Number of loans processed	243	88
Employee loan payments from January 1, 2010 to December 31, 2010	\$3,959,754	\$946,601
Total disbursements from January 1, 2010 to December 31, 2010	\$14,986,572	\$4,448,836
Service Credit Transfers from Plan Disbursed amounts	55 \$3,648,329	20 \$584,534
Revenue Sharing Account Balance as of December 31, 2010	\$253,418.92	\$103,071.87

Deferred Compensation Advisory Committee

The Deferred Compensation Advisory Committee is responsible for meeting on a quarterly basis to discuss administrative issues concerning the plans, investment activity, plan regulations, recommendations and amendments to plan documents. The Committee is chaired by the Chief Financial Officer and includes:

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- AFSCME Local 1902 representative
- Management and Professional Employees' Association representative
- Supervisors' Association representative
- Association of Confidential Employees representative
- General Counsel representative
- Plan Trustee (Treasurer)
- Plan Administrator (Total Compensation Section Manager)
- HR Benefits Staff (Benefits Manager and Principal Analyst)

Major Actions and Discussions of the Plan Administrator and Advisory Committee

- Committee was updated on performance of core investment options. Ariel Fund has had a significant rebound, and continues to have excellent long term returns. Committee recommended leaving Ariel on watch list.
- Negotiations to renew 5 year contract with Great-West to reduce overall fees were finalized in April 2010.
- Plan introduced custom website www.MWDPlans.com featuring expanded educational and Retiree Crossroads features.
- Committee approved \$15,000 of revenue sharing fees to hire Financial Finesse to provide unbiased financial education onsite workshops and seminars to plan participants to reduce fiduciary liability.
- Committee reviewed Great-West's latest products – Target Date Funds and Secure Foundations which is a Guaranteed Lifetime Withdrawal Benefit plan.
- Committee discussed usage of additional revenue sharing fees for an Investment Plan consultant.

Plan Amendments

On March 9, 2010, a Board Letter was submitted and the Board approved amending the 401(k) and 457 Plans to formally adopt tax law changes permitted under federal fiscal stimulus legislation. The amendments also conforms the definition of compensation that can be deferred under the 457 Plan and broaden distribution provisions, as permitted under revisions to the Internal Revenue Code. Similar amendments to the 401(k) plan were approved in December 2007. These amendments allow 457 plan participants additional flexibility.

Contract and Amendments

The extended 5-year contact with Great-West Retirement Services resulted in a reduction of the Stable Value Fund Management Fee from 28 basis points to 25 basis points, and a reduction in overall cost to operate the plan to 9 basis points annual revenue to Great-West.