

**The City of New York**

Deferred Compensation Plan/New York City Employee IRA

**2016**

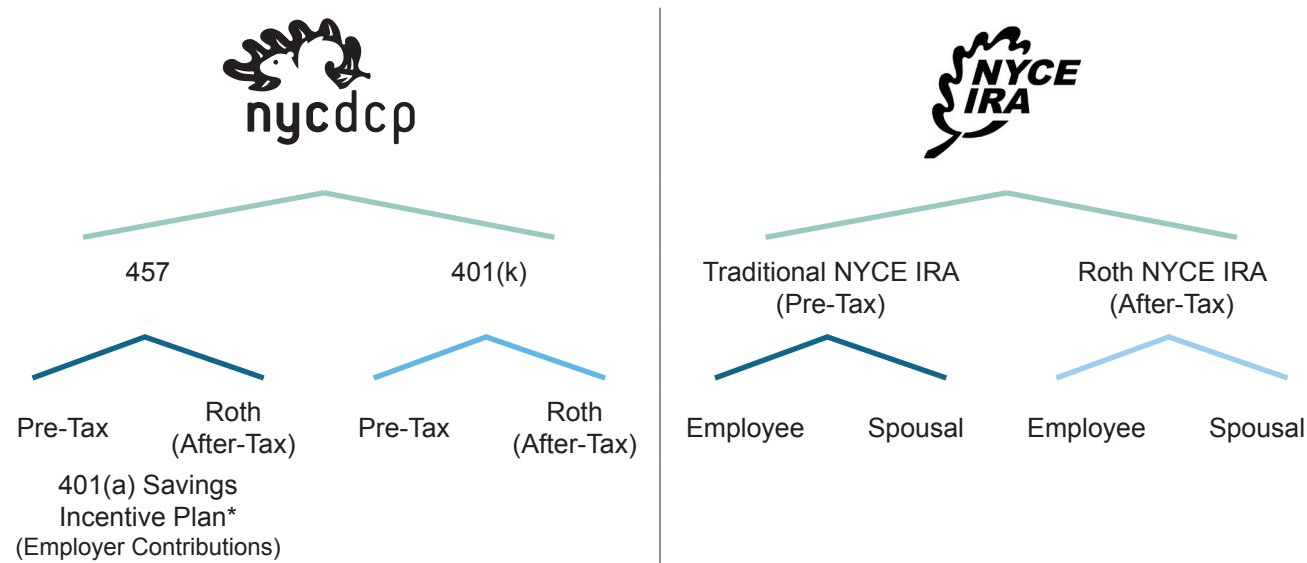
# **Comprehensive Annual Financial Report**



**For the Fiscal Years Ended  
December 31, 2016 and 2015**

*The Deferred Compensation Plan is a Fiduciary Fund of The City of New York*





\* Available to eligible City employees with a negotiated employer contribution, subject to an agreed-upon annual employee contribution to the 457 Plan.

The City of New York  
Deferred Compensation Plan/New York City Employee IRA Comprehensive Annual Financial Report

For the Fiscal Years Ended December 31, 2016 and 2015

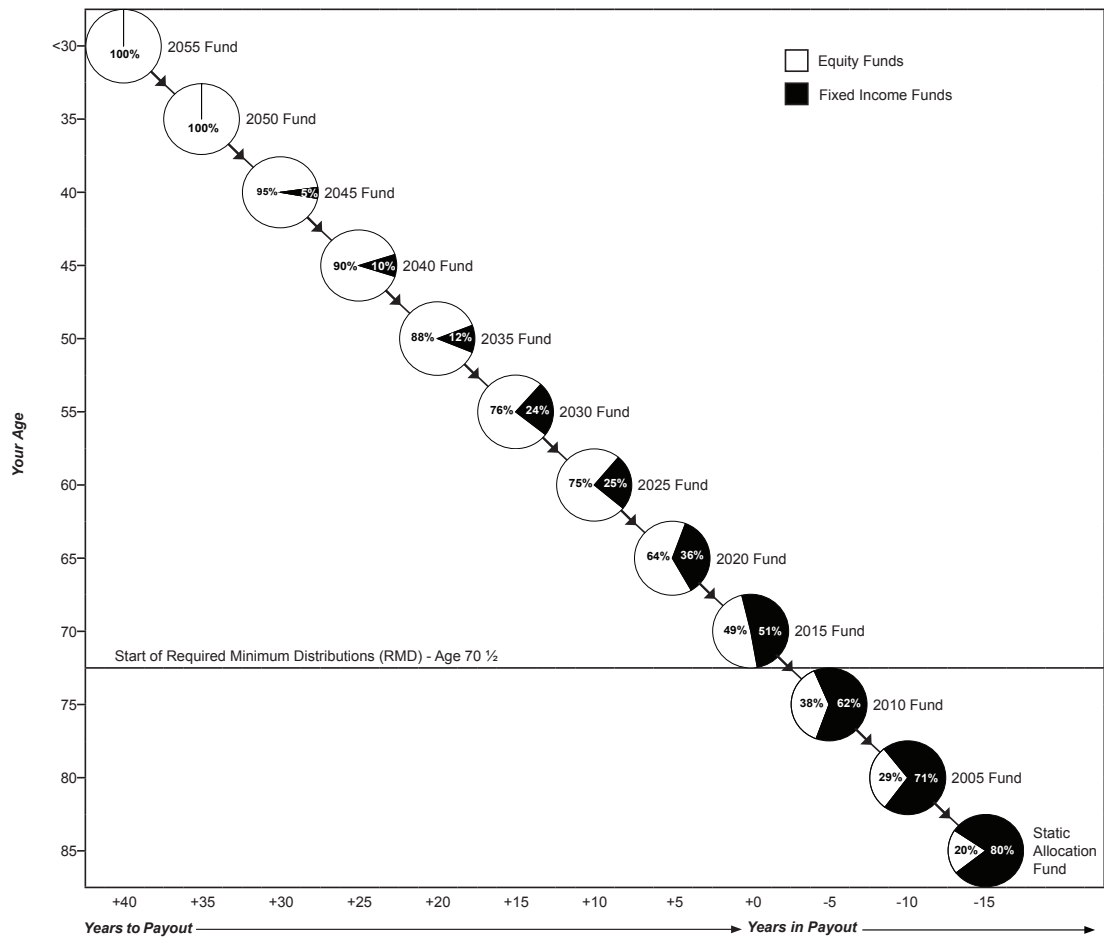
Prepared by:

Georgette Gestely  
Director

Joan Barrow  
Chief Accountant

Sections 457, 401(k) and 401(a) Plans and Section 408(q) New York City Employee IRA (NYCE IRA) reported within  
The City of New York's Comptroller's Comprehensive Annual Financial Report

### Pre-Arranged Portfolio



Participants are offered a choice of 12 Pre-Arranged Portfolios. Participants should choose a Pre-Arranged Portfolio based on their age or distribution begin date.

### Core Options

Potential Risk/ Potential Reward Scale	High	Stocks	Small-Cap Equity Fund
			International Equity Fund
			Mid-Cap Equity Index Fund
			Global Socially Responsible Index Fund*
			Equity Index Fund
	Low	Bonds	Bond Fund
		Stable Value	Stable Income Fund

\* The Global Socially Responsible Fund was transitioned into a Global Socially Responsible Index Fund as of the first Quarter of 2016.

All Plan assets are in either a separately managed account or a commingled account. Unlike a mutual fund, a separate account is not open to outside investors and is created solely for the benefit of Plan participants. Separate accounts only contain Deferred Compensation Plan assets and all participants trade according to the same rules.

Rather than utilize a single investment manager for some options, the Plan has created core investment options with multiple managers to diversify Plan risk. This structure provides flexibility to change managers, if necessary, without suspending participant trading.

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## Board Members

Bill de Blasio  
Mayor of The City of New York

Scott M. Stringer  
Comptroller of The City of New York

Robert W. Linn, Chairman  
Commissioner, Office of Labor Relations

Dean Fuleihan  
Director, Office of Management & Budget

Jacques Jiha  
Commissioner, Department of Finance

Lisette Camilo  
Commissioner, Department of  
Citywide Administrative Services

James P. O'Neill  
Police Commissioner

Daniel A. Nigro  
Fire Commissioner

Henry Garrido  
District Council 37, AFSCME

Jim Slevan  
Uniformed Firefighters Association

### Counsel to the Deferred Compensation Plan:

Zachary W. Carter  
Corporation Counsel

## Organization Chart Office of Labor Relations

Robert W. Linn  
Commissioner

Renee Campion  
First Deputy Commissioner

Georgette Gestely  
Director, Employee Benefits Program

## The Deferred Compensation Plan

Georgette Gestely  
Director

Joan Barrow  
Chief Accountant

Beth Kushner  
Deputy Director, Administration  
Employee Benefits Program

Sang Hong  
Deputy Director, Operations  
Employee Benefits Program

Dean S. Weltman  
Executive Agency Counsel



## OFFICE OF LABOR RELATIONS

# Deferred Compensation Plan & NYCE IRA

22 Cortlandt Street, 28<sup>th</sup> Floor, New York, NY, 10007  
Tel: 212 306-7760 / TTY: 212 306-7707 / Fax: 212 306-7376  
Outside NYC: 888 DCP-3113 and 888 IRA-NYCE  
Online: [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp) and [nyc.gov/nyceira](http://nyc.gov/nyceira)

### Board Members

Mayor of the City of New York  
Comptroller of the City of New York  
Commissioner, Office of Labor Relations  
Director, Office of Management & Budget  
Commissioner of Finance  
Commissioner, Citywide Administrative Services  
Police Commissioner  
Fire Commissioner  
Uniformed Firefighters Association  
District Council 37, AFSCME  
Corporation Counsel, Counsel to the Board

ROBERT W. LINN

*Commissioner*

GEORGETTE GESTELY

*Director, Employee Benefits Program*

BETH KUSHNER

*Deputy Director, Administration*

SANG HONG

*Deputy Director, Operations*

June 27, 2017

Members of the Board

The City of New York Deferred Compensation Plan/NYCE IRA  
22 Cortlandt Street  
New York, New York 10007

The Mayor's Office of Labor Relations is pleased to present you with the thirtieth Comprehensive Annual Financial Report of The City of New York Deferred Compensation Plan/NYCE IRA.

### An Umbrella Program

The Deferred Compensation Plan (Plan) is an umbrella program for three defined contribution plans, the 457 Plan, 401(k) Plan, and 401(a) Plan, and a Deemed IRA called the New York City Employee (NYCE) IRA. The pre-tax 457 Plan began operations in 1986 and the Roth after-tax component was added in April 2011. The pre-tax 401(k) Plan was introduced in January 2002 and the Roth after-tax component was added in April 2006. The NYCE IRA has a traditional component and a Roth after-tax component, and is also available to spouses of eligible City employees. NYCE IRA account owners are able to make contributions, consolidate their retirement assets through rollovers, and deposit their income tax refunds into their accounts.

The 401(a) Savings Incentive Program was added to the Deferred Compensation Plan in 2007. The 401(a) plan provides an employer contribution to eligible employees, as determined by labor agreements. The employer contribution is an incentive for employees to save more for retirement by making contributions to the 457 Plan.

The investment program offered to participants is the same for all the programs under the Deferred Compensation Plan/NYCE IRA umbrella. The Plan offers participants core investment options and target date pre-arranged portfolios.

Eligible participants for the Deferred Compensation Plan include employees of The City of New York, the Housing Authority, the School Construction Authority, the Water Finance Authority, the Department of Education, NYC Health + Hospitals and the community colleges of the City University of New York (401(k) only). These employees, as well as all NYC retirees who worked for the City from 1985 onwards, and the spouses of active and retired employees, are eligible to establish a NYCE IRA account.

As of December 31, 2016, the 457, 401(k), the NYCE IRA and the 401(a) had, \$14.8 billion, \$2.4 billion, \$274 million, and \$21 million, respectively, in net positions. This compares to \$13.6 billion, \$2.1 billion, \$240 million, and \$19 million, respectively, in assets available for Plan benefits at December 31, 2015.

### Plan Funding and Expense Payment

The administration of The City of New York Deferred Compensation Plan is entirely self-funded. In 2016, it was financed through a combination of participants' quarterly administrative fees, amounts deducted from the net asset values, and interest earned on assets held in the Plan's custodial account. These funds covered custodial and recordkeeping expenses, communications, and administrative expenses.

Membership	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan
<i>Total Participant 2016</i>	<b>134,877</b>	<b>45,749</b>	<b>4,291</b>	<b>3,097</b>
Total Participant 2015	129,349	41,786	4,009	3,134
Net Increase/(decrease)	5,528	3,963	282	(37)

## Investments

Each Plan investment contract is procured in accordance with applicable New York State Regulations and New York City laws and awarded to the manager with the best combination of investment experience, performance history and management fees. In December 2016, the Deferred Compensation Board approved a resolution establishing the New York City Deferred Compensation Plan Minority and Women-Owned Business Enterprise (MWBE) Policy for the purpose of ensuring the inclusion of MWBE asset managers in searches conducted by or on behalf of the Board. The Deferred Compensation Plan offers twelve pre-arranged portfolios and seven core investment options. The investment performance results, net of fees, are shown below:

Investment Option	2016 Yield/Return	Investment Option	2016 Yield/Return
Static Allocation Fund	4.4%	Stable Income Fund	1.9%
2005	4.9%	Bond Fund	2.3%
2010	5.5%	Equity Index Fund	12.0%
2015	6.3%	Global Socially Responsible Index Fund	8.2%
2020	7.2%	Mid-Cap Equity Fund	20.7%
2025	8.0%	International Equity Fund	2.5%
2030	8.5%	Small-Cap Equity Fund	18.3%
2035	9.0%		
2040	9.3%		
2045	9.6%		
2050	10.1%		
2055	10.0%		

## Awards

### *National Association of Government Defined Contribution Administrators Leadership Recognition Award*

In 2016, the National Association of Government Defined Contribution Administrators (NAGDCA) bestowed a leadership recognition award to the Plan for outstanding achievement in the field of Government Defined Contribution Administration. The Plan was recognized in the category of Participant Education and Effective Communication for its Financial Planning Center individual consultation services. This was the eighteenth year that the Plan has achieved this prestigious award.

### *Certificate of Achievement for Excellence in Financial Reporting*

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to The City of New York Deferred Compensation Plan for its comprehensive annual financial report for the fiscal year ended December 31, 2015. This was the twenty-second consecutive year that the Plan has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.



## 2016 Annual Report

The management of The City of New York Deferred Compensation Plan is responsible for establishing and maintaining procedures to administer and oversee Plan operations. An internal control structure is designed to provide reasonable assurance that the assets of the system are safeguarded against loss, theft, or misuse, and that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Furthermore, the concept of reasonable assurance recognizes that:

1. the cost of a control should not exceed the benefits likely to be derived from it; and
2. the valuation of cost and benefits requires estimates and judgment by management.


We believe the information presented in the Comprehensive Annual Financial Report is accurate and fair in all material respects.

This Letter of Transmittal is designed to complement Management's Discussion and Analysis (MD&A) and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.


## Acknowledgements

We wish to express our appreciation and gratitude to the dedicated and knowledgeable individuals who comprise both the staff and the consulting community: the Plan's investment consultants, Mercer Investment Consulting, Inc., Milliman USA and NEPC, LLC; the Plan's custodian, The Bank of New York Mellon; the Plan's legal advisors, Ice Miller, LLP and Morgan Lewis & Bockius, LLP; the Plan's auditor, Marks Paneth, LLP; the Plan's educational consultant, ICMA-RC; and the Plan's recordkeeper, FASCore, LLC, which is responsible for the maintenance of individual participant accounts and the issuance of quarterly participant statements. These individuals ensure the continued availability to The New York City employees of the finest possible defined contribution plan at the lowest possible cost.

Sincerely,



Georgette Gestely  
Director



Joan E. Barrow  
Chief Accountant

*National Association of Government Defined  
Contributions Administrators, Inc.*



*2016 LEADERSHIP RECOGNITION AWARD*

*FOR OUTSTANDING ACHIEVEMENT IN THE FIELD OF  
GOVERNMENT DEFINED CONTRIBUTION ADMINISTRATION*

*Participant Education and Effective Communication*

***City of New York Deferred Compensation Plan***



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of New York  
Deferred Compensation Plan  
New York**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**December 31, 2015**

*Jeffrey R. Emer*

Executive Director/CEO

The City of New York Deferred Compensation Board (the “Board”) was established by Executive Order No. 81 dated April 16, 1985 and Executive Order No. 85, dated November 13, 1985 of the Office of the Mayor. Executive Orders Nos. 81 and 85 were replaced by Executive Order No. 158, dated October 19, 2011. The Board is comprised of the Mayor of The City of New York, the Comptroller of The City of New York, the Commissioner of the Office of Labor Relations, the Director of the Office of Management & Budget, the Commissioner of Finance, the Commissioner of the Department of Citywide Administrative Services, the Police Commissioner, the Fire Commissioner, and two persons designated by the Municipal Labor Committee. The Municipal Labor Committee designated representatives from the Uniformed Firefighters Association and District Council 37, AFSCME to serve on the Board. The Corporation Counsel is counsel to the Board and the Plan. In 1986, the Board implemented the Deferred Compensation Plan for Employees of The City of New York and Related Agencies and Instrumentalities (the “457 Plan”) which is governed by §457 of the Internal Revenue Code of 1986, as amended (the “Code”). In January 2002, the Board commenced enrollment in the 401(k) Plan for Employees of The City of New York and Related Agencies and Instrumentalities (the “401(k) Plan”). In April 2006, the 401(k) Plan began accepting Roth (after-tax) contributions. In January 2007, the Board established the 401(a) Savings Incentive Plan for the Employees of The City of New York and Related Agencies and Instrumentalities (the “401(a) Plan”). The 401(a) Plan accepts only negotiated employer contributions for eligible employees who have made agreed-upon employee contributions to the 457 Plan. In 2011, as a result of the passage of the Small Business Jobs and Credit Act of 2010, the 457 Plan began accepting Roth (after-tax) contributions. The Mayor’s Office of Labor Relations (the “Plan Administrator”) administers the 457 Plan, the 401(k) Plan and the 401(a) Plan. The 457 Plan, 401(k) Plan and the 401(a) Plan will, at all times, comply with the Code and corresponding federal and state regulations and all other applicable laws. The 457, 401(k) and 401(a) Plans will sometimes be referred to collectively as the “Plans.”

The Plans are voluntary retirement contribution programs. The employers participating in the Plans include The City of New York, the Department of Education, NYC Health + Hospitals, the community colleges of the City University of New York (the 401(k) Plan only), the New York City Housing Authority, the New York City School Construction Authority and the New York City Municipal Water Finance Authority.

### Delegation by Employers

The employers participating in the Plans have delegated their powers, duties, and responsibilities under the Plans to the Board.

### Participation

An employee is eligible to participate in the Plans after the date he or she becomes a participant by completing an agreement (the “Participation Agreement”), via the Plans’ Web site, or through a Plan Enrollment Form with the Plan Administrator. All eligible employees enroll in the 457 Plan and/or the 401(k) Plan through the Plans’ Web site at [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp), or by submitting a Plan Enrollment Form. Eligibility to participate in the 401(a) Plan is determined by labor agreements.

The Participation Agreement must specify (a) the percentage of the participant’s includible compensation to be deferred in multiples of 0.5%, not less than 1% nor greater than 75% and (b) the investment option(s) selected by the participant, including the percentages to be allocated to the selected option(s), in increments of 1%.

### Maximum Deferrals

#### 457 Plan

The maximum amount which may be deferred, for both pre-tax and Roth contributions by a participant in the 457 Plan in a calendar year, may not exceed the lesser of (a) \$18,000 (\$18,000 in 2017) or (b) 75% of an active participant’s “includible compensation” (as defined by the Code). If you choose to contribute to both the 457 and the 401(k), your combined deferral election cannot exceed 75%. However, under certain circumstances, up to double the annual maximum participant contribution may be deferred by a participant during each of the last three years prior to reaching his or her designated “Normal Retirement Age” (“Deferral Acceleration for Retirement Amount”) if less than

the maximum was deferred during earlier years. In addition, participants age 50 and over can defer an additional \$6,000 (\$6,000 in 2017), irrespective of prior contributions (“Age 50 and Over Catch-Up”). Participants age 50 and over can defer the greater of: (i) the Deferral Acceleration for Retirement Amount, or (ii) the Age 50 and Over Catch-Up amount in any of the three years prior to the designated Normal Retirement Age. If a participant contributes to more than one 457 plan in a given year, the amounts deferred under such plans are aggregated in applying the maximums stated above.

#### 401(k) Plan

The maximum amount which may be deferred, for both pre-tax and Roth contributions, by a participant in the 401(k) Plan in a calendar year may not exceed the lesser of (a) \$18,000 (\$18,000 in 2017) or (b) 75% of an active participant’s “includible compensation” (as defined by the Code). If you choose to contribute to both the 457 and the 401(k), your combined deferral election cannot exceed 75%. Participants age 50 and over can defer an additional \$6,000, (\$6,000 in 2017) irrespective of prior contributions. If a participant contributes to two 401(k) plans or a 401(k) and 403(b) plan, the amounts deferred under all such plans are aggregated by applying the maximums stated above. Participants contributing to both the 457 Plan and the 401(k) Plan do not have to aggregate and are permitted to contribute the maximum to each plan.

#### 401(a) Plan

The amount of the employer contribution to the 401(a) Plan is not subject to the maximums stated above and is determined by labor agreements and subject to an agreed-upon annual employee contribution to the 457 Plan.

### *Assets Held in the Custodial Account*

The following list consists of the various types of assets held in the custodial account for the exclusive benefit of the participants and their beneficiaries of the 457 Plan, 401(k) Plan and the 401(a) Plan: (1) all amounts deferred under the Plans, (2) all property and rights purchased with such amounts, and (3) all income attributable to such amounts or rights.

### *Beneficiaries*

Each participant must file with the Plan Administrator a separate designation for the 457 Plan and 401(k) Plan of one or more beneficiaries entitled to receive the amount, if any, payable under the Plans upon the participant's death. The filed beneficiary designation for the 457 Plan will be effective for the 401(a) Plan. A participant may revoke or change his or her beneficiary designation without the consent of any prior beneficiary by completing a change form with the Plan Administrator or through the Plans' Web site, [nyc.gov/deferredcomp](http://nyc.gov/deferredcomp), using his or her PIN. The last such designation on file with the Plan Administrator will be controlling. No designation, change, or revocation of a beneficiary designation will be effective unless received by the Plan Administrator prior to the participant's death, and in no event will it be effective as of a date prior to such filing.

If no beneficiary designation is in effect at the time of a participant's death, or if no primary or contingent beneficiary survives the participant, payment will be made to the participant's surviving spouse or, if the participant had no surviving spouse, to the participant's estate.

### *Amendment of Participation Agreements*

The Participation Agreement is legally binding and irrevocable with respect to all amounts deferred while it is in effect. However, a participant may make certain changes to the Participation Agreement which are allowed under the Plans. By using a personal identification number to access his or her account through the telephone voice response system or through the Plans' Web site, a participant may, as often as he or she wishes, suspend deferrals or may increase or decrease, in multiples of 0.5%, the percentage of wages to be deferred. In addition, a participant may, either through the telephone voice response system or through the Web site, change the investment direction of future deferrals and initiate account transfers between investment options.

### *Recommencement of Participation*

An employee who has severed from New York City service may rejoin the 457 Plan, the 401(k) Plan, or both, and become an active participant after returning to New York City service by following the procedures set forth above. Eligibility to rejoin the 401(a) Plan is determined by labor agreements.

Any person who was a City employee after 1985 has the opportunity to join the 401(k) Plan irrespective of whether they are currently employed by the City. Employees that are no longer actively employed by the City may join the 401(k) Plan, however, only rollovers or transfers can be used to fund the account.

### *Maintenance of Accounts*

For both the 457 Plan and the 401(k) Plan, the recordkeeper establishes an account for each participant to which any amounts deferred, transferred or distributed under the Plans are credited or charged, including any increase or decrease in the value of the investment options specified in the Participation Agreement or any amendment thereto. The Plan maintains an Excessive Trading Policy for all of the Plan's investment options. The policy states that if monies are not held in any of the fund options for a period of thirty-two (32) calendar days, the participant will be assessed a 2% redemption fee. The minimum fee that will be assessed will be \$20 based on a \$1,000 trade. An employee participating in both the 457 Plan and 401(k) Plan who wishes to make any changes must do so independently for each Plan.

The recordkeeper also establishes a 401(a) Plan account for eligible participants to which any amounts contributed, transferred or distributed are credited or charged, including any increase or decrease in the value of the investment options specified.

All investment options offered under the Plans are offered by persons, companies or entities authorized to do business in the State of New York and are duly licensed, if applicable, by the appropriate federal agencies regulating such investments. The Board and the Plan Administrator are not responsible for any decrease in the value of a participant's account resulting from capital or market changes or any other changes occurring in the investment options of the participant's account. A participant or beneficiary is considered to have exercised independent control over the assets in his or her account and the consequences are within a participant's or beneficiary's exercise of control.

### *Crediting of Accounts*

Each participant's account is credited with amounts authorized for deferral or completed incoming transfers within four business days of receipt in good order by the Plans' custodian. Funds are invested in accordance with participants' directions with one or more financial organizations appointed by the Board, to be held, managed, invested and reinvested in accordance with the applicable agreement entered into by the Board with each such financial organization.

### *Account Reporting*

A statement of the total amount invested in a participant's account is furnished to each participant not more than thirty days after the end of each calendar quarter. If employees participate in the 457 Plan, 401(k) Plan, NYCE IRA, and the 401(a) Plan, they will receive only one statement but each plan will be separately accounted. Participants may also access their balance information through the Plans' telephone voice response system and Web site. All participant statements are based on the net fair value or book value, as applicable, of the investment options as of the effective date of the statement to the extent such values are available to the Plan Administrator.



## *Fees*

All participants are assessed a single quarterly administrative fee of \$20.00 for participation in the 457 Plan, the 401(k) Plan, 401(a) and the NYCE IRA. The administrative fee covers the cost of administering the Plans, safeguarding assets, and providing appropriate information and services including the supplying of quarterly statements. Furthermore, to offset Plan expenses an amount is deducted from the net asset values of each of the investment options. Currently, the amount deducted from the net asset values of each of the investment options is .04%. In addition, each investment manager charges an investment management fee that is deducted directly from each investment option's daily value.

## *Incoming Rollover or Transfers*

Participants in the Deferred Compensation Plan are eligible to roll over their pre-tax and Roth assets from other eligible retirement plans into the 401(k) Plan. The 401(k) Plan accepts rollovers from all eligible retirement plans (as defined by the Code), including 401(a), 457, 401(k), 403(b) and rollover IRAs. The 457 Plan accepts transfers from other 457 plans only. The Roth 457 accepts transfers from other Roth 457 plans only and the Roth 401(k) only accepts rollovers from other Roth 401(k) plans. Effective February 1, 2017, participants in either the 457 Plan or 401(k) Plan are eligible to perform an in-plan transfer/rollover from their pre-tax assets to their Roth assets, subject to applicable income taxes. The 401(a) Plan does not accept incoming rollovers or transfers. The Deferred Compensation Plan has also established the Special 401(k) Rollover Account exclusively for the acceptance of the federally tax-deferred portion of a participant's City pension and annuity funds.

## *In-Service Withdrawals*

### *Emergency Withdrawals*

A pre-tax 457 Plan participant who experiences an unforeseeable emergency (as defined by the Code) may submit an application to be presented to the Board for a determination of whether the guidelines for an emergency withdrawal under §457 of the Code have been met. Any determination by the Board of what constitutes an unforeseeable emergency, or the amount needed to satisfy the emergency, is final. Upon Board approval, the Plan's recordkeeper will disburse the amount authorized by the Board to the participant. Distributions are subject to applicable taxes.

A pre-tax 401(k) Plan participant who experiences an immediate and heavy financial need (as defined by the Code) may submit an application to be presented to the Board for a determination of whether the guidelines for a withdrawal under §401 of the Code have been met. Any determination by the Board of what constitutes an immediate and heavy financial need, or the amount needed to satisfy the need, is final. Upon Board approval, the Plan's recordkeeper will disburse the amount authorized by the Board to the participant. Distributions are subject to applicable taxes and may be subject to early withdrawal penalties.

The 401(a) Plan does not provide for emergency withdrawals.

## *Withdrawals from the 457 Plan*

Pre-tax and Roth 457 Plan participants age 70½ and older are eligible to take distributions, without penalty, from their 457 account while still working for the City. Roth 457 Plan participants age 59½ and older are eligible to take income-tax free distributions provided that it has been at least five taxable years since the initial contribution.

## *Withdrawals from the 401(k) Plan*

Pre-tax 401(k) Plan participants age 59½ and older are eligible to take distributions, without penalty, from their 401(k) account while still working for the City. Roth 401(k) Plan participants age 59½ and older are eligible to take income-tax free distributions, without penalty, if it has been at least five taxable years since the initial contribution.

## *Withdrawals after age 62 from the 401(a) Plan*

401(a) Plan participants age 62 and older are eligible to take distributions, without penalty, from their 401(a) account while still working for the City.

## *In-Plan Rollovers*

Effective March 2017, Plan participants of both the 457 Plan and the 401(k) may choose to transfer money from their Pre-tax account to their Roth account, while still employed by the City.

457 Plan participants can transfer money from their Pre-tax 457 account to their Roth 457 account and 401(k) Plan participants can transfer money from their Pre-tax 401(k) account to their Roth 401(k) account. All transfers are subject to income taxes which will be reported on Form 1099-R in the year when transferred.

## *Direct Transfer for the Purpose of Purchasing Permissive Service Credit*

Plan participants are eligible to use their pre-tax 457 account and pre-tax 401(k) account assets as sources of funding for the purchase of permissive service credits (as defined by the Code) in any defined benefit plan or pension system, via a direct transfer.

## *457 Plan Small Account Withdrawals*

A participant may be entitled to a full withdrawal of his or her account prior to severance from service if the account balance does not exceed \$5,000, there have been no contributions or loans during the two-year period ending on the date of distribution, and there has been no prior small account withdrawal.

## *Loans*

A participant in active payroll status is eligible to receive a loan from the pre-tax portion of the 457 Plan and the pre-tax portion of the 401(k) Plan. The minimum amount is \$2,500. The maximum amount of an approved loan shall not exceed the lesser of: (i) 50% of the participant's 457 or 401(k) Plan account balance; or (ii) \$50,000 less the combined highest balance of all outstanding loans a participant may have from a pension, a 403(b) and other Deferred Compensation Plans for the preceding 1-year period. Participants will be permitted to receive one loan in any 12-month period and

may have no more than two loans outstanding at any time from each Plan. An origination fee in the amount of \$50.00 shall be deducted from the loan amount approved and a quarterly maintenance fee of \$8.75 shall be deducted from the participant's account for the term of each loan.

Loans are not permitted from the 401(a) Plan and the Roth portions of either the 457 Plan or the 401(k) Plan.

Other than these allowable in-service withdrawals, participants may not withdraw from their accounts until they sever from New York City service.

### **Distribution of Benefits**

Upon a participant's severance from New York City service, or if a pre-tax 457 Plan participant is age 70½ or older, or if a pre-tax 401(k) Plan participant is age 59½ or older, or if a 401(a) Plan participant is age 62 or older, the participant is entitled to receive an amount equal to the value of his or her account, to be paid, subject to applicable taxes, in accordance with one of the methods described below. If the distribution is from a Roth 457 or 401(k) account and made (1) after a period of five consecutive taxable years that begins with the first day in which the participant makes a Roth contribution and ends when five consecutive taxable years have been completed; and (2) on or after the date the participant attains age 59½, the Qualified Distribution will not be subject to federal, state or local income taxes upon distribution. Participants can choose to remain in the Plans and are not required to withdraw, roll over or transfer their account upon severance from New York City service.

### **Commencement Date**

Subject to Required Minimum Distributions, a participant may elect any commencement date as long as such date is no earlier than the forty-fifth day after severance from New York City service. A participant has the option to cancel or change his or her distribution schedule at any time upon proper notice to the Plan Administrator. Upon reaching the later of April 1st of the calendar year following: (1) the calendar year he or she reaches age 70½, or (2) the calendar year in which he or she severs from New York City service, 457 and 401(k) Plan participants (both pre-tax and Roth) are required to start receiving withdrawals from their account (Required Minimum Distributions).

### **Method of Distribution for Direct Payment**

If a participant chooses to take direct payments, the following methods of distribution are available under the Plans:

1. Full withdrawal; or
2. A specified Amount Certain of a participant's account (Minimum request of \$1,000); or
3. Substantially equivalent monthly, quarterly, semi-annual or annual payments; or
4. A specified Amount Certain of a participant's account, with the remaining balance paid in substantially equivalent monthly, quarterly, semi-annual or annual payments.

Participants may request up to five non-periodic Amount Certain withdrawals per calendar year. Additional requests may be subject to a nominal processing fee.

### **Rollovers or Transfers Out of the Plans**

If a participant chooses to transfer or roll over his or her Deferred Compensation account, or a portion thereof, it must be to an eligible retirement plan, (457, 401(k), 403(b), 401(a), or rollover IRA). 457 Plan participants are permitted to roll over or transfer upon severance from City service or upon reaching age 70½. 401(k) Plan participants are eligible to roll over upon severance from City service or upon reaching age 59½. 401(a) Plan participants are eligible to roll over upon severance from City service or upon reaching age 62. Participants looking to consolidate assets are eligible to roll over their Deferred Compensation account to the New York City Employee IRA (NYCE IRA). The NYCE IRA is available as both a traditional IRA and a Roth IRA. A spousal NYCE IRA is also available (see Plan Summary Section for the NYCE IRA).

### **Election of Length of Distribution**

If a participant elects installment payments, he or she may specify either: (1) the total number of payments, or (2) the dollar amount of each payment. In either case, distributions cannot be paid over a period of time which exceeds the life expectancy of the participant or, in certain circumstances, the joint life expectancy of the participant and a "designated beneficiary" (as defined by the Code). Payments will be recalculated annually and will be paid only until the account is exhausted.

### **Distribution Elections by Beneficiaries**

Subject to Required Minimum Distributions, beneficiaries are eligible to select how to receive distributions from the decedent's account by the submission of a Beneficiary Distribution Form. Distributions to a "designated beneficiary" must be made over a period that does not exceed the life expectancy of the beneficiary, while all other beneficiaries must complete distribution by the fifth anniversary of the participant's death. Only spousal beneficiaries are eligible to roll over assets to their own eligible retirement plan or IRA. A non-spousal beneficiary is eligible to make a direct trustee-to-trustee transfer of an eligible rollover distribution from the Plan to an IRA established solely for the purpose of receiving the death benefit distribution. For a participant who has begun receiving distributions from his or her account, any amount not distributed to the participant during his or her life will be distributed after the death of the participant at least as rapidly as under the method of distribution being used by the participant.

If a participant died before his or her required beginning date, distribution to a spousal beneficiary must begin on or before December 31st of the year in which such participant would have attained age 70½. All other beneficiaries must begin no later than December 31st of the calendar year following the calendar year in which the participant died. If a participant died after his or her required beginning date, distributions to all beneficiaries must begin no later than December 31st of the calendar year following the calendar year in which the participant died.

The City of New York Deferred Compensation Board (the “Board”) was established by Executive Order No. 81 dated April 16, 1985 and Executive Order No. 85, dated November 13, 1985 of the Office of the Mayor. Executive Orders Nos. 81 and 85 were replaced by Executive Order No. 158, dated October 19, 2011. The Board is comprised of the Mayor of The City of New York, the Comptroller of The City of New York, the Commissioner of the Office of Labor Relations, the Director of the Office of Management & Budget, the Commissioner of Finance, the Commissioner of Citywide Administrative Services, the Police Commissioner, the Fire Commissioner, and representatives from the Uniformed Firefighters Association and District Council 37, AFSCME, both designated by the Municipal Labor Committee. The Corporation Counsel is counsel to the Board and the Plan. In November 2006, the Board implemented a deemed IRA program, the New York City Employee Individual Retirement Account (“NYCE IRA”) which is governed by §408 and 408(A) of the Internal Revenue Code of 1986, as amended (the “Code”). The provisions establishing the NYCE IRA are incorporated into the 401(k) Plan for Employees of The City of New York and Related Agencies and Instrumentalities (the “401(k) Plan”) in accordance with §408(q) of the Code. The Mayor’s Office of Labor Relations (the “NYCE IRA Administrator”) administers the NYCE IRA. The NYCE IRA will, at all times, comply with the Code and corresponding federal and state regulations and all other applicable laws.

There are two forms of IRAs: a traditional IRA and a Roth IRA. The current and former employees of the following agencies and instrumentalities are eligible to establish a NYCE IRA: The City of New York, the Department of Education, NYC Health + Hospitals, the community colleges of the City University of New York, the New York City Housing Authority, the New York City School Construction Authority and the New York City Municipal Water Finance Authority.

### Establishing a NYCE IRA

A current or former eligible employee establishes a NYCE IRA account after the date he or she acknowledges the NYCE IRA Disclosure Statement and Fee Schedule (the “Disclosure Statement”), via the NYCE IRA Web site or the NYCE IRA Application. Establishing a NYCE IRA also requires specifying the investment option(s) selected by the account owner, including the percentages to be allocated to the selected option(s), in increments of 1%. In addition, the new NYCE IRA account owner must designate at least one individual or entity as beneficiary of his or her NYCE IRA account. A spouse of an eligible current or former employee of The City of New York may establish a Spousal NYCE IRA account. A spouse can open a Spousal NYCE IRA by completing a New York City Employee IRA Application and submitting it to the NYCE IRA Administrative Office.

### Funding a NYCE IRA

#### Contributions

The contribution limit to the NYCE IRA for 2015 is the lesser of \$5,500 (\$5,500 for 2017) or total annual taxable compensation. NYCE IRA account owners age 50 and over can contribute a maximum to the NYCE IRA of the lesser of \$6,500 or total taxable compensation for year 2015 (\$6,500 for 2017). The same contribution limits apply for the Spousal NYCE IRA. The maximum contribution limit applies to the total contributions made to all IRAs (traditional and Roth) for the year. Contributions to the NYCE IRA may be made anytime during the year or by the deadline for filing a federal income tax return, without including extensions. Contributions to the NYCE IRA must be received by the Plan’s custodian prior to the tax-filing deadline. Contributions to a traditional IRA are generally deductible on a federal income tax return and can be made until the account owner is age 70½. Whether contributions into the NYCE IRA will be deductible or non-deductible depends on the account owner’s (or, if married, the account owner’s and the spouse’s) Modified Adjusted Gross Income and whether or not the account owner or spouse is covered by another retirement plan at work. Unlike a traditional IRA, Roth IRA contributions are not deductible and can continue to be made after age 70½. Eligibility to make contributions to the Roth NYCE IRA depends on the account owner’s (or, if

married, account owner’s and spouse’s) Modified Adjusted Gross Income. Contributions can be made by personal check or money order.

#### Rollovers

A rollover is a tax-free distribution from a previous retirement plan or IRA that is transferred to another retirement plan or IRA. A rollover does not count toward the annual maximum IRA contribution limit and is not a tax deductible contribution.

The Traditional NYCE IRA will accept rollovers from a previous employer’s retirement plan and the City’s pre-tax 457 Plan or pre-tax 401(k) Plan and 403(b) after severance from City service or attainment of age 59½ (401(k) or 403(b)). The Roth NYCE IRA will accept rollovers from the City’s Roth 457 Plan and Roth 401(k) Plan. The Roth NYCE IRA will accept after-tax rollovers from the City pensions systems. Both the Traditional and Roth NYCE IRA accept IRA rollovers from other financial institutions. The only distributions from a retirement plan or IRA that are not eligible for rollover to the NYCE IRA are the following: Periodic Payments from a pension, annuity or retirement plan (401(k), 457, 403(b) or IRA) that are made at least once a year and that will last for (a) your life expectancy, (b) your life expectancy and your beneficiary’s life expectancy, or (c) a specified period of ten years or more, Required Minimum Distributions, and Hardship Withdrawals.

#### Conversions

A conversion is a rollover from a traditional IRA to a Roth IRA, where the amount rolled over is subject to applicable income taxes. A conversion does not count towards the annual maximum IRA contribution limit.

Assets in the City’s Pre-tax 457 Plan and the Pre-tax 401(k) Plan can be directly rolled over to the Roth NYCE IRA upon the participant’s eligibility for distribution. The amount rolled over is subject to applicable income taxes.

#### Assets Held in the Custodial Account

The following list consists of the various types of assets held in the custodial account for the exclusive benefit of NYCE IRA account owners and their beneficiaries: (1) all amounts



contributed and rolled over into a NYCE IRA account, (2) all property and rights purchased with such amounts, and (3) all income attributable to such amounts, property or rights.

### Beneficiaries

Each NYCE IRA account owner must file with the NYCE IRA Administrator, a beneficiary designation indicating one or more beneficiaries entitled to receive the amount, if any, payable under the NYCE IRA upon the account owner's death. A separate beneficiary designation must be made for Traditional and Roth NYCE IRA accounts. An account owner may revoke or change his or her beneficiary designation without the consent of any prior beneficiary by completing a personal information change request form with the NYCE IRA Administrator. The last such designation on file with the NYCE IRA Administrator will be controlling. No designation, change, or revocation of a beneficiary designation will be effective unless received by the NYCE IRA Administrator prior to the account owner's death, and in no event will it be effective as of a date prior to such filing. If no primary or contingent beneficiary survives the account owner, payment will be made to the account owner's surviving spouse or, if the account owner had no surviving spouse, to the account owner's estate.

### Disclosure Statement

The Disclosure Statement is legally binding and irrevocable with respect to all amounts contributed or rolled over into a NYCE IRA account while it is in effect.

### Maintenance of NYCE IRA Accounts

The recordkeeper establishes a NYCE IRA account for each account owner to which any amounts contributed, rolled over or distributed under the NYCE IRA are credited or charged, including any increase or decrease in the value of the investment options. A separate account is established for a Traditional NYCE IRA account and a Roth NYCE IRA account.

A NYCE IRA account owner may make certain changes to his or her account by using a personal identification number to access his or her account through the telephone voice response system or through the Plan's Web site. A NYCE IRA account owner may, as often as he or she wishes, change the investment direction of future contributions and rollovers and initiate account transfers between investment options in multiples of 1%. The NYCE IRA Administrator maintains an Excessive Trading Policy for all of the program's investment options. The policy states that if monies are not held in any of the fund options for a period of thirty-two (32) calendar days, the account owner will be assessed a 2% redemption fee. The minimum fee that will be assessed will be \$20 based on a \$1,000 trade. A NYCE IRA owner participating in both a Traditional and Roth NYCE IRA who wishes to make any changes must do so independently for each account.

All investment options offered under the NYCE IRA are offered by persons, companies or entities authorized to do business in the State of New York and duly licensed, if applicable, by the appropriate federal agencies regulating such investments. The Board and the NYCE IRA Administrator are not responsible for any decrease in the value of a NYCE IRA account resulting from capital or market changes or any other changes occurring in the investment options of the owner's NYCE IRA account. In accordance with the Disclosure Statement, an account owner or beneficiary is considered to have exercised independent control over the assets in his or her account and the consequences are within an account owner's or beneficiary's exercise of control.

### Crediting of Accounts

Each NYCE IRA account is credited with amounts authorized for contributions or completed incoming rollovers within four business days of receipt in good order by the NYCE IRA's custodian. Funds are invested in accordance with the account owners' directions with one or more financial organizations appointed by the Board, to be held, managed, invested and reinvested in accordance with the applicable agreement entered into by the Board with each financial organization.

### NYCE IRA Account Reporting

A statement of the total amount invested in a NYCE IRA account is furnished to each account owner not more than thirty days after the end of each calendar quarter. If the NYCE IRA account owner has either or both a Traditional IRA account and Roth IRA account and/or participates in either or both the 457 Plan and 401(k) Plan, they will receive only one statement, but each program will be separately accounted. NYCE IRA account owners may also access their balance information through the telephone voice response system or Plan's Web site. All statements to a NYCE IRA account owner are based on the net fair market value or book value, as applicable, of the investment options as of the effective date of the statement, to the extent such values are available to the NYCE IRA Administrator.

### Fees

All participants are assessed a single quarterly administrative fee of \$20.00 for participation in the 457 Plan, the 401(k) Plan, the 401(a) Plan and the NYCE IRA. The administrative fee covers the cost of administering the NYCE IRA, safeguarding assets, and providing appropriate information and services including the supplying of quarterly statements. Furthermore, to offset NYCE IRA expenses, an amount is deducted from the net asset values of each of the investment options. Currently, the amount deducted from the net asset values of each of the investment options is .04%. In addition, each investment manager charges an investment management fee that is deducted directly from each investment option's daily value.



## Withdrawal of NYCE IRA Assets

NYCE IRA account owners can withdraw assets from their account at any time. Subject to certain exceptions, the withdrawal of assets from an IRA prior to age 59½ is subject to a 10% early withdrawal penalty.

Assets in a Traditional NYCE IRA account are tax-deferred until the account owner takes a withdrawal. Upon withdrawal, the account owner is responsible for federal income tax and applicable state and local taxes on the taxable amount of the withdrawal. Distributions from a Traditional NYCE IRA may be fully or partially taxable, depending on whether the Traditional NYCE IRA account includes any non-deductible contributions.

A Qualified Distribution from the Roth NYCE IRA is income-tax free. A Qualified Distribution is any payment or distribution from a Roth NYCE IRA account that meets the following requirements:

It is made after the 5-year period beginning with the first taxable year for which an account was established, AND the payment or distribution is:

1. made on or after the date the account owner reaches age 59½
2. made because the account owner is disabled, or
3. made to a beneficiary or to the account owner's estate after his or her death.

If the Roth NYCE IRA account owner receives a distribution from his or her account that is not a Qualified Distribution, the earnings portion of it may be subject to applicable federal, state and local taxes along with an early withdrawal penalty.

A Traditional NYCE IRA account owner must start receiving withdrawals from his or her account by April 1st of the year following the year in which the account owner reaches age 70½ (Required Minimum Distributions).

Roth NYCE IRA accounts are not subject to Required Minimum Distributions and account owners can leave amounts in their Roth NYCE IRA as long as they live. Upon the death of a NYCE IRA account owner, the assets in his or her Roth NYCE IRA will be paid to his or her designated beneficiaries.

### *Method of Withdrawal for Direct Payment*

If a NYCE IRA account owner chooses to take direct payments, the following methods of distribution are available under the Plans:

1. Full withdrawal; or
2. A specified Amount Certain of a NYCE IRA account; or
3. Substantially equivalent monthly, quarterly, semi-annual or annual payments; or
4. A specified Amount Certain of a NYCE IRA account, with the remaining balance paid in substantially equivalent monthly, quarterly, semi-annual or annual payments.

## *Rollovers Out of the NYCE IRA*

If a NYCE IRA account owner chooses to roll over his or her NYCE IRA account, or a portion thereof, it must be to an eligible retirement plan (457, 401(k), 403(b), 401(a), or rollover IRA).

### *Election of Length of Withdrawal*

If a NYCE IRA owner elects payments, he or she may specify either: (1) the total number of payments, or (2) the dollar amount of each payment. In either case, distributions cannot be paid over a period of time which exceeds the life expectancy of the account owner or, in certain circumstances, the joint life expectancy of the account owner and a "designated beneficiary" (as defined by the Code). Payments will be recalculated annually and will be paid until the account is exhausted.

### *Distribution Elections by Beneficiaries*

Beneficiaries of NYCE IRA accounts may select how to receive distributions from the decedent's account by the submission of a NYCE IRA Beneficiary Withdrawal Form.

Spousal beneficiaries have the option of establishing an inherited NYCE IRA beneficiary account from assets they inherit from their deceased spouses. With an inherited NYCE IRA account, the amount of the Required Minimum Distributions will be based on age and will be recalculated each year. Surviving spouses older than age 70½ must begin taking Required Minimum Distributions by December 31st of the year following the spouse's death. Spouses younger than age 70½, can delay Required Minimum Distributions until the deceased account owner would have turned age 70½. Surviving spouses also have the option to roll over their inherited NYCE IRA proceeds into their own new or existing IRA and treat the assets as if they were their own. Spouses can also consolidate their inherited NYCE IRA proceeds into their existing Spousal NYCE IRA account.

Non-spousal beneficiaries of a NYCE IRA account will control both how the inherited assets are invested and to whom they pass upon death. Required Minimum Distributions will also generally be based on their own life expectancy and distribution must begin by December 31st of the year following the deceased participant's death.

The management of The City of New York Deferred Compensation Plan is responsible for establishing and maintaining procedures to administer and oversee Plan operations. An internal control structure is designed to provide reasonable assurance that the assets of the system are safeguarded against loss, theft, or misuse, and that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles.

Furthermore, the concept of reasonable assurance recognizes that:

1. the cost of a control should not exceed the benefits likely to be derived from it; and
2. the valuation of cost and benefits requires estimates and judgment by management.

To be in accordance with these principles, an audit should be viewed as independent and impartial, by knowledgeable third parties. An audit includes examining, on a test basis, evidence supporting transactions recorded in the accounting and operations records, including assessing the estimates, judgments and decisions made by management.

To Members of the Board and Participants of  
the Deferred Compensation Plan for Employees of  
The City of New York and Related Agencies and Instrumentalities

### Report on the Financial Statements

We have audited each of the statements of plan net position of the Deferred Compensation Plan for Employees of The City of New York and Related Agencies and Instrumentalities (the “457 Plan,” the “401(k) Plan,” the New York City Employee Individual Retirement Account “NYCE IRA” and the “401(a) Plan” or collectively the “Plans”) as of December 31, 2016 and 2015 and each of the related statements of changes in plan net position for the years then ended, and the related notes to the financial statements.

### Management’s Responsibility for the Financial Statements

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

### Auditors’ Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 entity’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 entity’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, each of the Plans’ financial statements referred to above present fairly, in all material respects, each of the Plans’ net position as of December 31, 2016 and 2015, and the changes in each of the Plans’ net position for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the accompanying Management’s Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not part of the basic financial statement, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the 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 Information*

Our audits were conducted for the purpose of forming an opinion on each of the Plans' basic financial statements. The combining schedules of plan net position as of December 31, 2016 and 2015, and schedules of cash receipts and disbursements and administrative expenses, and recordkeeping/loan fees and investment management fees for the years then ended are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The combining schedules of plan net position as of December 31, 2016 and 2015, and schedules of cash receipts and disbursements and administrative expenses, and recordkeeping/loan fees and investment management fees for the years then ended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in dark ink, reading "Marko Paneth LLP". The signature is written in a cursive, flowing style.

New York, NY

June 16, 2017

## Using These Financial Statements

This discussion and analysis of the Deferred Compensation Plan for Employees of The City of New York and Related Agencies and Instrumentalities' (the 457, the 401(k), the 401(a) Plans, and the NYCE IRA employee benefit plans (collectively, the "Plans")) financial performance provides an overview of the Plans' financial activities for the years ended December 31, 2016 and 2015. Please read it in conjunction with the Plans' financial statements which begin on page 26.

The financial statements consist of two basic financial statements and the notes to the financial statements. The statements of plan net position and the statements of changes in plan net position (on pages 26 and 27) provide information about each of the Plans. These statements are prepared using the accrual basis of accounting. All of the current year's revenues and expenses are recorded when earned or incurred regardless of when cash is received or paid.

### 457 Plan, 401(k) Plan, NYCE IRA and 401(a) Plan History

#### *457 Plan*

The 457 Plan was established in 1986 to provide employees of The City of New York and Related Agencies and Instrumentalities the ability to defer a portion of current earnings on a pre-tax basis. As of December 31, 2016, the Plan had 134,877 participants. This compares to 129,349 participants at December 31, 2015 and 123,807 participants at December 31, 2014. This represents an increase of 11,070 participants since 2014.

#### *401(k) Plan*

The 401(k) Plan was established in 2002 and, as a result, employees have another savings option for deferrals. The 401(k) Plan had 45,749, 41,786 and 38,086 participants as of December 31, 2016, 2015 and 2014, respectively. This represents an increase of 7,663 participants since 2014.

#### *NYCE IRA*

The New York City Employee Individual Retirement Account (NYCE IRA) was established in 2006 to offer City employees and their spouses, as well as City retirees and their spouses, a further retirement savings vehicle which they can use to make contributions, consolidate their retirement assets through rollovers and deposit their income tax refunds. The NYCE IRA had 4,291, 4,009, and 3,676 account holders as of December 31, 2016, 2015 and 2014, respectively. This represents an increase of 615 account holders since 2014.

#### *401(a) Plan*

The 401(a) Plan began accepting employer contributions in 2007 from The City of New York for eligible members of the Lieutenants Benevolent Association ("LBA"). In addition to the members of the LBA, in 2011, The City of New York employees who were members of the Captains Endowment Association ("CEA") had employer contributions made on their behalf to the 401(a) Plan. The 401(a) Plan had 3,097, 3,134, and 3,162 participants as of December 31, 2016, 2015 and 2014, respectively.

#### *Self-Directed Brokerage Account*

In mid-2004, the Plans added the option for 457 Plan and 401(k) Plan participants to invest in a Self-Directed Brokerage (SDB) account, opening up the opportunity for participants to invest in over 11,000 mutual funds outside of the Plans' core investment options, including a broad range of no transaction fee (NTF) funds. The maximum percentage of account balance that can be transferred from the 457 or 401(k) plans into the SDB option is 20% and participants are required to have a minimum of \$5,000 in either their 457 or 401(k) to be eligible to enroll in this option. As of December 31, 2016, the SDB option had over \$30 million in assets.

## Financial Highlights

### 457 Plan

#### *Plan Assets, Deferrals and Deductions*

Plan Net Position exceeded \$14.8 billion at the end of 2016. The number of participants increased from 123,807 participants at December 31, 2014 to 134,877 participants at December 31, 2016. Appreciation in fair value increased from \$39 million in 2015 to \$1.2 billion in 2016. While all of the investment options experienced positive returns in 2016, only three of the investment options met or exceeded its benchmark.

### 401(k) Plan

#### *Plan Assets, Deferrals and Deductions*

The Plan Net Position exceeded \$2.4 billion at December 31, 2016. The number of participants increased from 38,086 participants at December 31, 2014 to 45,749 at December 31, 2016. Appreciation in fair value increased from \$5 million in 2015 to \$167 million in 2016.

<i>December 31 (in thousands)</i>	2016	2015	2014
<b>Statements of Plan Net Position</b>			
Total assets	\$ 14,809,800	\$ 13,563,916	\$ 13,455,023
Total liabilities	\$ 5,460	\$ 5,822	\$ 5,628
Plan Net Position	\$ 14,804,340	\$ 13,558,094	\$ 13,449,395
<b>Additions (Deductions)</b>			
Employee contributions	\$ 630,183	\$ 622,019	\$ 545,251
Appreciation in fair value	1,176,320	39,440	803,037
Investment management fees	(25,536)	(27,117)	(27,183)
Custodial fees	(969)	(945)	(907)
Total Plan additions	\$ 1,779,998	\$ 633,397	\$ 1,320,198
<b>Deductions</b>			
Distributions to participants	\$ 521,331	\$ 512,324	\$ 508,158
Recordkeeping/Loan fees	5,601	5,749	5,827
Administrative expenses	6,820	6,625	6,157
Total Plan deductions	\$ 533,752	\$ 524,698	\$ 520,142
Increase in Plan Net Position	\$ 1,246,246	\$ 108,699	\$ 800,056

<i>December 31 (in thousands)</i>	2016	2015	2014
<b>Statements of Plan Net Position</b>			
Total assets	\$ 2,422,681	\$ 2,080,414	\$ 1,918,873
Total liabilities	\$ 765	\$ 137	\$ 474
Plan Net Position	\$ 2,421,916	\$ 2,080,277	\$ 1,918,399
<b>Additions (Deductions)</b>			
Employee contributions and rollovers	\$ 255,873	\$ 226,803	\$ 197,072
Appreciation in fair value	167,185	5,006	97,514
Investment management fees	(4,344)	(4,251)	(3,996)
Custodial fees	(129)	(112)	(104)
Total Plan additions	\$ 418,585	\$ 227,446	\$ 290,486
<b>Deductions</b>			
Distributions to participants	\$ 74,958	\$ 63,961	\$ 62,163
Recordkeeping/Loan fees	1,008	691	659
Administrative expenses	980	916	861
Total Plan deductions	\$ 76,946	\$ 65,568	\$ 63,683
Increase in Plan Net Position	\$ 341,639	\$ 161,878	\$ 226,803

## NYCE IRA

### Plan Assets, Deferrals and Deductions

Plan Net Position has increased from \$219 million since the end of 2014 to \$274 million at December 31, 2016. The number of account holders in the NYCE IRA at December 31, 2016, 2015 and 2014 was 4,291, 4,009, and 3,676, respectively. Appreciation in fair value increased from \$1.8 million in 2015 to \$15.5 million in 2016.

<i>December 31 (in thousands)</i>	<b>2016</b>	2015	2014
<b>Statements of Plan Net Position</b>			
Total assets	\$ 274,674	\$ 240,302	\$ 219,234
Total liabilities	\$ 214	\$ 169	\$ 137
Plan Net Position	\$ 274,460	\$ 240,133	\$ 219,097
<b>Additions (Deductions)</b>			
Employee contributions and rollovers	\$ 33,999	\$ 31,018	\$ 30,231
Appreciation in fair value	15,514	1,782	9,257
Investment management fees	(547)	(534)	(510)
Custodial fees	(15)	(13)	(12)
Total Plan additions	\$ 48,951	\$ 32,253	\$ 38,966
<b>Deductions</b>			
Distributions to participants	\$ 14,439	\$ 11,068	\$ 11,268
Recordkeeping/Loan fees	84	50	48
Administrative expenses	101	99	82
Total Plan deductions	\$ 14,624	\$ 11,217	\$ 11,398
Increase in Plan Net Position	\$ 34,327	\$ 21,036	\$ 27,568

## 401(a) Plan

### Plan Assets, Deferrals and Deductions

Plan Net Position has increased from \$19.3 million since the end of 2014 to \$20.8 million at December 31, 2016. The number of participants in the 401(a) Plan at December 31, 2016, 2015 and 2014 was 3,097, 3,134, and 3,162, respectively. Contributions decreased from \$715,000 in 2014 to \$23,000 in 2016, as employer contributions decreased from \$300 per participant to \$0 per participant in 2015 and 2016 for Lieutenants Benevolent Association members and from \$380 per participant in 2014 to \$35 per participant in 2015 and 2016 for the Captains Endowment Association members.

<i>December 31 (in thousands)</i>	<b>2016</b>	2015	2014
<b>Statements of Plan Net Position</b>			
Total assets	\$ 20,807	\$ 19,004	\$ 19,346
Total liabilities	\$ -	\$ -	\$ -
Plan Net Position	\$ 20,807	\$ 19,004	\$ 19,346
<b>Additions (Deductions)</b>			
Contributions	\$ 23	\$ 24	\$ 715
Appreciation (Depreciation) in fair value	2,120	(57)	1,374
Investment management fees	(33)	(36)	(36)
Total Plan additions (Deductions)	\$ 2,110	\$ (69)	\$ 2,053
<b>Deductions</b>			
Distributions to participants	\$ 304	\$ 271	\$ 417
Recordkeeping/Loan fees	3	2	3
Total Plan deductions	\$ 307	\$ 273	\$ 420
Increase (Decrease) in Plan Net Position	\$ 1,803	\$ (342)	\$ 1,633



## Plans' Activities

Combined Plan Net Position for all Plans at December 31, 2016, 2015 and 2014 exceeded \$17.5 billion, \$15.8 billion, and \$15.6 billion, respectively. The Plans had a combined net investment income of \$1.3 billion in 2016, \$13 million in 2015, and \$878 million in 2014. Total deferrals of compensation and participant rollovers increased from \$880 million in 2015 to \$920 million in 2016.

## Fund Performance

Participants in the Plans elect to invest their accounts into one or more of the following funds:

Core Fund Name	2016		2015		2014	
	Annual Return	Market Benchmark	Annual Return	Market Benchmark	Annual Return	Market Benchmark
Stable Income Fund	1.9%	1.8%	1.9%	1.5%	2.0%	1.5%
Bond Fund	2.3%	2.6%	0.5%	0.5%	5.4%	6.0%
Equity Index Fund	12.0%	12.0%	1.4%	1.4%	13.7%	13.7%
Global Socially Responsible Index Fund <sup>(1)</sup>	8.2%	8.9%	(13.5%)	(0.3%)	2.3%	5.5%
Mid-Cap Equity Index Fund	20.7%	20.7%	(2.3%)	(2.2%)	9.7%	9.8%
International Equity Fund	2.5%	5.0%	(3.5%)	(5.3%)	(3.3%)	(3.4%)
Small-Cap Equity Fund	18.3%	21.3%	(2.1%)	(4.4%)	5.6%	4.9%

Pre-Arranged Portfolio Name	2016		2015		2014	
	Annual Return	Custom Benchmark	Annual Return	Custom Benchmark	Annual Return	Custom Benchmark
Static Allocation Fund	4.4%	4.3%	0.9%	0.8%	3.8%	3.5%
2000 Fund	N/A	N/A	N/A	N/A	3.9%	3.6%
2005 Fund	4.9%	5.0%	0.6%	0.3%	4.3%	4.2%
2010 Fund	5.5%	5.8%	0.3%	0.0%	4.8%	4.8%
2015 Fund	6.3%	6.6%	0.0%	(0.4%)	5.2%	5.2%
2020 Fund	7.2%	7.7%	(0.4%)	(0.8%)	5.9%	6.0%
2025 Fund	8.0%	8.5%	(0.5%)	(1.0%)	6.3%	6.5%
2030 Fund	8.5%	9.0%	(0.6%)	(1.1%)	6.5%	6.8%
2035 Fund	9.0%	9.5%	(0.6%)	(1.2%)	6.8%	7.0%
2040 Fund	9.3%	9.8%	(0.7%)	(1.2%)	6.8%	7.0%
2045 Fund	9.6%	10.0%	(0.8%)	(1.5%)	6.8%	7.0%
2050 Fund	10.1%	10.4%	(0.9%)	(1.6%)	6.8%	7.0%
2055 Fund	10.0%	10.6%	0.1%	(1.6%)	N/A	N/A

TIPS <sup>(2)</sup>	2016		2015		2014	
	Annual Return	Market Benchmark	Annual Return	Market Benchmark	Annual Return	Market Benchmark
	4.8%	4.7%	(2.2%)	(1.4%)	4.6%	3.6%

<sup>1</sup> The Global Socially Responsible Fund was transitioned into a Global Socially Responsible Index Fund as of the first Quarter of 2016.

<sup>2</sup> TIPS are included in some of the Pre-Arranged Portfolios, but are not available as a core investment option.



## Overall Fund Review

The recent developments in Washington have ushered in a new sense of expectations for the domestic economy. In the fourth quarter 2016, U.S. equities (S&P 500) were up on the prospect of lower taxes, regulatory rollback, and a comprehensive infrastructure spending program. Outside of the U.S., developed international markets (MSCI EAFE) were down slightly in dollar terms as positive economic data was outweighed by continued political uncertainty in Europe. Emerging Market equities (MSCI EM) were down as a strong dollar and higher U.S. interest rates caused capital outflows from emerging economies. The broad fixed income market (Bloomberg Barclays Aggregate Bond Index) was down as the market anticipated rising interest rates. The unemployment rate dropped from 4.9% at the end of the third quarter to 4.7% at the end of the fourth quarter. Real GDP increased 3.5% in the third quarter after increasing 1.4% in the second quarter.

After years of stagnant growth across the world, economic data is beginning to move in the right direction. In the U.S., employment data remains consistently positive while interest rates, prices, and wages ticked upward at the end of 2016. In Europe, unemployment is falling, manufacturing activity is picking up, and fiscal austerity appears to be over. The pages of economic history may be turning as economies begin to wind down aggressive and unconventional monetary policy to be replaced by more conventional, pro-growth fiscal policy. Risks remain, however, particularly in regard to overseas markets. Much uncertainty remains surrounding the long-term impact of Britain leaving the EU. Concerns are compounded by anti-Euro parties running in national elections in France, Germany, and Italy in 2017. A strong dollar poses headwinds to emerging markets as much of their debt is denominated in dollars. Higher rates in the U.S. also make investments in emerging markets less attractive. Altogether, a focus on long-term goals and objectives continues to be a prudent course.

All of the investment options for the City of New York Deferred Compensation Plans experienced positive returns for the calendar year ending December 31, 2016, although there were instances where the positive returns did not exceed their benchmark. Equities did very well: the Plan's allocation to Mid-Cap Equities returned 20.7% for the year, while the Equity Index Fund returned 12.0%. The Plans' largest investment option remains the Stable Income Fund, which exceeded its benchmark with a 2016 calendar year return of 1.9%.

~ END ~

*Statements of Net Position*  
*Years Ended December 31, 2016 and 2015 (in thousands)*

	457 Plan		401(k) Plan		NYCE IRA		401(a) Plan	
ASSETS	2016	2015	2016	2015	2016	2015	2016	2015
Investments: (Notes 1, 2 and 3)								
Stable Income Fund	\$ 4,749,910	\$ 4,419,597	\$ 888,005	\$ 751,391	\$ 148,322	\$ 130,227	\$ 2,816	\$ 2,547
Bond Fund	582,522	530,058	151,767	131,506	11,299	10,514	572	548
Equity Index Fund	4,687,741	4,321,548	588,183	515,019	58,023	49,092	8,684	7,967
Global Socially Responsible Index Fund	283,881	275,980	29,812	26,312	1,907	1,979	403	404
Mid-Cap Equity Index Fund	828,631	652,732	200,935	156,854	13,707	10,245	1,327	1,062
International Equity Fund	1,006,602	985,724	231,361	216,817	16,987	16,026	1,608	1,623
Small-Cap Equity Fund	2,198,314	1,934,207	239,748	199,693	18,761	16,843	5,143	4,622
Treasury Inflation Protected Securities (TIPS)	220,020	198,974	60,398	52,656	5,653	5,355	250	229
Self-Directed Brokerage Option	26,235	24,407	3,777	3,599	-	-	-	-
Total investments	14,583,856	13,343,227	2,393,986	2,053,847	274,659	240,281	20,803	19,002
Participant loans receivable (Note 4)	209,781	205,085	26,124	24,277	-	-	-	-
Other assets	1,917	1,427	1,934	1,116	-	-	4	2
Cash and cash equivalents	14,246	14,177	637	1,174	15	21	-	-
Total assets	14,809,800	13,563,916	2,422,681	2,080,414	274,674	240,302	20,807	19,004
LIABILITIES								
Accounts payable and accrued expenses	5,460	5,822	765	137	214	169	-	-
Total liabilities	5,460	5,822	765	137	214	169	-	-
Plan Net Position								
Restricted for Plan Benefits	\$ 14,804,340	\$ 13,558,094	\$ 2,421,916	\$ 2,080,277	\$ 274,460	\$ 240,133	\$ 20,807	\$ 19,004

See Notes to Financial Statements.

*Statements of Changes in Plan Net Position*  
*Years Ended December 31, 2016 and 2015 (in thousands)*

	457 Plan		401(k) Plan		NYCE IRA		401(a) Plan	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>ADDITIONS (DEDUCTIONS) TO NET POSITION:</b>								
Net investment income:								
Appreciation (Depreciation) in fair value	\$ 1,176,320	\$ 39,440	\$ 167,185	\$ 5,006	\$ 15,514	\$ 1,782	\$ 2,120	\$ (57)
Investment management fees	(25,536)	(27,117)	(4,344)	(4,251)	(547)	(534)	(33)	(36)
Custodial fees	(969)	(945)	(129)	(112)	(15)	(13)	-	-
Total net investment income	1,149,815	11,378	162,712	643	14,952	1,235	2,087	(93)
Contributions:								
Deferrals of compensation	630,183	622,019	156,183	148,992	4,880	4,412	23	24
Participant rollovers	-	-	99,690	77,811	29,119	26,606	-	-
	630,183	622,019	255,873	226,803	33,999	31,018	23	24
Total Additions (Deductions)	1,779,998	633,397	418,585	227,446	48,951	32,253	2,110	(69)
<b>DEDUCTIONS FROM NET POSITION:</b>								
Benefits paid to participants and beneficiaries	521,331	512,324	74,958	63,961	14,439	11,068	304	271
Recordkeeping/Loan Fees	5,601	5,749	1,008	691	84	50	3	2
Administrative expenses	6,820	6,625	980	916	101	99	-	-
Total deductions	533,752	524,698	76,946	65,568	14,624	11,217	307	273
Increase (Decrease) in net position	1,246,246	108,699	341,639	161,878	34,327	21,036	1,803	(342)
Plan Net Position, Beginning of year	13,558,094	13,449,395	2,080,277	1,918,399	240,133	219,097	19,004	19,346
Plan Net Position, End of year	\$ 14,804,340	\$ 13,558,094	\$ 2,421,916	\$ 2,080,277	\$ 274,460	\$ 240,133	\$ 20,807	\$ 19,004

See Notes to Financial Statements.

## Note 1 - Description of Plans and Significant Accounting Policies

### Plan Description

The following description of the Deferred Compensation Plan for Employees of The City of New York and Related Agencies and Instrumentalities (the "457 Plan," the "401(k) Plan," the New York City Employee Individual Retirement Account "NYCE IRA" and the "401(a) Plan" or collectively, the "Plans") provides only general information. Participants should refer to the respective Plan documents for a more complete description of the Plans' provisions.

### General

The 457 and 401(k) Plans are defined contribution plans which permit employees of The City of New York (the "City") and Related Agencies and Instrumentalities to defer receipt of a portion of their current salary until future years. The 457 Plan is intended to satisfy the requirements for an "eligible State deferred compensation plan" under Section 457 of the Internal Revenue Code of 1986, as amended (the "Code"). In 2011, a Roth component was added to the 457 Plan. The 401(k) Plan is a "qualified plan" under Section 401(k) of the Code and is comprised of the pre-tax and Roth components. The NYCE IRA is a deemed IRA under section 408(q) of the Code. The 401(a) Plan is a defined contribution plan that is qualified under Section 401(a) of the Code and is a governmental plan under Section 414(d) of the Code.

The NYCE IRA is comprised of a traditional IRA and a Roth IRA, both of which are available to current and former City employees (with a termination date of 1985 or after) and their spouses as an additional retirement savings vehicle. Employees and their spouses can use the NYCE IRA to make contributions and/or consolidate their retirement assets through rollovers.

Assets in the Plans are held in a custodial account for the exclusive benefit of the Plans' participants and their beneficiaries.

The Plans are reported as other employee benefit trust funds within The City of New York's Comprehensive Annual Financial Report.

### Employer Contributions

In 2007, as a result of collective bargaining agreements, the 401(a) Plan was established to accept employer contributions made on behalf of The City of New York employees who are members of the Lieutenants Benevolent Association ("LBA") and the Captains Endowment Association ("CEA").

Employer contributions to the 401(a) Plan for LBA ceased as of February 1, 2015. Employer contributions to the 401(a) Plan for CEA members were \$35 per participant in 2016 and 2015. Employer contributions were based on the collectively bargained agreements.

As of December 31, 2016 and 2015, all employer contributions have been received by the Plans. The 401(a) Plan had 3,097 and 3,134 participants as of December 31, 2016 and 2015, respectively. The 401(a) Plan is a defined contribution plan in accordance with the provisions of GASB Statement No. 67 "Financial Reporting for Pension Plans" and the disclosures contained herein comply with that statement.

### Participant Contributions

Participants in the 457 and 401(k) Plans could contribute up to \$18,000 in 2016 and 2015 of "Includible Compensation" (as defined by the Code) to each plan. If an employee was age 50 or older, the employee was permitted to contribute up to \$24,000 in 2016 and 2015 to each plan.

Participants in the NYCE IRA may make traditional and Roth contributions annually subject to a contribution limit. The yearly combined contribution limit for the traditional and Roth NYCE IRA was \$5,500 for 2016 and 2015, and if age 50 and older, \$6,500 for 2016 and 2015 of taxable compensation.

### Vesting

Participants are fully vested in their account balances at all times.

### Participant Loans

Participants may borrow from their pre-tax 457 and/or pre-tax 401(k) accounts. Loans are not permitted from the NYCE IRA and 401(a) Plans. The minimum loan amount is \$2,500. The maximum amount of an approved loan shall not exceed the lesser of: (i) 50% of the participant's 457 or 401(k) Plan account balance; or (ii) \$50,000 less the combined balance of all outstanding loans a participant may have from pension loans, 403(b) and other Deferred Compensation Plan loans. The loans are secured by the balance in the participant's account and bear interest equal to one percentage point above the prime interest rate as published in the Wall Street Journal on the first business day of each month, or such other reasonable rate of interest as the Board shall determine. Principal and interest are paid through payroll deductions. All loans are to be repaid over a nonrenewable period not to exceed five years.

### Participants' Accounts

Each participant's account is credited with the participant's contributions as remitted, with a daily allocation of earnings on the investment options in which the participant is invested. (A participant's 401(a) account is credited with employer contributions only.) The account is charged with a quarterly administrative expense fee and a daily reduction of the net asset value of an annualized four basis points, or 0.04%, for the years ended December 31, 2016 and 2015. Each participant's account balance is invested in accordance with the investment option(s) selected by the participant.

### Payment of Benefits

#### *457 Plan*

A participant's 457 deferred compensation account balance is available upon severance from City service, attainment of age 70½, death, or the occurrence of certain unforeseeable emergencies as set forth by the Code. A participant may elect to receive: 1) one lump sum amount equal to the value of the account, 2) a specified amount certain, 3) periodic payments paid in substantially equivalent installments monthly, quarterly, semi-annually or annually over a period not exceeding the life expectancy of the participant, or, in certain circumstances, the joint life expectancy of the participant and a "designated beneficiary" (as defined by the Code), or 4) an amount certain with the balance paid as periodic payments. Funds can also be rolled over into an Eligible Retirement Plan (as defined in the Code) or an Individual Retirement Account (IRA).

Certain eligible participants are entitled to a full distribution of their account prior to severance from service if the total account balance does not exceed \$5,000; there were no contributions or loans during the two-year period ending on the date of distribution; and there have been no prior distributions of this type.

457 Plan participants are eligible to use their 457 Plan assets as a source of funding for the purchase of permissive service credits (as defined in Section 415(n)(3)(A) of the Code) via a direct transfer in accordance with procedures established by the 457 Plan.

#### *401(k) Plan*

A participant's 401(k) deferred compensation account balance is available upon severance from City service, attainment of age 59½, death, or the occurrence of an immediate and heavy financial need as defined by the Code. 401(k) Plan participants age 59½ and older are eligible to take distributions, without penalty, from their 401(k) accounts while still in service. A participant may elect to receive: 1) one lump sum amount equal to the value of the account, 2) a specified amount certain, 3) periodic payments paid in substantially equivalent installments monthly, quarterly, semi-annually or annually over a period not exceeding the life expectancy of the participant, or, in certain circumstances, the joint life expectancy of the participant and a "designated beneficiary" (as defined by the Code), or 4) an amount certain with the balance paid as periodic payments. Upon severance from City service, or attainment of age 59½, funds may be rolled over into an Eligible Retirement Plan (as defined in the Code), or an IRA.

As of November 1, 2015, 401(k) Plan participants are eligible to use their 401(k) Plan assets as a source of funding for the purchase of permissive service credits (as defined in Section 415(n)(3)(A) of the Code) via a direct transfer in accordance with procedures established by the 401(k) Plan.

#### *NYCE IRA*

The owner may elect to receive: 1) one lump sum amount equal to the value of the account, 2) a specified amount certain, 3) periodic payments paid in substantially equivalent installments monthly, quarterly, semi-annually or annually over a period not exceeding the life expectancy of the participant, or, in certain circumstances, the joint life expectancy of the participant and a "designated beneficiary" (as defined by the Code), or 4) an amount certain with the balance paid as periodic payments. Funds withdrawn prior to age 59½ may be subject to a penalty. Funds may be transferred to another Eligible Retirement Plan (as defined in the Code) or an IRA at any time.

#### *401(a) Plan*

A participant's 401(a) deferred compensation account balance is available upon severance from City service, attainment of age 62, or death. 401(a) Plan participants age 62 and older are eligible to take distributions, without penalty, from their 401(a) accounts while still in service. A participant may elect to receive: 1) one lump sum amount equal to the value of the account, 2) a specified amount certain, 3) periodic payments paid in substantially equivalent installments monthly, quarterly, semi-annually or annually over a period not exceeding the life expectancy of the participant, or, in certain circumstances, the joint life expectancy of the participant and a "designated beneficiary" (as defined by the Code), or 4) an amount certain with the balance paid as periodic payments. Upon severance from service, or attainment of age 62, funds may be rolled over into an Eligible Retirement Plan (as defined in the Code), or an IRA.

## Note 1 - Description of Plans and Significant Accounting Policies (continued)

### Basis of Presentation

The Plans present their financial statements on the accrual basis of accounting in accordance with generally accepted accounting principles as promulgated by the Governmental Accounting Standards Board.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Plans' Termination

The Plans' Board has the right under each of the Plans to amend, suspend or terminate the Plans, any deferrals thereunder, or add or eliminate any investment option, in whole or in part. Upon termination of the Plans all amounts deferred shall be payable to participants or their beneficiaries as provided in the Plans' controlling document.

### Income Tax Status

The Plans are periodically reviewed and updated as required by federal law and, at the time of this publication, are in compliance with the applicable requirements of the Internal Revenue Code and, therefore, qualify as tax-favored plans.

### Cash and Cash Equivalents

Cash includes cash on hand and demand deposits with financial institutions. All highly liquid investments with a maturity of 90 days or less when purchased are considered to be cash equivalents. Cash equivalents are stated at cost, which approximates fair value.

### Investment Policy

The Plans' investment policy was developed by the Board. The Plans' objective in providing multiple investment fund options is to provide participants with investment fund options that are diversified across a range of risk levels, asset classes and investment strategies in the aggregate in order to accommodate the varying levels of risk tolerance of the participants and to allow participants to construct portfolios tailored to meet their particular financial goals.

The Board has overall responsibility for establishing and maintaining this investment policy, selecting the investment options available under the Plans, regularly evaluating the Plans' investment performance, providing participants with investment education and communications regarding the Plans and their investments, and ensuring that the assets of the Plans are in compliance with all applicable laws governing the operations of the Plans.

The Board has authorized the Plans to invest in the following investments:

- Stable Income Fund holds guaranteed investment contracts, separate accounts with insurance companies and wrapped managed fixed-income portfolios with the objective to invest in high quality fixed income securities with an emphasis on safety of principal and consistency of returns.
- Bond Fund is transitioning to a passively managed fund and seeks to replicate the investment results, before fees and expenses, of the Barclays Aggregate Bond Index. The Fund shall be invested and reinvested primarily in a portfolio of debt securities with the objective of approximating as closely as practicable the total rate of return of the market for debt securities as defined by the Barclays U.S. Aggregate Bond Index.
- Equity Index Fund passively invests in a portfolio of equity securities of companies listed on the U.S. securities exchanges or traded on the NASDAQ or over the counter with the objective of replicating the return of the S&P 500 Index.
- Global Socially Responsible Index Fund passively invests in equity securities of companies worldwide that meet specific financial, social and environmental requirements with the aim to generate total returns above inflation over the long-term. The Global Socially Responsible Index Fund will invest primarily in the equity securities comprising the MSCI ACWI SRI index as established by MSCI.
- Mid-Cap Equity Index Fund passively invests in a portfolio of equity securities of mid-sized companies with the objective of replicating the composition and characteristics of the Standard and Poor's Mid-Cap 400 Index.

## Note 1 - Description of Plans and Significant Accounting Policies (continued)

- International Equity Fund, using active and passive managers, invests in companies located outside the U.S. The primary emphasis of the portfolio is on relatively large to mid-capitalization stocks in developed and emerging market countries (countries included in the MSCI ACWI ex-US IMI Index). In addition, a portion of the portfolio's assets is invested in international small capitalization stocks.
- Small-Cap Equity Fund, using active and passive managers, invests primarily in small to medium capitalization domestic companies listed on the U.S. exchanges or traded on the NASDAQ or over the counter with the objective to provide long-term growth of capital. In the short-term these stocks may display substantial volatility.
- Treasury Inflation Protected Securities ("TIPS") invests primarily in inflation indexed bonds. TIPS are included in some of the pre-arranged portfolios, but are not available as a core investment option. The TIPS allocation helps protect against inflation and seeks to increase the risk-adjusted returns of the pre-arranged portfolios.
- Self-Directed Brokerage Option which allows participants to invest a portion of their assets in mutual funds offered outside the Plans (not available in the NYCE IRA and 401(a)).

The Plans also provide options called pre-arranged portfolios to provide diversified investment options for participants with different time horizons for expected withdrawals. Each portfolio consists of varying percentages of the existing investment options described above with the exception of the Global Socially Responsible Index Fund.

Contributions are allocated among investment options based on participant designations through the Plans' record keeper.

### Risks and Uncertainties

The Plans provide for participant directed investments including a stable income fund which is composed of guaranteed investment contracts, separate accounts with insurance companies and wrapped managed fixed-income portfolios. The Plans' investments are exposed to various risks that are discussed in Note 2. Other risks may include sector and derivative risk. Due to the level of risk associated with certain investments and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in risks in the near term could materially affect participants' account balances and the amounts reported in the Statements of Plan Net Position and the Statements of Changes in Plan Net Position.



## Note 2 - Investments (in thousands)

The fair value of the Plan's investments at December 31, 2016 and 2015, segregated by funds, are as follows (in thousands):

	457 Plan		401(k) Plan		NYCE IRA		401(a) Plan	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>Stable Income Fund:</b>								
American General Life	\$ 1,010,279 *	\$ 824,776 *	\$ 188,874 *	\$ 140,223 *	\$ 31,547 *	\$ 24,303 *	\$ 598	\$ 475
Bank of New York Mellon	9,505	20,514	1,777	3,488	297	604	6	12
ICMA - RC	446,900	384,983	83,554	65,452	13,955 *	11,344	265	222
Jackson National Life Insurance Company	165,493	152,371	30,939	25,905	5,168	4,490	98	88
Metropolitan Life Insurance Company	993,561 *	920,084 *	185,747 *	156,427 *	31,025 *	27,111 *	589	530
Nationwide Life	459,485	457,331	85,901	77,752	14,348 *	13,476 *	272	264
New York Life Insurance Company	190,724	184,751	35,656	31,410	5,956	5,444	113	107
Ohio National	132,877	109,821	24,841	18,671	4,150	3,236	79	63
Principal Life Insurance Company	114,369	132,088	21,381	22,457	3,571	3,892	68	76
Protective Life	78,470	77,896	14,670	13,243	2,450	2,295	47	45
Prudential Life Insurance Company	615,563	630,742	115,080 *	107,235 *	19,222 *	18,585 *	365	363
Transamerica Life	478,807	474,530	89,513	80,677	14,951 *	13,982 *	284	273
United of Omaha	53,877	49,710	10,072	8,451	1,682	1,465	32	29
	\$ 4,749,910	\$ 4,419,597	\$ 888,005	\$ 751,391	\$ 148,322	\$ 130,227	\$ 2,816	\$ 2,547
<b>Bond Fund:</b>								
Bank of New York Mellon	\$ 1,221	\$ 1,566	\$ 316	\$ 389	\$ 24	\$ 31	\$ 1	\$ 2
BlackRock	501,986	116,629	130,786 *	28,935	9,737	2,313	493	120
BlackRock Passive	79,315	-	20,665	-	1,538	-	78	-
Pacific Investment Management Company LLC	-	411,863	-	102,182	-	8,170	-	426
	\$ 582,522	\$ 530,058	\$ 151,767	\$ 131,506	\$ 11,299	\$ 10,514	\$ 572	\$ 548
<b>Equity Index Fund:</b>								
Bank of New York Mellon	\$ 4,687,741 *	\$ 4,321,548 *	\$ 588,183 *	\$ 515,019 *	\$ 58,023 *	\$ 49,092 *	\$ 8,684 *	\$ 7,967 *
<b>Global Socially Responsible Index Fund <sup>(1)</sup>:</b>								
Aberdeen Asset Management, Inc	\$ 176	\$ 275,980	\$ 18	\$ 26,312	\$ 1	\$ 1,979	\$ -	\$ 404
BlackRock Active	283,705	-	29,794	-	1,906	-	403	-
	283,881	275,980	29,812	26,312	1,907	1,979	403	404
<b>Mid-Cap Equity Index Fund:</b>								
Bank of New York Mellon	\$ 1,878	\$ 2,261	\$ 456	\$ 543	\$ 31	\$ 36	\$ 3	\$ 4
State Street Global Advisors	826,753 *	650,471	200,479 *	156,311 *	13,676 *	10,209	1,324 *	1,058 *
	\$ 828,631	\$ 652,732	\$ 200,935	\$ 156,854	\$ 13,707	\$ 10,245	\$ 1,327	\$ 1,062

<sup>1</sup> The Global Socially Responsible Fund was transitioned into a Global Socially Responsible Index Fund as of the first Quarter of 2016.



Note 2 - Investments (in thousands) continued

	457 Plan		401(k) Plan		NYCE IRA		401(a) Plan	
	2016	2015	2016	2015	2016	2015	2016	2015
<b>International Equity Fund:</b>								
Bank of New York Mellon	\$ 2,357	\$ 3,682	\$ 542	\$ 810	\$ 40	\$ 60	\$ 4	\$ 6
Alliance Capital Management L.P.	287	287	64	63	5	5	-	1
Baillie Gifford Overseas Ltd.	398,836	374,565	91,670	82,388	6,731	6,090	637	617
Copper Rock	110,116	119,779	25,310	26,346	1,858	1,947	176	197
Mondrian Investment Partners, Ltd.	385,605	371,745	88,630	81,768	6,507	6,044	616	612
New Star Institutional Managers, Ltd.	23	24	5	5	-	-	-	-
Northern Trust Investments N.A.	7	7	2	2	-	-	-	-
State Street Bank and Trust Company	109,371	115,635	25,138	25,435	1,846	1,880	175	190
	\$ 1,006,602	\$ 985,724	\$ 231,361	\$ 216,817	\$ 16,987	\$ 16,026	\$ 1,608	\$ 1,623
<b>Small-Cap Equity Fund:</b>								
Bank of New York Mellon	\$ 2,564	\$ 4,589	\$ 279	\$ 474	\$ 22	\$ 40	\$ 6	\$ 11
Dimensional Fund Advisors, LP	523,534	416,991	57,097	43,051	4,468	3,631	1,225 *	996 *
State Street Bank and Trust Company	653,070	604,707	71,224	62,432	5,573	5,266	1,528 *	1,445 *
T. Rowe Price Associates, Inc	491,731	458,094	53,628	47,295	4,197	3,989	1,150 *	1,095 *
Wellington Management Company, LLP	527,415	449,826	57,520	46,441	4,501	3,917	1,234 *	1,075 *
	\$ 2,198,314	\$ 1,934,207	\$ 239,748	\$ 199,693	\$ 18,761	\$ 16,843	\$ 5,143	\$ 4,622
<b>Treasury Inflation Protected Securities:</b>								
Fischer Francis Trees & Watts, Inc.	\$ 220,020	\$ 198,973	\$ 60,398	\$ 52,656	\$ 5,653	\$ 5,355	\$ 250	\$ 229
Pacific Investment Management Company LLC	-	1	-	-	-	-	-	-
	\$ 220,020	\$ 198,974	\$ 60,398	\$ 52,656	\$ 5,653	\$ 5,355	\$ 250	\$ 229
	\$ 14,557,621	\$ 13,318,820	\$ 2,390,209	\$ 2,050,248	\$ 274,659	\$ 240,281	\$ 20,803	\$ 19,002
<b>Self-Directed Brokerage Option:**</b>								
TD Ameritrade	26,235	24,407	3,777	3,599	N/A	N/A	N/A	N/A
Total	\$ 14,583,856	\$ 13,343,227	\$ 2,393,986	\$ 2,053,847	\$ 274,659	\$ 240,281	\$ 20,803	\$ 19,002

\* Represents 5% or more of net position of the respective Plans.  
 \*\* Participants manage their own accounts in the Self-Directed Brokerage Option.

Transfers out of the Plans' core investment options were assessed a 2% redemption fee on the amounts transferred into another fund within the previous 32 consecutive calendar days. Any amounts held longer than 32 consecutive calendar days were not assessed the redemption fee. The fees collected are reinvested back into the applicable fund for the benefit of participants in those funds. Lump sum withdrawals and periodic distributions do not incur the redemption fee, and payroll contributions held less than the 32 days are not included in the calculation of the redemption fee if they are transferred out of a fund.

## Note 2 - Investments (continued) (in thousands)

Net investment income for the years ended December 31, 2016 and 2015, segregated by investment fund, exclusive of custodial fees was as follows (in thousands):

457 Plan	2016	Appreciation (Depreciation) in Fair Value	Investment Management Fees	Net Investment Income
	Stable Income Fund	\$ 100,583	\$ (12,696)	\$ 87,887
	Bond Fund	14,382	(734)	13,648
	Equity Index Fund	498,352	(264)	498,088
	Global Socially Responsible Index Fund <sup>(1)</sup>	21,124	(220)	20,904
	Mid-Cap Equity Index Fund	150,294	(144)	150,150
	International Equity Fund	31,725	(3,400)	28,325
	Small-Cap Equity Fund	338,409	(7,920)	330,489
	TIPS	10,626	(158)	10,468
	Self-Directed Brokerage Option	1,638	-	1,638
	Interest on Participant Loans	9,084	-	9,084
	Other	103	-	103
	<b>Totals</b>	<b>\$ 1,176,320</b>	<b>(25,536)</b>	<b>1,150,784</b>
	<b>2015</b>			
	Stable Income Fund	\$ 95,937	\$ (12,257)	\$ 83,680
	Bond Fund	3,616	(1,273)	2,343
	Equity Index Fund	52,919	(257)	52,662
	Global Socially Responsible Index Fund <sup>(1)</sup>	(42,479)	(1,317)	(43,796)
	Mid-Cap Equity Index Fund	(15,768)	(149)	(15,917)
	International Equity Fund	(30,196)	(3,444)	(33,640)
	Small-Cap Equity Fund	(29,141)	(8,216)	(37,357)
	TIPS	(3,170)	(204)	(3,374)
	Self-Directed Brokerage Option	(548)	-	(548)
	Interest on Participant Loans	8,215	-	8,215
	Other	55	-	55
	<b>Totals</b>	<b>\$ 39,440</b>	<b>(27,117)</b>	<b>12,323</b>
401(k) Plan	2016	Appreciation (Depreciation) in Fair Value	Investment Management Fees	Net Investment Income
	Stable Income Fund	\$ 17,308	\$ (2,374)	\$ 14,934
	Bond Fund	2,105	(191)	1,914
	Equity Index Fund	69,826	(33)	69,793
	Global Socially Responsible Index Fund <sup>(1)</sup>	2,137	(23)	2,114
	Mid-Cap Equity Index Fund	21,068	(35)	21,033
	International Equity Fund	4,758	(781)	3,977
	Small-Cap Equity Fund	47,168	(864)	46,304
	TIPS	1,511	(43)	1,468
	Self-Directed Brokerage Option	182	-	182
	Interest on Participant Loans	1,086	-	1,086
	Other	36	-	36
	<b>Totals</b>	<b>\$ 167,185</b>	<b>(4,344)</b>	<b>162,841</b>
	<b>2015</b>			
	Stable Income Fund	\$ 15,020	\$ (2,084)	\$ 12,936
	Bond Fund	869	(315)	554
	Equity Index Fund	12,791	(31)	12,760
	Global Socially Responsible Index Fund <sup>(1)</sup>	(3,962)	(125)	(4,087)
	Mid-Cap Equity Index Fund	(3,903)	(36)	(3,939)
	International Equity Fund	(7,545)	(758)	(8,303)
	Small-Cap Equity Fund	(8,377)	(848)	(9,225)
	TIPS	(782)	(54)	(836)
	Self-Directed Brokerage Option	(57)	-	(57)
	Interest on Participant Loans	939	-	939
	Other	13	-	13
	<b>Totals</b>	<b>\$ 5,006</b>	<b>(4,251)</b>	<b>755</b>

Note 2 - Investments (continued) (in thousands)

NYCE IRA	2016	Appreciation (Depreciation) in Fair Value	Investment Management Fees	Net Investment Income
Stable Income Fund		3,013	(398)	2,615
Bond Fund		177	(14)	163
Equity Index Fund		5,896	(3)	5,893
Global Socially Responsible Index Fund <sup>(1)</sup>		150	(1)	149
Mid-Cap Equity Index Fund		1,778	(2)	1,776
International Equity Fund		395	(57)	338
Small-Cap Equity Fund		3,976	(68)	3,908
TIPS		127	(4)	123
Other		2	-	2
<b>Totals</b>	<b>\$</b>	<b>15,514</b>	<b>(547)</b>	<b>14,967</b>
<b>2015</b>				
Stable Income Fund	\$	2,721	\$ (361)	\$ 2,360
Bond Fund		74	(25)	49
Equity Index Fund		1,106	(3)	1,103
Global Socially Responsible Index Fund <sup>(1)</sup>		(348)	(9)	(357)
Mid-Cap Equity Index Fund		(335)	(2)	(337)
International Equity Fund		(655)	(56)	(711)
Small-Cap Equity Fund		(716)	(72)	(788)
TIPS		(66)	(6)	(72)
Other		1	-	1
<b>Totals</b>	<b>\$</b>	<b>1,782</b>	<b>(534)</b>	<b>1,248</b>
<b>401(a) Plan</b>	<b>2016</b>	<b>Appreciation (Depreciation) in Fair Value</b>	<b>Investment Management Fees</b>	<b>Net Investment Income</b>
Stable Income Fund	\$	55	\$ (8)	\$ 47
Bond Fund		28	(1)	27
Equity Index Fund		971	-	971
Global Socially Responsible Index Fund <sup>(1)</sup>		30	-	30
Mid-Cap Equity Index Fund		293	-	293
International Equity Fund		60	(5)	55
Small-Cap Equity Fund		663	(19)	644
TIPS		20	-	20
<b>Totals</b>	<b>\$</b>	<b>2,120</b>	<b>(33)</b>	<b>2,087</b>
<b>2015</b>				
Stable Income Fund	\$	52	\$ (7)	\$ 45
Bond Fund		5	(1)	4
Equity Index Fund		98	-	98
Global Socially Responsible Index Fund <sup>(1)</sup>		(62)	(2)	(64)
Mid-Cap Equity Index Fund		(31)	-	(31)
International Equity Fund		(60)	(6)	(66)
Small-Cap Equity Fund		(53)	(20)	(73)
TIPS		(6)	-	(6)
<b>Totals</b>	<b>\$</b>	<b>(57)</b>	<b>(36)</b>	<b>(93)</b>

<sup>1</sup> The Global Socially Responsible Fund was transitioned into a Global Socially Responsible Index Fund as of the first Quarter of 2016.

## Note 2 - Investments (continued) (in thousands)

As of December 31, 2016, the Plan had the following investments in fixed income investments:

Fixed Income Investments	457 Plan Fair Value (In thousands)	401(k) Plan Fair Value (In thousands)	NYCE IRA Fair Value (In thousands)	401(a) Plan Fair Value (In thousands)	Weighted Average Maturity (In years)
Stable Income Fund	\$ 4,749,910	\$ 888,005	\$ 148,322	\$ 2,816	4.18
Bond Fund	\$ 582,522	\$ 151,767	\$ 11,299	\$ 572	8.06
TIPS	\$ 220,020	\$ 60,398	\$ 5,653	\$ 250	9.67
	\$ 5,552,452	\$ 1,100,170	\$ 165,274	\$ 3,638	

As of December 31, 2015, the Plan had the following investments in fixed income investments:

Fixed Income Investments	457 Plan Fair Value (In thousands)	401(k) Plan Fair Value (In thousands)	NYCE IRA Fair Value (In thousands)	401(a) Plan Fair Value (In thousands)	Weighted Average Maturity (In years)
Stable Income Fund	\$ 4,419,597	\$ 751,391	\$ 130,227	\$ 2,547	4.21
Bond Fund	\$ 530,058	\$ 131,506	\$ 10,514	\$ 548	6.31
TIPS	\$ 198,974	\$ 52,656	\$ 5,355	\$ 229	8.78
	\$ 5,148,629	\$ 935,553	\$ 146,096	\$ 3,324	

### Interest Rate Risk

Interest rate risk is the risk that fixed income securities will decline in value because of an increase in interest rates; a fund with a longer average portfolio duration will be more sensitive to changes in interest rates than a fund with a shorter average portfolio duration. Investments held in the portfolio are limited to those issuers which meet stringent criteria with respect to diversification and credit quality. Duration limits are used to control the portfolio's exposure to interest rate changes. In accordance with the Plans' investment guidelines, the duration policy with regard to the Stable Income Fund is for a weighted average not to exceed 4 years. The weighted average duration for the year ending December 31, 2016 is 3.16 years and 3.08 years for the year ended December 31, 2015. For the Bond Fund, the duration policy is the weighted average of the portfolio between 75% to 125% in relation to the Barclays Aggregate Index benchmark. For the TIPS, the duration policy is within 75% to 125% in relation to the Barclays U.S. TIPS Index benchmark. Duration is a measure of the weighted average maturity of the portfolio, while statements of the stated maturity reflect the specific maturities of the individual securities held. The lengths of investment maturities (in years), as shown by the percent of the rated portfolio, are as follows:

Years to Maturity Investment Type December 31, 2016	Investment Maturities		
	Zero to One Year	One to Five Years	More than Five Years
Stable Income Fund	11%	65%	24%
Bond Fund	1%	42%	57%
TIPS	-	25%	75%

Years to Maturity Investment Type December 31, 2015	Investment Maturities		
	Zero to One Year	One to Five Years	More than Five Years
Stable Income Fund	10%	64%	26%
Bond Fund	10%	59%	31%
TIPS	4%	25%	71%

## Note 2 - Investments (continued)

### Credit Risk

Credit risk is the risk that the fund could lose money if the issuer or guarantor of a fixed income security, or the counterparty to a derivative contract, is unable or unwilling to meet its financial obligations. The Plans' credit risks are limited to the Stable Income Fund, the Bond Fund, and TIPS. Overall, credit ratings for external investment funds that are comprised of the Stable Income Fund, the Bond Fund, and TIPS are not separately identified, although a summary of the ratings of the individual investments is provided below. In accordance with the Plans' investment guidelines, the Plans' Stable Income Fund investment option maintained a minimum weighted average quality of Aa2/AA by the median rating of the three major rating agencies (Moody's, Standard & Poor's and Fitch Investors Service). The Bond Fund investment option maintained a minimum average quality rating of A- by any one of the three major rating agencies. The TIPS (which may invest in securities other than U.S. Treasury securities) maintained a minimum average portfolio quality of AA+ using the middle rating of Moody's, Standard & Poor's and Fitch Investors Service. As of December 31, 2016 and 2015, the TIPS portfolio has maintained the minimum investment in inflation indexed bonds of 80% of net assets as required by the TIPS guidelines. The quality ratings of investments, as described by nationally recognized statistical rating organizations, are as follows:

Investment Type	Ratings							
	AAA	AA	A	BBB	Below BBB	Agency	US Treasury	Non Rated
December 31, 2016								
Stable Income Fund	25%	14%	19%	8%	0%	4%	30%	0%
Bond Fund	73%	3%	8%	14%	0%	0%	0%	2%
TIPS	0%	0%	0%	0%	0%	0%	100%	0%

Investment Type	Ratings						
	AAA	AA	A	BBB	Below BBB	Agency	US Treasury
December 31, 2015							
Stable Income Fund	21%	10%	22%	9%	0%	7%	31%
Bond Fund	81%	2%	8%	6%	2%	2%	11%
TIPS	0%	96%	4%	0%	0%	0%	0%

### Custodial Credit Risk

For investments, custodial credit risk is the risk that in the event of the failure of the counterparty, the Plans will not be able to recover the value of their investments or collateral securities that are in the possession of the outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plans, and are held by either the counterparty or the counterparty trust department. All of the Plans' investments are held by the trustee in the Plans' names and, therefore, are not exposed to custodial credit risk. At both December 31, 2016 and 2015, operating cash of approximately \$15 million, were being held in short-term investment accounts by the trustee in the Plans' names, and, therefore, was not exposed to custodial credit risk.

## Note 2 - Investments (continued) (in thousands)

### Foreign Currency Risk

Foreign currency risk is the risk that foreign currencies will decline in value relative to the U.S. dollar and affect the Fund's investments denominated in foreign (non-U.S.) currencies or in securities that trade in, and receive revenues in, or in derivatives that provide exposure to, foreign (non-U.S.) currencies. Currency risk is present in underlying portfolios that invest in foreign stocks and/or bonds. The currency markets have historically been good diversifiers in a total portfolio context; therefore, the Plan has numerous managers that invest globally. In general, currency exposure is viewed as a benefit for its diversification reasons and not as an inherent risk within the portfolio. The Plans' policy is to use forward contracts which may be utilized by investment managers in order to hedge currency exposures.

**Foreign Currency Holdings - as of December 31, 2016 and 2015**  
(amounts in U.S. Dollars, in thousands):

Trade Currency	2016	2015
Euro Currency	\$ 150,888	\$ 154,947
British Pound	120,608	115,009
Japanese Yen	105,631	114,518
Swiss Franc	53,157	55,896
New Zealand dollar	-	3,390
Chinese Yuan	20,915	17,209
Singapore Dollar	23,421	19,672
Canadian Dollar	12,903	11,001
Brazilian Real	6,525	4,921
South Korean Won	12,196	7,859
Danish Krone	3,947	6,139
Australian Dollar	9,289	11,028
Mexican Peso	5,607	6,849
Indian Rupee	13,631	9,972
Indonesian Rupiah	2,285	3,468
New Taiwan Dollar	15,183	13,653
Turkish Lira	1,586	1,416
Hong Kong Dollar	2,433	-
South African Rand	6,726	4,414
Russian Ruble	3,897	1,279
Swedish Krona	24,949	25,875
Thai Baht	3,869	2,914
Chilean Peso	597	1,964
Malaysian Ringgit	5,105	5,717
Philippine Peso	1,463	1,727
Peruvian Nuevo Sol	1,467	1,213
Norwegian Krone	3,395	1,664
Colombian Peso	-	369
<b>TOTAL</b>	<b>\$ 611,673</b>	<b>\$ 604,083</b>

### Note 3 - Fair Value Measurements (in thousands)

Investments are reported at fair value by the custodian daily, with the exception of the Stable Income Fund, which is valued monthly. Fair value is computed by the Plans' custodian based on quoted market price and information provided by various investment managers. The Stable Income Fund is valued at contract value based upon information provided by the respective insurance companies and investment managers. Contract value represents contributions made to the fund, plus earnings, less participant withdrawals and administrative expenses.

The Plan implemented GASB Statement No. 72 "Fair Value Measurement and Application" ("GASB 72") during 2014. GASB 72 defined fair value hierarchy consisting of three levels as follows:

Level 1: Valuations based on quoted prices (unadjusted) in an active market that are accessible at the measurement date for identical assets or liabilities. The fair value hierarchy gives the highest priority to Level 1 inputs.

Level 2: Valuations based on observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in inactive markets; or model-derived valuations in which all significant inputs are observable or can be derived principally from or corroborated with observable market data.

Level 3: Valuations based on unobservable inputs are used when little or no market data is available. The fair value hierarchy gives lowest priority to Level 3 inputs.

In determining fair value, the Plan utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible in its assessment of fair value.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2016 and 2015.

#### Mutual Funds

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily Net Asset Value and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

### Note 3 - Fair Value Measurements (continued) (in thousands)

The Plans investments in the self-directed brokerage options are all level 1 investments. The plans investments measured at net asset value can be redeemed daily. Additionally, there were no unfunded commitments and redemption notice period for investments measured at net asset value. The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value and valuation method measure at Net Asset Value (NAV) per share as of December 31, 2016 and 2015:

457 Plan	2016	2015
<b>Investments by fair value level :</b>		
Self-directed brokerage option:		
Mutual funds	\$ 26,235	\$ 24,407
Total mutual funds	26,235	24,407
<b>Investments measured at the net asset value</b>		
Core funds:		
Stable Income Fund (1)	\$ 4,749,910	\$ 4,419,597
Bond Fund (2)	582,522	530,058
Equity Index Fund (3)	4,687,741	4,321,548
Globally Socially Responsible Index Fund (4) <sup>1</sup>	283,881	275,980
Mid-Cap Equity Index Fund (5)	828,631	652,732
International Equity Fund (6)	1,006,602	985,724
Small-Cap Equity Fund (7)	2,198,314	1,934,207
Treasury Inflation Protected Securities (8)	220,020	198,974
Total Investments measured at the NAV	14,557,621	13,318,820
Total Investments measured at the fair value	\$ 14,583,856	\$ 13,343,227

401(k) Plan	2016	2015
<b>Investments by fair value level :</b>		
Self-directed brokerage option:		
Mutual funds	\$ 3,777	\$ 3,599
Total mutual funds	3,777	3,599
<b>Investments measured at the net asset value</b>		
Core funds:		
Stable Income Fund (1)	\$ 888,005	\$ 751,391
Bond Fund (2)	151,767	131,506
Equity Index Fund (3)	588,183	515,019
Globally Socially Responsible Index Fund (4) <sup>1</sup>	29,812	26,312
Mid-Cap Equity Index Fund (5)	200,935	156,854
International Equity Fund (6)	231,361	216,817
Small-Cap Equity Fund (7)	239,748	199,693
Treasury Inflation Protected Securities (8)	60,398	52,656
Total Investments measured at the NAV	2,390,209	2,050,248
Total Investments measured at the fair value	\$ 2,393,986	\$ 2,053,847



### Note 3 - Fair Value Measurements (continued) (in thousands)

NYCE IRA	2016	2015
<b>Investments measured at the net asset value</b>		
Stable Income Fund (1)	\$ 148,322	\$ 130,227
Bond Fund (2)	11,299	10,514
Equity Index Fund (3)	58,023	49,092
Globally Socially Responsible Index Fund (4) <sup>1</sup>	1,907	1,979
Mid-Cap Equity Index Fund (5)	13,707	10,245
International Equity Fund (6)	16,987	16,026
Small-Cap Equity Fund (7)	18,761	16,843
Treasury Inflation Protected Securities (8)	5,653	5,355
Total Investments measured at the NAV	\$ 274,659	\$ 240,281

401(a) Plan	2016	2015
<b>Investments measured at the net asset value</b>		
Stable Income Fund (1)	\$ 2,816	\$ 2,547
Bond Fund (2)	572	548
Equity Index Fund (3)	8,684	7,967
Globally Socially Responsible Index Fund (4) <sup>1</sup>	403	404
Mid-Cap Equity Index Fund (5)	1,327	1,062
International Equity Fund (6)	1,608	1,623
Small-Cap Equity Fund (7)	5,143	4,622
Treasury Inflation Protected Securities (8)	250	229
Total Investments measured at the NAV	\$ 20,803	\$ 19,002

<sup>1</sup> The Global Socially Responsible Fund was transitioned into a Global Socially Responsible Index Fund as of the first Quarter of 2016.

### Note 3 - Fair Value Measurements (continued) (in thousands)

- (1) The Stable Income Fund maintains an allocation to liquid bond investments, guaranteed investment contracts, other investment grade fixed income portfolios and wrap contracts issued by banks and insurance companies. The fund is calculated at Net Asset Value (NAV). The NAV accrues interest based on the Stable Income Fund crediting rate. The Plans' wrap administrator, NISA Investment Advisors, calculates the crediting rate based on the component investments of the Stable Income Fund.
- (2) The Bond portfolio is designed to be a well-diversified portfolio of government, agency, corporate, and mortgage backed securities. However, the managers have no exposure limit in these sectors, so it is possible from time to time for the portfolio to exhibit concentration in those sectors. The Bond Fund will invest in a portfolio of individual debt securities that have a quality rating, at minimum, (as designated by a recognized rating service) of "B/B2" or higher. The average quality rating of the portfolio should be, at minimum, "A/A2." The fund may also hold up to 10% of its combined assets in bonds issued by foreign issuers. The value of the Bond Fund is calculated at Net Asset Value (NAV). The Plans' Custodian, Bank of New York Mellon, calculates the NAV based on the market value of the underlying securities of the Bond Fund.
- (3) The Equity Index Fund invests in a portfolio of equity securities of companies listed on the U. S. securities exchanges that replicates the composition and characteristics of the S&P 500 Index. The Equity Index Fund is calculated at Net Asset Value (NAV). The Plans' Custodian, Bank of New York Mellon, calculates the NAV based on the market value of the underlying securities of the Equity Index Fund.
- (4) The Global Socially Responsible Index Fund invests in companies worldwide that meet specific financial, social and environmental requirements. The value of the Global Socially Responsible Index Fund is calculated at Net Asset Value (NAV). The Plans' Custodian, Bank of New York Mellon, calculates the NAV based on the market value of the underlying securities of the Global Socially Responsible Index Fund.
- (5) The Mid-Cap Equity Index Fund invests primarily in medium-sized domestic companies listed on U.S. stock exchanges. Due to the allowance of some latitude in stock valuations, up to 25% of the Mid-Cap Equity Fund may be invested in small capitalization or large capitalization securities. The value of the Mid-Cap Equity Index Fund is calculated at Net Asset Value (NAV). The Plans' Custodian, Bank of New York Mellon, calculates the NAV based on the market value of the underlying securities of the Mid-Cap Equity Index Fund.
- (6) The International Equity Fund invests in companies located outside the U.S. The primary emphasis of the portfolio will be on relatively large to mid-capitalization stocks in developed countries (countries included in the Europe, Australia and Far East EAFE Index) and investment of a moderate portion of the portfolio's assets will be in international small capitalization stocks and in companies domiciled in developing countries not included in the EAFE Index (the international emerging markets). The value of the International Equity Fund is calculated at Net Asset Value (NAV). The Plans' Custodian, Bank of New York Mellon, calculates the NAV based on the market value of the underlying securities of the International Equity Fund.
- (7) The Small-Cap Equity Fund invests primarily in small and medium capitalization domestic companies listed on the U.S. exchanges or traded on the NASDAQ or over the counter. The value of the Small-Cap Equity Fund is calculated at Net Asset Value (NAV). The Plans' Custodian, Bank of New York Mellon, calculates the NAV based on the market value of the underlying securities of the Small-Cap Equity Index Fund.
- (8) The Treasury Inflation Protected Securities ("TIPS") portfolio is designed to be a real return portfolio of inflation-linked bonds, with additional exposure to a broad array of public and private asset classes, including but not limited to money market instruments, corporate securities, mortgage backed securities, private placements, etc. The managers are required to maintain a minimum investment in inflation indexed bonds of 80% net assets. The TIPS portfolio will invest in individual debt securities that have a quality rating, at minimum, (as designated by a recognized rating service) of "B/B2" or higher. The average quality rating of the portfolio should be, at minimum, "A/A2." Regarding concentration limits, the portfolio may hold up to 20% of its combined assets in foreign issued bonds, 5% in any issue/issuer, 5% below BBB, 10% private placements, and 5% foreign currency exposure. TIPS are included in some of the pre-arranged portfolios, but are not available as a core investment option.

#### Note 4 - Participant Loans Receivable

Participants in active payroll status are eligible to apply for a loan from the pre-tax portion of the 457 and 401(k) Plans. The minimum loan amount is \$2,500. The maximum amount of an approved loan shall not exceed the lesser of: (i) 50% of the participant's 457 or 401(k) Plan account balance; or (ii) \$50,000 less the combined balance of all outstanding loans a participant may have from pension loans, 403(b) and other Deferred Compensation Plan loans. Loans are not permitted from the NYCE IRA and 401(a) Plans. Participant loans receivable, inclusive of interest receivable, at December 31, 2016 and 2015 were \$235,905,000 and \$229,362,000, respectively.

#### Note 5 - Related Parties (in thousands)

The costs of administering the Plans are paid with the quarterly administrative fee charged to participant accounts, an annualized asset-based fee assessed to the Plans' investment funds, and interest earned on assets held in the Plans' custodial account (which are administered by the Plans' custodian and consists of cash and other rights and properties arising from amounts deferred).

The Office of Labor Relations of The City of New York provides cash receipt and cash disbursement services to the Plans. The Office of Labor Relations also pays certain administrative services including salaries, and overhead expenses. These expenses are reimbursed to the Office of Labor Relations by the Plans. Total amount reimbursed by the Plans to the Office of Labor Relations amounted to \$1,518 and \$1,652 as of December 31, 2016 and 2015, respectively.

The Office of Labor Relations is also responsible for a portion of the expenses for office space leased by FASCore, LLC which is utilized by the Plan to provide administrative services. Such expense totaled \$254 and \$235 in 2016 and 2015, respectively.

The Plans also reimbursed FASCore, LLC, the third party administrator for recordkeeping services, for the office space leased in New York City on a monthly basis. Such expense totaled \$730 and \$674, annually, for 2016 and 2015, respectively.

Pursuant to the New York City Deferred Compensation Board Resolution, dated March 7, 2012, the Board approved the use of a consultant-driven search process for the selection of investment managers. The consultant-driven search process is conducted in accordance with the New York State Regulations. The investment management fees were \$30,460 and \$31,938 as of December 31, 2016 and 2015, respectively.

~ End ~

*Combining Schedules of Plan Net Position*  
*December 2016 (with computed totals for December 31, 2015) (in thousands)*

457 Plan	Program Fund	Administrative Fund	Total 2016	Total 2015
<b>Assets:</b>				
Investments	\$ 14,583,856	\$ -	\$ 14,583,856	\$ 13,343,227
Participant loans receivable	209,781	-	209,781	205,085
Other assets	-	1,917	1,917	1,427
Cash and cash equivalents	-	14,246	14,246	14,177
Total Assets	\$ 14,793,637	\$ 16,163	\$ 14,809,800	\$ 13,563,916
<b>Liabilities:</b>				
Accounts payable and accrued expenses	-	5,460	5,460	5,822
Total Liabilities	\$ -	\$ 5,460	\$ 5,460	\$ 5,822
<b>Plan Net Position Restricted for Plan Benefits:</b>				
Plan Net Position for program benefits	\$ 14,793,637	\$ -	\$ 14,793,637	\$ 13,548,312
Designated for administration	-	10,703	10,703	9,782
Total Plan Net Position	\$ 14,793,637	\$ 10,703	\$ 14,804,340	\$ 13,558,094

401 (k)	Program Fund	Administrative Fund	Total 2016	Total 2015
<b>Assets:</b>				
Investments	\$ 2,393,986	\$ -	\$ 2,393,986	\$ 2,053,847
Participant loans receivable	26,124	-	26,124	24,277
Other assets	-	1,934	1,934	1,116
Cash and cash equivalents	-	637	637	1,174
Total Assets	\$ 2,420,110	\$ 2,571	\$ 2,422,681	\$ 2,080,414
<b>Liabilities:</b>				
Accounts payable and accrued expenses	-	765	765	137
Total Liabilities	\$ -	\$ 765	\$ 765	\$ 137
<b>Plan Net Position Restricted for Plan Benefits:</b>				
Plan Net Position for program benefits	\$ 2,420,110	\$ -	\$ 2,420,110	\$ 2,078,124
Designated for administration	-	1,806	1,806	2,153
Total Plan Net Position	\$ 2,420,110	\$ 1,806	\$ 2,421,916	\$ 2,080,277

Program Fund represents all participant assets currently invested in the Plan, as well as any outstanding loan balances.

Administrative Fund is the amount available for recordkeeping, communications and administrative expenses.

*Combining Schedules of Plan Net Position*  
*December 2016 (with computed totals for December 31, 2015) (in thousands)*

NYCE IRA	Program Fund		Administrative Fund		Total 2016	Total 2015
<b>Assets:</b>						
Investments	\$	274,659	\$	-	\$ 274,659	\$ 240,281
Other assets		-		-	-	-
Cash and cash equivalents		-		15	15	21
Total Assets	\$	274,659	\$	15	\$ 274,674	\$ 240,302
<b>Liabilities:</b>						
Accounts payable and accrued expenses		-		214	214	169
Total Liabilities	\$	-	\$	214	\$ 214	\$ 169
<b>Plan Net Position Restricted for Plan Benefits:</b>						
Plan Net Position for program benefits	\$	274,659	\$	-	\$ 274,659	\$ 240,281
Designated for administration		-		(199)	(199)	(148)
Total Plan Net Position	\$	274,659	\$	(199)	\$ 274,460	\$ 240,133

401(a) Plan	Program Fund		Administrative Fund		Total 2016	Total 2015
<b>Assets:</b>						
Investments	\$	20,803	\$	-	\$ 20,803	\$ 19,002
Other assets		-		4	4	2
Total Assets	\$	20,803	\$	4	\$ 20,807	\$ 19,004
<b>Liabilities:</b>						
Accounts payable and accrued expenses		-		-	-	-
Total Liabilities	\$	-	\$	-	\$ -	\$ -
<b>Plan Net Position Restricted for Plan Benefits:</b>						
Plan Net Position for program benefits	\$	20,803	\$	-	\$ 20,803	\$ 19,002
Designated for administration		-		4	4	2
Total Plan Net Position	\$	20,803	\$	4	\$ 20,807	\$ 19,004

Program Fund represents all participant assets currently invested in the Plan.

Administrative Fund is the amount available for recordkeeping, communications and administrative expenses.

**Schedules of Cash Receipts and Disbursements for the Years Ended December 2016 and 2015**  
(in thousands)

	457 Plan		401(k) Plan		NYCE IRA		401(a) Plan	
	2016	2015	2016	2015	2016	2015	2016	2015
Cash and cash equivalents - beginning	\$ 14,177	\$ 14,089	\$ 1,174	\$ 718	\$ 21	\$ 13	\$ -	\$ -
Receipts:								
Employee contributions	630,183	622,019	255,873	226,803	33,999	31,018	23	24
Investment withdrawals for distribution	521,331	512,324	74,958	63,961	14,439	11,068	304	271
Miscellaneous income	6,983	6,754	105	90	-	-	-	-
Total receipts	\$ 1,158,497	\$ 1,141,097	\$ 330,936	\$ 290,854	\$ 48,438	\$ 42,086	\$ 327	\$ 295
Disbursements:								
Distributions to participants	521,331	512,324	74,958	63,961	14,439	11,068	304	271
Investment purchases	622,965	614,996	255,116	226,108	33,952	30,973	23	24
Administrative expenditures	14,132	13,689	1,399	329	53	37	-	-
Total disbursements	1,158,428	1,141,009	331,473	290,398	48,444	42,078	327	295
Cash and cash equivalents - ending	\$ 14,246	\$ 14,177	\$ 637	\$ 1,174	\$ 15	\$ 21	\$ -	\$ -

**Schedules of Administrative Expenses and Recordkeeping/Loan Fees for the Years Ended December 2016 and 2015**  
(in thousands)

	457 Plan		401(k) Plan		NYCE IRA		401(a) Plan	
	2016	2015	2016	2015	2016	2015	2016	2015
Salaries	\$ 924	\$ 1,029	\$ 150	\$ 156	\$ 17	\$ 18	\$ -	\$ -
Communications expenses	1,902	1,636	264	248	30	28	-	-
Advisory and Auditing Fees	631	695	88	104	10	12	-	-
Rent & Reimbursement to The City	586	599	85	76	10	10	-	-
Administrative support	2,777	2,666	393	332	34	31	-	-
Recordkeeping/Loan fees	5,601	5,749	1,008	691	84	50	3	2
Total	\$ 12,421	\$ 12,374	\$ 1,988	\$ 1,607	\$ 185	\$ 149	\$ 3	\$ 2

**Schedules of Investment Management Fees for the Years Ended December 2016 and 2015**  
(in thousands)

	457 Plan		401(k) Plan		NYCE IRA		401(a) Plan	
	2016	2015	2016	2015	2016	2015	2016	2015
Stable Income Fund	\$ 12,696	\$ 12,257	\$ 2,374	\$ 2,084	\$ 398	\$ 361	\$ 8	\$ 7
Bond Fund	734	1,273	191	315	14	25	1	1
Equity Index Fund	264	257	33	31	3	3	-	-
Global Socially Responsible Index Fund <sup>(1)</sup>	220	1,317	23	125	1	9	-	2
Mid-Cap Equity Index Fund	144	149	35	36	2	2	-	-
International Equity Fund	3,400	3,444	781	758	57	56	5	6
Small-Cap Equity Fund	7,920	8,216	864	848	68	72	19	20
TIPS	158	204	43	54	4	6	-	-
Total	\$ 25,536	\$ 27,117	\$ 4,344	\$ 4,251	\$ 547	\$ 534	\$ 33	\$ 36

<sup>1</sup> The Global Socially Responsible Fund was transitioned into a Global Socially Responsible Index Fund as of the first Quarter of 2016.

All of the investment options for the City of New York Deferred Compensation Plans experienced positive returns for the calendar year ending December 31, 2016, although there were instances where the positive returns did not exceed their benchmark. The portfolio with the highest return was the Mid-Cap Equity portfolio that returned 20.7% for the year, matching its benchmark. The Small Cap Equity Fund had the second highest return of 18.3% but trailed its benchmark. The Equity Index Fund had the next highest return at 12.0%, which matched its benchmark.

#### Equity Index Fund Performance

The Equity Index Fund returned 12.0% in 2016, matching the return of the S&P 500 Index, as expected. This performance ranked in the 33rd percentile in the universe of large cap domestic equity managers.

#### Mid-Cap Equity Index Fund Performance

The Mid-Cap Equity Index Fund returned 20.7% in 2016, matching the return of the SSgA Mid Cap Index. This performance ranked in the 15th percentile in the universe of mid cap domestic equity managers.

#### Small-Cap Equity Fund Performance

The Small Cap Equity Fund returned 18.3% in 2016, below the 21.3% return of the Russell 2000 Index. This performance ranked in the 56th percentile in the universe of small cap domestic equity managers.

#### International Equity Fund Performance

For the calendar year, the International Equity Fund returned 2.5%, which was below the 5.0% return for the MSCI ACWI ex-USA Index. The International Equity Fund ranked in the 42nd percentile of the universe of international equity portfolios.

#### Global Socially Responsible Index Fund Performance

For the calendar year, the Global Socially Index Responsible Fund returned 8.2%. This performance trailed the return of 8.9% for the MSCI ACWI SRI Index. The Fund was transitioned from an actively managed structure to a passively managed fund during the first quarter of 2016. The Global Socially Responsible Index Fund ranked in the 17th percentile of the universe of global equity portfolios.

#### Domestic Core Bond Fund Performance

The Domestic Core Bond Fund returned 2.3% for the one-year period ending December 31, 2016, slightly below the 2.6% return of the Bloomberg Barclays Aggregate Index. A portion of the Fund was transitioned to a passively managed fund during the first quarter of 2016. The balance of the fund will be moved to passive management by the end of 2017. For 2016, the Domestic Core Bond Fund performance ranked in the 82nd percentile in the universe of core fixed income managers.

#### Stable Income Fund Performance

For the calendar year, the Stable Income Fund returned 1.9%, which exceeded the Bloomberg Barclays 1-3 Year Government benchmark return of 0.9%. This performance is also above the 1.8% return of the T-Bills +1.5% benchmark and the 1.6% return of the Lipper Institutional Money Market Fund +1.5% benchmark.

All return figures mentioned in this review are presented net of fees and are time-weighted, and are calculated by Milliman.

#### Asset Allocation

As of December 31, 2016, Plan investments were \$17.5 billion, which represents an increase of \$1.6 billion from the December 31, 2015 market value of \$15.9 billion. Plan investments, as of December 31, 2016, were allocated as following: 24.4% in the Equity Index Fund, 1.8% in the Global Socially Responsible Index Fund, 4.9% in the Mid-Cap Equity Index Fund, 13.1% in the Small-Cap Equity Fund, 3.3% in the International Equity Fund, 2.2% in the Bond Fund, 30.6% in the Stable Income Fund, and 19.5% in target date funds (the largest target date funds were the 2025 Fund with 4.3% of Plan investments, and the 2015 Fund, with 3.9% of Plan investments). Additionally, there were 0.2% of Plan investments in the brokerage window.



<i>Percent of Fair Value</i>	457 Plan	401(k) Plan	NYCE IRA	401(a)Plan
<b>Pre-Arranged Portfolios</b>				
Static Allocation Fund	0.6%	1.0%	2.8%	0.3%
2005 Fund	0.6%	1.2%	1.0%	0.2%
2010 Fund	0.9%	2.0%	2.0%	0.5%
2015 Fund	3.8%	5.0%	2.6%	3.0%
2020 Fund	1.9%	3.8%	3.4%	1.8%
2025 Fund	4.0%	6.4%	3.4%	3.7%
2030 Fund	1.7%	3.4%	2.5%	1.4%
2035 Fund	1.2%	2.8%	1.8%	1.1%
2040 Fund	0.8%	1.9%	0.9%	0.6%
2045 Fund	1.2%	2.4%	1.1%	1.1%
2050 Fund	0.7%	1.2%	0.6%	0.6%
2055 Fund	0.2%	0.4%	0.4%	-
<b>Core Options</b>				
Stable Income Fund	29.9%	32.6%	49.5%	11.7%
Bond Fund	2.1%	3.0%	1.8%	1.2%
Equity Index Fund	26.3%	13.9%	14.2%	36.8%
Global Socially Responsible Index Fund	1.9%	1.2%	0.7%	1.9%
Mid-Cap Equity Index Fund	4.6%	6.5%	3.7%	5.5%
International Equity Fund	3.3%	3.2%	2.0%	4.7%
Small-Cap Equity Fund	14.0%	8.1%	5.5%	23.8%
Self-Directed Brokerage Option	0.2%	0.2%	-	-

The Pre-Arranged Portfolios are made up of varying percentages of the following core investment options: Stable Income Fund, Bond Fund, Equity Index Fund, Mid-Cap Equity Index Fund, International Equity Fund, and Small-Cap Equity Fund. They are designated by payout years. The portfolios are designed to meet certain expected rate of return requirements over time horizons, and balance the rate of return needs with the appropriate amount of risk. Each portfolio is rebalanced periodically to lower its equity exposure over time.

U.S. Treasury Inflation Protected Securities ("TIPS") are a component of some of the portfolios as noted below. The goal of TIPS is to preserve and enhance purchasing power for individuals planning for retirement. TIPS represent a distinct asset class in which both principal and interest payments adjust to track changes in the Consumer Price Index or "CPI". A fixed rate of interest is then paid on this increasing principal amount. The principal grows with inflation and the cash coupon also increases with inflation. In a diversified portfolio, an allocation to TIPS can help protect against inflation and increase the risk-adjusted returns of the portfolio.

To pick a portfolio, participants need to use their current age or the number of years until they expect to begin distribution payments as a guide, whichever better suits their personal circumstances.

Fund Name	Composition At December 31, 2016	Annual Return	Custom Benchmark	Portfolio Expense Ratio
Static Allocation Fund	60.0% Stable Income; 15.0% TIPS; 5.0% Bond; 10.0% Equity Index; 3.0% Mid-Cap; 4.0% International; and 3.0% Small-Cap	4.4%	4.3%	0.24%
2005 Fund	51.6% Stable Income; 15.0% TIPS; 8.0% Bond; 11.8% Equity Index; 3.6% Mid-Cap; 6.4% International and 3.6% Small-Cap	4.9%	5.0%	0.24%
2010 Fund	40.0% Stable Income; 15.0% TIPS; 10.6% Bond; 16.0% Equity Index; 4.3% Mid-Cap; 9.8% International; and 4.3% Small-Cap	5.5%	5.8%	0.23%
2015 Fund	28.8% Stable Income; 15.0% TIPS; 11.6% Bond; 21.0% Equity Index; 4.8% Mid-Cap; 14.0% International; and 4.8% Small-Cap	6.3%	6.6%	0.21%
2020 Fund	15.6% Stable Income; 13.2% TIPS; 12.6% Bond; 28.4% Equity Index; 5.3% Mid-Cap; 19.6% International; and 5.3% Small-Cap	7.2%	7.7%	0.20%
2025 Fund	6.4% Stable Income; 9.0% TIPS; 13.6% Bond; 35.6% Equity Index; 5.8% Mid-Cap; 23.8% International; and 5.8% Small-Cap	8.0%	8.5%	0.19%
2030 Fund	2.8% Stable Income; 4.0% TIPS; 14.0% Bond; 40.1% Equity Index; 6.3% Mid-Cap; 26.5% International; and 6.3% Small-Cap	8.5%	9.0%	0.19%
2035 Fund	0.8% Stable Income; 0.8% TIPS; 12.8% Bond; 43.6% Equity Index; 6.8% Mid-Cap; 28.4% International; and 6.8% Small-Cap	9.0%	9.5%	0.19%
2040 Fund	10.8% Bond; 45.6% Equity Index; 7.0% Mid-Cap; 29.6% International; and 7.0% Small-Cap	9.3%	9.8%	0.19%
2045 Fund	7.0% Bond; 47.2% Equity Index; 7.3% Mid-Cap; 31.2% International; and 7.3% Small-Cap	9.6%	10.0%	0.19%
2050 Fund	2.0% Bond; 49.5% Equity Index; 7.8% Mid-Cap; 32.9% International; 7.8% Small-Cap	10.1%	10.4%	0.19%
2055 Fund	50.5% Equity Index; 8.0% Mid-Cap; 33.5% International; 8.0% Small-Cap	10.0%	10.6%	0.19%
Expense ratios noted above include both the asset management fees and the administrative fee of 0.04%.				

Returns are presented net of fees and time-weighted and are calculated by the Plan's investment consultant, Milliman.

## Stable Income Fund

The investment objective of the Stable Income Fund is to conserve principal and to provide a steady rate of return. The Fund invests in a combination of insurance company general account investment contracts, a “wrapped” portfolio of high quality bonds, and other fixed income investments as well as cash equivalents. A portfolio is “wrapped” when an insurance company or bank issues a form of investment contract (or wrap agreement) providing a guarantee that member withdrawals from the portfolio will not be adjusted for changes in market conditions. A wrap agreement provides price stability by helping to protect the Fund from severe changes in market value and, subject to certain conditions, provides repayment of principal and interest to Plan participants. Fiduciary Capital Management is the manager for the Traditional Guaranteed Investment Contract (“GIC”) portfolio. ICMA manages the liquidity buffer that handles cash flow activity. The actively managed synthetic GIC portfolios and the insurance company separate accounts within the Stable Income Fund are managed by NISA Investment Advisors, JP Morgan Investment Management, Inc., BlackRock Financial Management, Prudential, Goldman Sachs Asset Management, Babson Capital Management and Pyramis Global Advisors. The actively managed synthetic GIC portfolios and the insurance company separate accounts are wrapped with a book value guarantee provided by Transamerica Premier Life Insurance Company, Metropolitan Life Insurance Company, American General Life, Prudential Insurance Company of America and Nationwide Life Insurance Company.

**The top ten holdings of the Stable Income Fund are as follows:**

#	Asset Long Description	Weight %
1	JP MORGAN GAC 32297 ACCT# 643 0.000% 12/31/2049 DD 09/14/10	9.93%
2	ICMA STABLE RETURN FUND	9.47%
3	GAC 032300 # 778 0.000% 12/31/2049 DD 09/14/10	7.26%
4	UST 1.625 04/30/19 When Iss	2.24%
5	UNITED STATES TREASURY	2.07%
6	UST 0.875 07/31/19 When Iss	1.83%
7	UST 1.125 06/30/21 When Iss	0.96%
8	UST 0.875 11/15/19 When Iss	0.88%
9	FNMA CONV 30 YR SF	0.86%
10	UST 1.250 12/31/18 When Iss	0.73%
Total For Top Ten Holdings		36.23%

## Stable Income Fund Portfolios

Security Description	Maturity	Crediting	Total Assets (in thousands)
Stable Value Fund			
ICMA	N/A	2.34%	\$ 462,008
The Bank of New York Mellon	N/A	-	\$ 24,619
Total Stable Value Fund			\$ 486,627

Security Description	Credit Rating Moody's/S&P/Fitch	Maturity	Crediting	Total Assets (in thousands)
GICs				
Jackson National	A1/AA/AA	01/31/2017	1.42%	3,963
Jackson National	A1/AA/AA	02/28/2017	1.54%	8,044
Jackson National	A1/AA/AA	04/28/2017	1.43%	7,991
Jackson National	A1/AA/AA	08/31/2017	1.29%	18,444
Jackson National	A1/AA/AA	12/29/2017	1.54%	8,784
Jackson National	A1/AA/AA	03/30/2018	1.32%	13,546
Jackson National	A1/AA/AA	10/31/2017	1.19%	6,091
Jackson National	A1/AA/AA	12/31/2018	1.69%	7,961
Jackson National	A1/AA/AA	05/31/2019	2.81%	14,802
Jackson National	A1/AA/AA	09/30/2019	2.31%	11,749
Jackson National	A1/AA/AA	03/31/2020	2.33%	7,398
Jackson National	A1/AA/AA	05/29/2019	2.26%	15,131
Jackson National	A1/AA/AA	09/30/2021	2.80%	25,277
Jackson National	A1/AA/AA	11/30/2021	2.56%	4,707
Jackson National	A1/AA/AA	06/30/2021	2.43%	13,263
Jackson National	A1/AA/AA	12/31/2021	2.42%	10,181
Jackson National	A1/AA/AA	04/29/2022	2.20%	8,029
Jackson National	A1/AA/AA	05/31/2022	2.71%	16,336
Metropolitan Life	Aa3/AA-/AA-	06/30/2017	1.31%	10,016
Metropolitan Life	Aa3/AA-/AA-	10/31/2017	1.39%	2,745
Metropolitan Life	Aa3/AA-/AA-	05/09/2018	1.47%	16,137
Metropolitan Life	Aa3/AA-/AA-	03/29/2019	2.05%	6,838
Metropolitan Life	Aa3/AA-/AA-	04/10/2019	2.45%	10,683
Metropolitan Life	Aa3/AA-/AA-	04/30/2019	2.01%	9,774
Metropolitan Life	Aa3/AA-/AA-	05/31/2019	2.02%	30,742
Metropolitan Life	Aa3/AA-/AA-	08/08/2019	2.35%	14,274
Metropolitan Life	Aa3/AA-/AA-	07/31/2019	2.22%	15,785
Metropolitan Life	Aa3/AA-/AA-	10/10/2019	2.01%	6,804
Metropolitan Life	Aa3/AA-/AA-	12/04/2019	2.33%	18,461
Metropolitan Life	Aa3/AA-/AA-	03/31/2020	2.22%	6,755
Metropolitan Life	Aa3/AA-/AA-	06/02/2020	2.37%	8,821
Metropolitan Life	Aa3/AA-/AA-	06/30/2020	2.34%	4,131
Metropolitan Life	Aa3/AA-/AA-	01/29/2021	2.43%	4,497
Metropolitan Life	Aa3/AA-/AA-	05/03/2021	2.38%	7,415
Metropolitan Life	Aa3/AA-/AA-	06/01/2021	2.45%	11,462
Metropolitan Life	Aa3/AA-/AA-	05/28/2021	2.05%	3,031
Metropolitan Life	Aa3/AA-/AA-	06/30/2021	2.13%	7,075
Metropolitan Life	Aa3/AA-/AA-	07/30/2021	2.19%	4,238
Metropolitan Life	Aa3/AA-/AA-	08/31/2021	2.16%	11,078
Metropolitan Life	Aa3/AA-/AA-	10/29/2021	2.25%	7,026
New York Life	Aaa/AA+/AAA	05/31/2017	1.93%	5,455
New York Life	Aaa/AA+/AAA	06/30/2018	2.10%	36,459
New York Life	Aaa/AA+/AAA	10/01/2018	2.13%	13,063
New York Life	Aaa/AA+/AAA	10/31/2018	2.02%	26,416
New York Life	Aaa/AA+/AAA	12/03/2018	2.09%	27,495
New York Life	Aaa/AA+/AAA	03/31/2019	2.12%	13,745
New York Life	Aaa/AA+/AAA	06/28/2019	1.97%	18,005
New York Life	Aaa/AA+/AAA	9/30/2019	1.88%	9,171
New York Life	Aaa/AA+/AAA	10/31/2019	1.94%	3,646
New York Life	Aaa/AA+/AAA	12/31/2019	2.03%	8,324
New York Life	Aaa/AA+/AAA	01/31/2020	1.70%	11,360
New York Life	Aaa/AA+/AAA	04/30/2020	1.91%	18,578
New York Life	Aaa/AA+/AAA	05/29/2020	2.05%	3,718
New York Life	Aaa/AA+/AAA	10/30/2020	2.20%	5,436
New York Life	Aaa/AA+/AAA	09/30/2020	2.23%	10,240
New York Life	Aaa/AA+/AAA	11/30/2020	2.26%	6,146
New York Life	Aaa/AA+/AAA	01/29/2021	2.17%	8,158
New York Life	Aaa/AA+/AAA	09/30/2021	1.90%	7,033
Ohio National	A1/AA-/NR	01/31/2017	2.04%	6,614
Ohio National	A1/AA-/NR	02/28/2017	2.15%	5,540
Ohio National	A1/AA-/NR	05/31/2017	1.56%	9,429
Ohio National	A1/AA-/NR	08/31/2017	1.40%	2,646
Ohio National	A1/AA-/NR	09/30/2017	1.41%	2,536
Ohio National	A1/AA-/NR	04/30/2017	1.98%	5,891
Ohio National	A1/AA-/NR	09/30/2019	2.20%	17,036
Ohio National	A1/AA-/NR	10/31/2019	2.07%	15,571

Security Description	Credit Rating Moody's/S&P/Fitch	Maturity	Crediting	Total Assets (in thousands)
<b>GICs</b>				
Ohio National	A1/AA-/NR	03/31/2021	2.06%	20,965
Ohio National	A1/AA-/NR	11/30/2021	2.48%	3,170
Ohio National	A1/AA-/NR	06/30/2021	2.39%	11,423
Ohio National	A1/AA-/NR	02/26/2021	2.37%	10,788
Ohio National	A1/AA-/NR	04/30/2021	2.42%	10,181
Ohio National	A1/AA-/NR	10/29/2021	2.54%	15,252
Ohio National	A1/AA-/NR	02/28/2022	1.95%	2,726
Ohio National	A1/AA-/NR	02/28/2022	2.09%	15,533
Ohio National	A1/AA-/NR	02/28/2022	2.07%	6,645
Principal Life	A1/A+/AA-	05/31/2017	1.50%	7,481
Principal Life	A1/A+/AA-	03/29/2019	2.51%	10,879
Principal Life	A1/A+/AA-	08/31/2018	2.40%	10,820
Principal Life	A1/A+/AA-	04/28/2020	2.13%	7,322
Principal Life	A1/A+/AA-	08/30/2020	2.04%	4,157
Principal Life	A1/A+/AA-	10/30/2020	2.20%	6,752
Principal Life	A1/A+/AA-	04/30/2020	2.25%	6,227
Principal Life	A1/A+/AA-	03/31/2021	2.47%	17,071
Principal Life	A1/A+/AA-	04/30/2021	2.60%	10,343
Principal Life	A1/A+/AA-	08/31/2020	2.58%	5,170
Principal Life	A1/A+/AA-	12/31/2020	2.51%	21,042
Principal Life	A1/A+/AA-	07/30/2021	2.56%	13,96
Principal Life	A1/A+/AA-	08/31/2021	2.67%	9,259
Principal Life	A1/A+/AA-	12/31/2021	2.49%	9,168
Protective Life	A2/AA-/A	06/30/2017	1.33%	5,193
Protective Life	A2/AA-/A	03/31/2017	1.12%	3,315
Protective Life	A2/AA-/A	07/31/2017	1.21%	7,004
Protective Life	A2/AA-/A	09/30/2017	1.35%	6,957
Protective Life	A2/AA-/A	05/31/2018	1.70%	20,388
Protective Life	A2/AA-/A	07/31/2018	2.19%	15,285
Protective Life	A2/AA-/A	07/31/2018	2.19%	15,285
Protective Life	A2/AA-/A	12/31/2018	2.36%	13,320
Protective Life	A2/AA-/A	08/31/2019	2.62%	13,421
Protective Life	A2/AA-/A	03/31/2022	2.10%	10,755
Prudential	A1/AA-/A+	09/28/2018	1.65%	15,965
Prudential	A1/AA-/A+	04/30/2018	1.36%	9,455
Prudential	A1/AA-/A+	03/31/2020	2.28%	3,161
Prudential	A1/AA-/A+	12/30/2019	2.25%	16,337
Prudential	A1/AA-/A+	06/30/2020	2.16%	15,022
Prudential	A1/AA-/A+	09/30/2020	2.24%	18,744
Prudential	A1/AA-/A+	10/30/2020	2.18%	10,385
Prudential	A1/AA-/A+	11/30/2020	2.13%	11,731
Prudential	A1/AA-/A+	06/30/2021	2.43%	5,170
Prudential	A1/AA-/A+	08/31/2021	2.57%	21,582
United of Omaha	A1/AA-/NR	03/31/2017	1.40%	3,561
United of Omaha	A1/AA-/NR	07/31/2019	2.60%	10,869
United of Omaha	A1/AA-/NR	02/28/2021	2.54%	20,355
United of Omaha	A1/AA-/NR	07/31/2020	2.42%	10,340
United of Omaha	A1/AA-/NR	01/31/2022	2.30%	16,520
United of Omaha	A1/AA-/NR	03/30/2020	2.00%	4,020
<b>Total GICs</b>				<b>\$ 1,242,121</b>
<b>Book Value Wrap Providers for Actively Managed and Buy &amp; Hold Portfolios</b>				
Transamerica Life	A1/AA-/AA	N/A	2.55%	583,555
Metropolitan Life	Aa3/AA-/AA-	N/A	2.92%	568,687
Metropolitan Life	Aa3/AA-/AA-	N/A	2.52%	424,448
American General Life	A2/A+/A+	N/A	1.24%	615,909
American General Life	A2/A+/A+	N/A	1.16%	615,389
Prudential	A2/AA-/A+	N/A	2.36%	622,679
Nationwide Life	A1/A+/NR	N/A	2.11%	560,006
<b>Sub-Total</b>				<b>\$ 3,990,673</b>
<b>Total 457, 401(k), NYCE IRA, and 401(a) Balance</b>				<b>\$ 5,789,053</b>

## Bond Fund

The investment objective of the Bond Fund is to maximize total return over a full market cycle while actively managing risk. An allocation to this fund may be beneficial as a part of a balanced portfolio to hedge against the significantly higher risk (as measured by standard deviation) of equities. In 2015, the Fund employed multiple active management strategies, which invested in a diversified portfolio including government, government agency, corporate (including high yield), mortgage and foreign securities (including emerging market bonds); derivatives may be actively used for return enhancement as well as risk hedging. While the Fund

seeks to provide capital gains, there may be periods of time when the return on the Bond Fund is negative. In 2015, the Fund initially had two managers, Pacific Investment Management Company (PIMCO) and BlackRock. The Fund was restructured in the first quarter of 2016. The portfolio managed by PIMCO was transitioned to BlackRock and the Fund will transition over a two-year period, to a passive allocation. As with active management, the return of the Fund will consist of interest income and market appreciation (or depreciation).

*The top ten holdings of the Bond Fund are as follows:*

#	Asset Long Description	Weight %
1	US DEBT INDEX NON-LENDABLE	13.64%
2	FNMA CONV 30 YR SF	6.21%
3	FHLMC GOLD 30 YEAR	3.77%
4	UNITED STATES TREASURY	3.27%
5	UST 2.125 11/30/23 When Iss	2.82%
6	UST 1.125 07/31/21 When Iss	2.81%
7	FNMA CONV 15 YR SF	2.79%
8	UST 0.875 09/15/19 When Iss	2.78%
9	UST 0.875 11/15/19 When Iss	2.74%
10	UST 1.125 06/30/21 When Iss	2.24%
<b>Total For Top Ten Holdings</b>		<b>43.07%</b>

## Equity Index Fund

The Equity Index Fund is managed by BNY Mellon. It seeks to replicate the performance of the Standard & Poor's 500 Composite Stock Index ("S&P 500 Index") by investing in all 500 stocks listed in the S&P 500 Index in approximately the same proportions as they are represented in the S&P 500 Index. The Equity Index Fund offers participants exposure to the stocks of large- and mid-sized corporations through a passive investment vehicle. Over time, the S&P 500 Index is expected to provide total returns in excess of both inflation and fixed income funds. As with any investment in equities, substantial volatility (risk as measured by standard deviation) is expected.

*The top ten holdings of the Equity Index Fund are as follows:*

#	Asset Long Description	Weight %
1	APPLE	3.17%
2	MICROSOFT	2.48%
3	EXXON MOBIL	1.92%
4	JOHNSON & JOHNSON	1.61%
5	BERKSHIRE HATHAWAY 'B'	1.59%
6	JP MORGAN CHASE & CO.	1.58%
7	AMAZON.COM	1.52%
8	GENERAL ELECTRIC	1.45%
9	FACEBOOK CLASS A	1.38%
10	AT&T	1.34%
<b>Total For Top Ten Holdings</b>		<b>18.03%</b>

## Global Socially Responsible Index Fund

The Global Socially Responsible Fund invests 100% of assets in the stocks of companies which display good corporate citizenship, while excluding companies that do not pass social and environmental screens. As with any investment in global stock markets, substantial volatility (risk as measured by standard deviation) in the unit value of this option will occur. The Global Socially Responsible Index Fund option is expected to generate total returns at a rate in excess of inflation over the long term. During January 2016,

the Global Socially Responsible Fund was transitioned from Aberdeen Asset Management, Inc. to the MSCI ACWI SRI Index managed by BlackRock.

*The top ten holdings of the Global Socially Responsible Index Fund are as follows:*

#	Asset Long Description	Weight %
1	MICROSOFT	5.02%
2	PROCTOR & GAMBLE	2.35%
3	INTEL	1.86%
4	WALT DISNEY	1.76%
5	ROCHE HOLDING	1.74%
6	CISCO SYSTEMS	1.65%
7	TAIWAN SEMICON.MNFG	1.52%
8	TOTAL	1.28%
9	MCDONALDS	1.13%
10	GILEAD SCIENCES	1.02%
Total For Top Ten Holdings		19.34%

### Mid-Cap Equity Index Fund

The Mid-Cap Equity Index Fund invests in the stock of medium-sized companies. It seeks to replicate the performance of the Standard & Poor's 400. State Street Global Advisors manages this index fund. Over longer time periods, mid-cap equity funds are expected to provide substantial total returns above inflation, with substantial volatility (risk as measured by standard deviation).

*The top ten holdings of the Mid-Cap Equity Index Fund are as follows:*

#	Asset Long Description	Weight %
1	IDEXX LABORATORIES	0.65%
2	WHITEWAVE FOODS	0.61%
3	DUKE REALTY	0.58%
4	ALLEGHANY	0.58%
5	INGREDION	0.56%
6	EVEREST RE GP	0.55%
7	SVB FINANCIAL GROUP	0.55%
8	CDK GLOBAL	0.55%
9	SYNOPSIS	0.55%
10	ALEXANDRIA RLST. EQTIES	0.54%
Total For Top Ten Holdings		5.72%

### International Equity Fund

The International Equity Fund invests in companies that are not domiciled in the United States. The Fund seeks to provide long-term growth of capital, with investments primarily made in middle- to large-capitalization stocks in developed and emerging countries. Due to a relatively low correlation between the foreign and domestic equity markets, the International Equity Fund can provide good diversification when combined with US equity funds. However, the Fund is subject to major volatility or risk (higher standard deviation) as this fund is invested across the developed and emerging world and each market has its own currency changes and stock market movements. The Fund managers include: Mondrian Investment Partners (Value), Baillie Gifford (Growth), State Street Global Advisors (Index) and CopperRock (Small Cap).

*The top ten holdings of the International Equity Fund are as follows:*

#	Asset Long Description	Weight %
1	TENCENT HOLDINGS	3.01%
2	BAIDU 'A' ADR 10:1	2.15%
3	ALIBABA GROUP HLDG.SPN.ADR 1:1	2.14%
4	INDITEX	2.13%
5	AIA GROUP	2.03%
6	SOFTBANK GROUP	1.55%
7	FERRARI ORD	1.40%
8	ATLAS COPCO 'A'	1.36%
9	FIAT CHRYSLER AUTOS.	1.22%
10	ZALANDO	1.18%
Total For Top Ten Holdings		18.16%

### Small-Cap Equity Fund

The Small-Cap Equity Fund seeks long-term growth of capital by investing primarily in the common stocks of small companies which are believed to have good prospects for capital appreciation. The fund's management concentrates on companies that may offer accelerated earnings growth because of new management, new products, or structural changes in the economy. Small-cap stocks offer the opportunity for greater long-term capital appreciation. In the short-term, however, these stocks may display substantial volatility (risk as measured by standard deviation). The Small-Cap Equity Fund is comprised of the following managers: Dimensional Fund Advisors (Value), T. Rowe Price Associates, Inc. (Growth), Wellington Management Company, LLP (Core), and State Street Global Advisors (Index).

*The top ten holdings of the Small-Cap Equity Fund are as follows:*

#	Asset Long Description	Weight %
1	ISHARES RUSSELL 2000	1.37%
2	VAIL RESORTS	0.64%
3	O REILLY AUTOMOTIVE	0.54%
4	CASH - USD	0.53%
5	CLEAN HARBORS	0.52%
6	TESARO	0.52%
7	TEXAS CAPITAL BANCSHARES	0.50%
8	CAVIUM	0.49%
9	WESTERN ALL. BANCORP	0.48%
10	BURLINGTON STORES	0.44%
Total For Top Ten Holdings		6.02%

Complete holdings information for each fund manager is available to participants upon request.

## Self-Directed Brokerage Option

The Self-Directed Brokerage (SDB) option allows participants with account balances of at least \$5,000 to invest in mutual funds, including no-load/no-transaction fee funds, which are outside of the Deferred Compensation Plan's investment fund line-up. The SDB is for knowledgeable investors who acknowledge and understand the risks associated with many of the investments contained in the SDB option. The SDB is available through TD Ameritrade.



### Investment Summary Fair Value (in thousands)

Type of Investment	Date	457 Plan	401(k) Plan	NYCE IRA	401(a) Plan
Stable Income Fund	12/31/16	\$ 4,367,294	\$ 781,228	\$ 136,016	\$ 2,425
Bond Fund	12/31/16	306,228	71,540	5,020	241
Equity Index Fund	12/31/16	3,832,174	332,076	39,095	7,658
Global Socially Responsible Index Fund	12/31/16	283,881	29,812	1,906	403
Mid-Cap Equity Index Fund	12/31/16	672,361	154,652	10,153	1,142
International Equity Fund	12/31/16	485,014	75,493	5,623	980
Small-Cap Equity Fund	12/31/16	2,041,554	193,321	15,195	4,957
Static Allocation Fund	12/31/16	80,805	23,704	7,780	62
2005 Fund	12/31/16	85,236	29,156	2,623	49
2010 Fund	12/31/16	138,026	48,669	5,488	108
2015 Fund	12/31/16	547,100	120,034	7,244	634
2020 Fund	12/31/16	277,269	90,591	9,315	377
2025 Fund	12/31/16	584,911	152,949	9,297	761
2030 Fund	12/31/16	247,953	80,605	6,913	296
2035 Fund	12/31/16	181,812	65,942	4,886	236
2040 Fund	12/31/16	122,920	46,063	2,541	127
2045 Fund	12/31/16	180,761	56,959	3,003	226
2050 Fund	12/31/16	97,684	28,853	1,546	121
2055 Fund	12/31/16	24,638	8,562	1,015	-
Self-Directed Brokerage Option	12/31/16	26,235	3,777	-	-
<b>Total</b>		<b>14,583,856</b>	<b>2,393,986</b>	<b>274,659</b>	<b>20,803</b>

### Investment Management Fees and Administrative Fees (0.04%) for the 457, 401(k), 401(a) Plans, and NYCE IRA for 2016 (in thousands)

	Total Assets	Investment Management Fees	Administrative Fees (0.04%)	2016 Expense Ratio	Total Investment Management and Administrative Fees
Stable Income Fund	\$ 5,789,053	\$ 15,474	\$ 2,234	0.30%	\$ 17,708
Bond Fund	746,160	940	294	0.20%	1,234
Equity Index Fund	5,342,631	301	1,998	0.05%	2,299
Global Socially Responsible Index Fund	316,003	245	120	0.12%	365
Mid-Cap Equity Index Fund	1,044,600	181	358	0.06%	539
International Equity Fund	1,256,558	4,244	495	0.38%	4,739
Small-Cap Equity Fund	2,461,966	8,870	873	0.43%	9,743
TIPS	286,321	205	111	0.12%	316
<b>Total</b>	<b>\$ 17,243,292</b>	<b>\$ 30,460</b>	<b>\$ 6,483</b>		<b>\$ 36,943</b>

<sup>1</sup> The Global Socially Responsible Fund was transitioned into a Global Socially Responsible Index Fund as of the first Quarter of 2016.

## Performance Summary for One-, Three-, and Five- Year Periods

*Ended December 31, 2016*

Core Fund Name Market Benchmark	Annualized Returns (Net of Fees)		
	1 YR	3 YR	5 YR
Stable Income Fund T-Bills Plus 1.5% Barclays 1-3 Year Govt. Lipper Inst. MM+1.5%	1.9% 1.8% 0.9% 1.6%	1.9% 1.6% 0.7% 1.5%	2.2% 1.6% 0.6% 1.5%
Bond Fund Custom Benchmark (The Custom Benchmark is the Barclays U.S Aggregate since the 4th quarter of 2006. It was comprised of 80% BC Aggregate, 10% ML High Yield Index and 10% SB non-US Gov't Bond Index – Hedged for all prior periods.)	2.3% 2.6%	2.7% 3.0%	2.3% 2.2%
Equity Index Fund S&P 500 Index	12.0% 12.0%	8.9% 8.9%	14.7% 14.7%
Global Socially Responsible Index Fund <sup>1</sup> MSCI ACWI SRI (The Global Socially Responsible Index Fund benchmark from 4/2007 to 1/2016 was the MSCI World.)	8.2% 8.9%	(1.5%) 4.6%	4.9% 11.2%
Mid-Cap Equity Index Fund <sup>2</sup> S&P 400 MidCap	20.7% 20.7%	9.0% 9.0%	13.9% 15.3%
International Equity Fund Custom Benchmark (The Custom Benchmark is 100% MSCI ACWI ex-US since the 4th quarter of 2011. It was 100% MSCI EAFE in all prior quarters.)	2.5% 5.0%	(1.5%) (1.3%)	6.1% 5.5%
Small-Cap Equity Fund Russell 2000	18.3% 21.3%	6.9% 6.7%	15.8% 14.5%

Returns are presented net of fees and time-weighted and are calculated by the Plan's investment consultant, Milliman.

Note:	Past investment returns are no guarantee of future returns and should not be relied upon as a sole source for investment decision-making.
	<sup>1</sup> The Global Socially Responsible Fund was transitioned into a Global Socially Responsible Index Fund as of the first Quarter of 2016.
	<sup>2</sup> Prior to December 2013, the Mid-Cap Equity Index Fund was a combination of active and passive management.



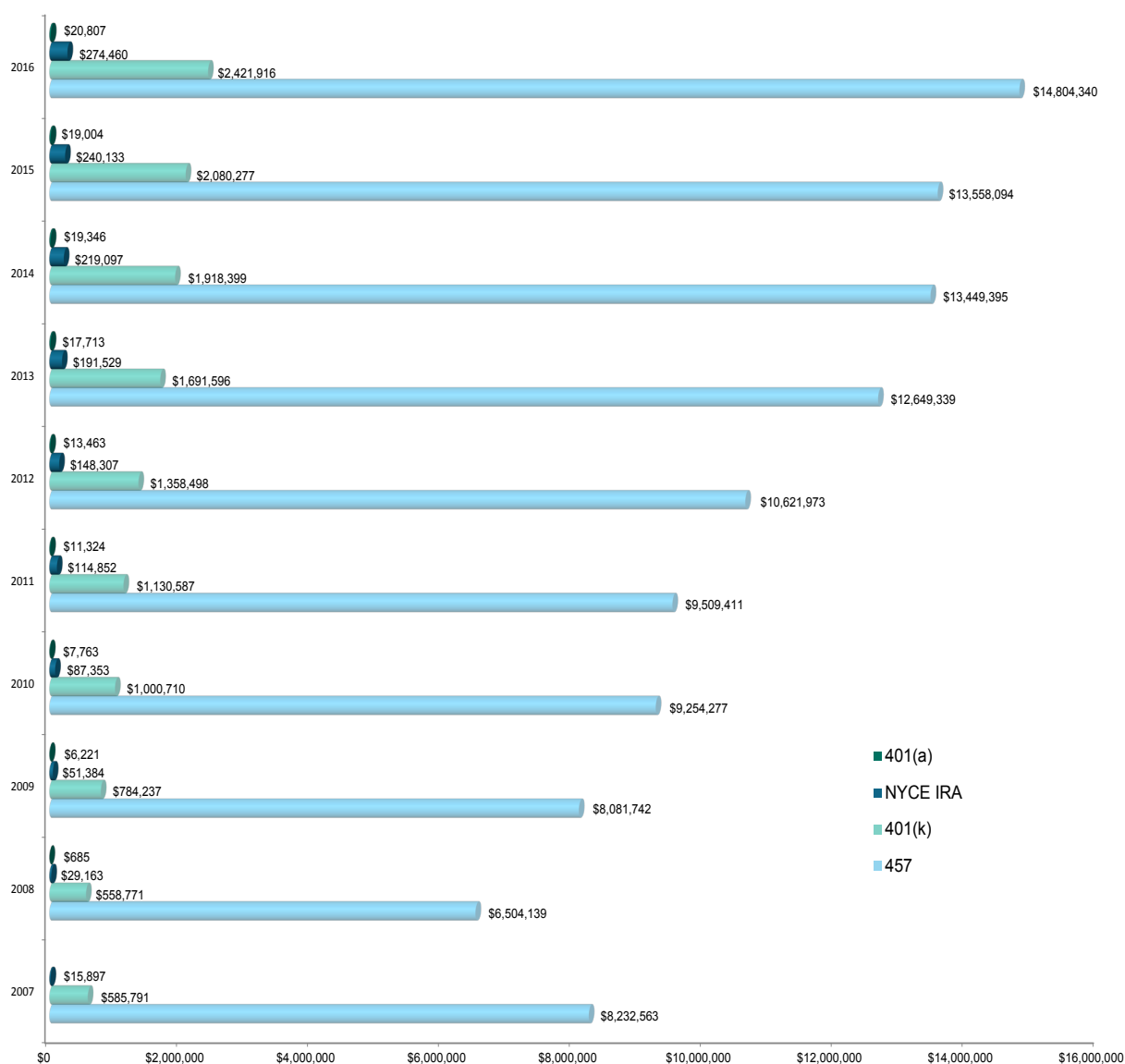
## Financial Trend Information

The 457 and 401(k) Plans are defined contribution plans of The City of New York (the "City") and Related Agencies and Instrumentalities. The NYCE IRA is a deemed IRA under section 408(q) of the Code. The 401(a) Plan is a defined contribution plan that is qualified under section 401(a) of the Code and is a governmental plan under section 414(d) of the Code.

The financial trend information below illustrates how the Plan's financial position has changed over the past ten years.

### Plan Net Position 2007 to 2016 (in thousands)

In 2016, the thirtieth year of the 457, the fifteenth year of the 401(k), the eleventh year of the NYCE IRA, and the tenth year of the 401(a), the Deferred Compensation Plan's combined Plan Net Position exceeded \$17.5 billion. The combined Plan Net Position increased by \$1.62 billion over the previous year.



# Financial Trend Information (continued)

## Additions to (Deductions from) Assets by type (in thousands) from 2007 to 2016

Year Ended	Contributions (A)	Stable Value Income	Net Gains (losses) on Variable Investments	Total
<b>457 Plan</b>				
2007	\$ 563,442	\$ 114,337	\$ 277,716	\$ 955,495
2008	\$ 538,294	\$ 135,295	\$ (2,077,141)	\$ (1,403,552)
2009	\$ 613,267	\$ 132,910	\$ 1,079,162	\$ 1,825,339
2010	\$ 565,659	\$ 146,009	\$ 781,217	\$ 1,492,885
2011	\$ 547,752	\$ 135,168	\$ (44,608)	\$ 638,312
2012	\$ 539,583	\$ 127,621	\$ 831,523	\$ 1,498,727
2013	\$ 532,228	\$ 110,728	\$ 1,842,660	\$ 2,485,616
2014	\$ 544,344	\$ 95,492	\$ 680,362	\$ 1,320,198
2015	\$ 621,074	\$ 91,950	\$ (79,627)	\$ 633,397
2016	\$ 629,214	\$ 97,074	\$ 1,053,710	\$ 1,779,998
<b>401(k) Plan</b>				
2007	\$ 129,727	\$ 7,647	\$ 19,874	\$ 157,248
2008	\$ 130,955	\$ 10,525	\$ (150,200)	\$ (8,720)
2009	\$ 132,359	\$ 12,065	\$ 98,525	\$ 242,949
2010	\$ 150,899	\$ 15,139	\$ 73,617	\$ 239,655
2011	\$ 151,910	\$ 15,728	\$ (7,321)	\$ 160,317
2012	\$ 156,467	\$ 16,198	\$ 91,612	\$ 264,277
2013	\$ 166,225	\$ 14,761	\$ 202,393	\$ 383,379
2014	\$ 196,968	\$ 13,526	\$ 79,992	\$ 290,486
2015	\$ 226,691	\$ 13,888	\$ (13,133)	\$ 227,446
2016	\$ 255,744	\$ 16,056	\$ 146,785	\$ 418,585
<b>NYCE IRA</b>				
2007	\$ 15,536	\$ 89	\$ 209	\$ 15,834
2008	\$ 19,224	\$ 461	\$ (5,220)	\$ 14,465
2009	\$ 18,942	\$ 991	\$ 4,061	\$ 23,994
2010	\$ 36,268	\$ 1,794	\$ 3,656	\$ 41,718
2011	\$ 30,814	\$ 2,298	\$ (484)	\$ 32,628
2012	\$ 31,212	\$ 2,612	\$ 5,905	\$ 39,729
2013	\$ 35,278	\$ 2,570	\$ 13,663	\$ 51,511
2014	\$ 30,219	\$ 2,345	\$ 6,402	\$ 38,966
2015	\$ 31,005	\$ 2,361	\$ (1,113)	\$ 32,253
2016	\$ 33,984	\$ 2,617	\$ 12,350	\$ 48,951
<b>401(a) Plan</b>				
2008	\$ 484	\$ 3	\$ (285)	\$ 202
2009	\$ 5,277	\$ 38	\$ 226	\$ 5,541
2010	\$ 537	\$ 39	\$ 982	\$ 1,558
2011	\$ 3,619	\$ 40	\$ (39)	\$ 3,620
2012	\$ 762	\$ 54	\$ 1,502	\$ 2,318
2013	\$ 745	\$ 51	\$ 3,655	\$ 4,451
2014	\$ 715	\$ 44	\$ 1,294	\$ 2,053
2015	\$ 24	\$ 45	\$ (138)	\$ (69)
2016	\$ 23	\$ 47	\$ 2,040	\$ 2,110

(A) Contributions include contribution from participants, rollovers, less custodial fees.

## Deductions from Assets by Type (in thousands) from 2007 to 2016

Year Ended	Distributions	Administrative Expenses	Total
<b>457 Plan</b>			
2007	\$ 355,893	\$ 11,149	\$ 367,042
2008	\$ 312,638	\$ 11,749	\$ 324,387
2009	\$ 235,595	\$ 12,141	\$ 247,736
2010	\$ 308,620	\$ 11,730	\$ 320,350
2011	\$ 371,806	\$ 11,372	\$ 383,178
2012	\$ 374,310	\$ 11,855	\$ 386,165
2013	\$ 446,213	\$ 12,037	\$ 458,250
2014	\$ 508,158	\$ 11,984	\$ 520,142
2015	\$ 512,324	\$ 12,374	\$ 524,698
2016	\$ 521,331	\$ 12,421	\$ 533,752
<b>401(k) Plan</b>			
2007	\$ 16,473	\$ 724	\$ 17,197
2008	\$ 17,376	\$ 924	\$ 18,300
2009	\$ 16,504	\$ 979	\$ 17,483
2010	\$ 22,265	\$ 917	\$ 23,182
2011	\$ 29,255	\$ 1,185	\$ 30,440
2012	\$ 35,047	\$ 1,319	\$ 36,366
2013	\$ 48,860	\$ 1,421	\$ 50,281
2014	\$ 62,163	\$ 1,520	\$ 63,683
2015	\$ 63,961	\$ 1,607	\$ 65,568
2016	\$ 74,958	\$ 1,988	\$ 76,946
<b>NYCE IRA</b>			
2007	\$ 321	\$ 94	\$ 415
2008	\$ 1,164	\$ 35	\$ 1,199
2009	\$ 1,723	\$ 50	\$ 1,773
2010	\$ 5,699	\$ 50	\$ 5,749
2011	\$ 5,041	\$ 88	\$ 5,129
2012	\$ 6,166	\$ 108	\$ 6,274
2013	\$ 8,168	\$ 121	\$ 8,289
2014	\$ 11,268	\$ 130	\$ 11,398
2015	\$ 11,068	\$ 149	\$ 11,217
2016	\$ 14,439	\$ 185	\$ 14,624
<b>401(a) Plan</b>			
2008	\$ 1	\$ 1	\$ 2
2009	\$ 4	\$ 1	\$ 5
2010	\$ 14	\$ 2	\$ 16
2011	\$ 58	\$ 1	\$ 59
2012	\$ 178	\$ 1	\$ 179
2013	\$ 200	\$ 1	\$ 201
2014	\$ 417	\$ 3	\$ 420
2015	\$ 271	\$ 2	\$ 273
2016	\$ 304	\$ 3	\$ 307

## Changes in Plan Net Position (in thousands) from 2007 to 2016

Year Ended	457 Plan Totals	401(k) Plan Totals	NYCE IRA Totals	401(a) Plan Totals
2007	\$ 588,453	\$ 140,051	\$ 15,419	\$ -
2008	\$ (1,727,940)	\$ (27,020)	\$ 13,266	\$ 200
2009	\$ 1,577,603	\$ 225,466	\$ 22,221	\$ 5,536
2010	\$ 1,172,535	\$ 216,473	\$ 35,969	\$ 1,542
2011	\$ 255,134	\$ 129,877	\$ 27,499	\$ 3,561
2012	\$ 1,112,562	\$ 227,911	\$ 33,455	\$ 2,139
2013	\$ 2,027,366	\$ 333,098	\$ 43,222	\$ 4,250
2014	\$ 800,056	\$ 226,803	\$ 27,568	\$ 1,633
2015	\$ 108,699	\$ 161,878	\$ 21,036	\$ (342)
2016	\$ 1,246,246	\$ 341,639	\$ 34,327	\$ 1,803

## Demographic Information

The employers participating in the Plans include The City of New York, the Department of Education, NYC Health + Hospitals, the community colleges of the City University of New York (the 401(k) Plan only), the New York City Housing Authority, the New York City School Construction Authority and the New York City Municipal Water Finance Authority.

The participant information below includes active employees and employees who have severed employment with the City.

## Employee Participation and Deferral Trends

Year Ended	Number of Participants (A)	Average Annual Deferral Per Participant (in thousands) (A)	Total Annual Deferrals (in thousands)	Plan Net Position (in thousands)
457 Plan				
2007	115,416	\$ 5	\$ 557,846	\$ 8,232,563
2008	117,530	\$ 5	\$ 591,673	\$ 6,504,139
2009	117,673	\$ 5	\$ 567,581	\$ 8,081,742
2010	117,785	\$ 5	\$ 564,744	\$ 9,254,277
2011	117,682	\$ 5	\$ 548,341	\$ 9,509,411
2012	118,870	\$ 5	\$ 540,289	\$ 10,621,973
2013	120,770	\$ 4	\$ 533,030	\$ 12,649,339
2014	123,807	\$ 7	\$ 545,251	\$ 13,449,395
2015	129,349	\$ 9	\$ 622,019	\$ 13,558,094
2016	134,877	\$ 9	\$ 630,183	\$ 14,804,340
401(k) Plan				
2007	23,166	\$ 6	\$ 129,349	\$ 585,791
2008	26,356	\$ 5	\$ 135,615	\$ 558,771
2009	27,847	\$ 5	\$ 128,566	\$ 784,237
2010	29,861	\$ 5	\$ 149,558	\$ 1,000,710
2011	31,519	\$ 5	\$ 151,979	\$ 1,130,587
2012	33,158	\$ 5	\$ 156,556	\$ 1,358,498
2013	35,216	\$ 5	\$ 166,331	\$ 1,691,596
2014	38,086	\$ 9	\$ 197,072	\$ 1,918,399
2015	41,786	\$ 9	\$ 226,803	\$ 2,080,277
2016	45,749	\$ 9	\$ 255,873	\$ 2,421,916
NYCE IRA				
2007	596	\$ N/A	\$ 15,528	\$ 15,897
2008	1,150	\$ N/A	\$ 19,477	\$ 29,163
2009	1,522	\$ N/A	\$ 18,761	\$ 51,384
2010	2,121	\$ N/A	\$ 36,162	\$ 87,353
2011	2,537	\$ N/A	\$ 30,820	\$ 114,852
2012	2,951	\$ N/A	\$ 31,222	\$ 148,307
2013	3,302	\$ N/A	\$ 35,290	\$ 191,529
2014	3,676	\$ N/A	\$ 30,231	\$ 219,097
2015	4,009	\$ N/A	\$ 31,018	\$ 240,133
2016	4,291	\$ N/A	\$ 33,999	\$ 274,460
401(a) Plan				
2008	1,769	\$ N/A	\$ 484	\$ 685
2009	1,902	\$ N/A	\$ 5,291	\$ 6,221
2010	2,026	\$ N/A	\$ 525	\$ 7,763
2011	2,780	\$ N/A	\$ 3,619	\$ 11,324
2012	2,871	\$ N/A	\$ 762	\$ 13,463
2013	3,022	\$ N/A	\$ 745	\$ 17,713
2014	3,162	\$ N/A	\$ 715	\$ 19,346
2015	3,134	\$ N/A	\$ 24	\$ 19,004
2016	3,097	\$ N/A	\$ 23	\$ 20,807

(A) Information provided by the Plans' recordkeeper, FAScore, LLC

# Summary of Administrative Revenues and Expenses from 2007 to 2016 (in thousands)\*

Year	Plan	Revenues (1)	EXPENSES							
			Salaries	Communication Expenses	Advisory and Auditing Fees	Rent & Reimbursement to the City for Overhead	Administrative Support	Recordkeeping\Loan Fees (2)	Custodian Fees	Total Expenses
2007	457	\$15,420	\$1,160	1,575	643	774	1,827	5,170	1,437	\$12,586
	401(k)	\$988	\$79	109	40	28	155	313	100	\$824
	NYCE IRA	\$24	\$2	80	-	1	2	9	2	\$96
2008	457	\$17,640	\$965	2,162	522	543	2,220	5,338	1,151	\$12,901
	401(k)	\$1,448	\$77	181	41	43	154	428	96	\$1,020
	NYCE IRA	\$88	\$3	7	2	2	9	12	5	\$40
	401(a)	-	-	-	-	-	-	1	-	\$1
2009	457	\$14,411	\$1,172	2,094	631	511	2,165	5,568	833	\$12,974
	401(k)	\$1,329	\$99	220	47	70	186	357	68	\$1,047
	NYCE IRA	\$62	\$6	13	2	3	13	13	4	\$54
	401(a)	-	-	-	-	-	-	1	-	\$1
2010	457	\$16,473	\$988	1,832	552	515	2,193	5,650	581	\$12,311
	401(k)	\$1,630	\$102	74	56	55	125	505	62	\$979
	NYCE IRA	\$85	\$8	6	2	4	6	24	5	\$55
	401(a)	\$2	-	-	-	-	-	2	-	\$2
2011	457	\$12,829	\$978	1,906	459	529	1,863	5,637	635	\$12,007
	401(k)	\$1,395	\$111	223	53	61	193	544	74	\$1,259
	NYCE IRA	\$78	\$11	23	3	6	13	32	7	\$95
	401(a)	\$1	-	-	-	-	-	1	-	\$1
2012	457	\$11,939	\$1,007	1,664	515	503	2,414	5,752	706	\$12,561
	401(k)	\$1,363	\$125	211	65	63	288	567	89	\$1,408
	NYCE IRA	\$77	\$14	23	7	7	19	38	10	\$118
	401(a)	\$2	-	-	-	-	-	1	-	\$1
2013	457	\$12,729	\$1,014	1,629	673	513	2,433	5,775	802	\$12,839
	401(k)	\$1,473	\$133	217	89	68	305	609	106	\$1,527
	NYCE IRA	\$103	\$15	23	10	6	24	43	12	\$133
	401(a)	\$2	-	-	-	-	-	1	-	\$1
2014	457	\$13,306	\$873	1,675	513	540	2,556	5,827	907	\$12,891
	401(k)	\$1,613	\$125	238	76	77	345	659	104	\$1,624
	NYCE IRA	\$123	\$14	27	9	9	23	48	12	\$142
	401(a)	\$3	-	-	-	-	-	3	-	\$3
2015	457	\$13,713	\$1,029	1,636	695	599	2,666	5,749	945	\$13,319
	401(k)	\$1,728	\$156	248	104	76	332	691	112	\$1,719
	NYCE IRA	\$137	\$18	28	12	10	31	50	13	\$162
	401(a)	\$4	-	-	-	-	-	2	-	\$2
2016	457	\$14,071	\$924	1,902	631	586	2,777	5,601	969	\$13,390
	401(k)	\$1,893	\$150	264	88	85	393	1,008	129	\$2,117
	NYCE IRA	\$150	\$17	30	10	10	34	84	15	\$200
	401(a)	\$4	-	-	-	-	-	3	-	3

\* The Summary of Administrative Revenues and Expenses is presented on the accrual basis of accounting.

- Revenues include:
  - the annual administrative fees collected from participants;
  - interest earned on assets held in the Plans' custodial account;
  - amounts deducted from the net asset values;
  - securities lending (2007 through 2010) and commission recapture (2007 through 2011); and
  - loan origination and maintenance fees charged to participants who requested a loan during the year and have an outstanding balance.
- Administrative fees:
  - \$37.50 from 1/1/07-12/31/07;
  - \$50.00 from 1/1/08-12/31/08;
  - \$57.50 from 1/1/09-12/31/09;
  - \$80.00 from 1/1/10-12/31/10 and
  - \$60.00 from 1/1/11-12/31/16.

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Bill de Blasio, Mayor  
The City of New York

Robert W. Linn, Commissioner  
Office of Labor Relations

The City of New York Deferred Compensation Plan/NYCE IRA  
A Division of Tax-Favored Benefits & Citywide Programs within  
the Mayor's Office of Labor Relations' Employee Benefits Program  
22 Cortlandt Street, 28th Floor, New York, NY 10007 (212) 306-7760,  
TTY (212) 306-7707, (888) DCP-3113, (888) IRA-NYCE  
**[nyc.gov/deferredcomp](http://nyc.gov/deferredcomp), [nyc.gov/nyceira](http://nyc.gov/nyceira)**