MARSH & MCLENNAN COMPANIES, INC.
Form 11-K
June 29, 2018

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE YEAR ENDED DECEMBER 31, 2017

SEC NO. 1-5998

A. Full title of the Plan:

MARSH & McLENNAN AGENCY 401(k) SAVINGS & INVESTMENT PLAN

B. Name of issuer of the securities held pursuant to the Plan and the address of its principal executive office:

MARSH & McLENNAN COMPANIES, INC.
1166 Avenue of the Americas
New York, NY 10036-2774

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Marsh & McLennan Companies Benefits Administration Committee has duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

MARSH & McLENNAN AGENCY 401(k) SAVINGS & INVESTMENT PLAN

Date: June 29, 2018 /s/ Alex P. Voitovich
Authorized Representative of the Benefits Administration Committee

MARSH & McLENNAN AGENCY 401(k) SAVINGS & INVESTMENT PLAN

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Note: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors of Marsh & McLennan Companies, Inc.,
the Marsh & McLennan Companies Benefits Administration Committee
and the Participants in Marsh & McLennan Agency 401(k) Savings & Investment Plan:

Opinion on the Financial Statements

We have audited the accompanying statements of net assets available for benefits of Marsh & McLennan Agency 401(k) Savings & Investment Plan (the "Plan") as of December 31, 2017 and 2016, the related statements of changes in net assets available for benefits for the year ended December 31, 2017 and the related notes (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2017 and 2016, and the changes in net assets available for benefits for the year ended December 31, 2017, in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Plan in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Report on Supplemental Schedules

The supplemental schedule of assets (held at end of year) as of December 31, 2017, has been subjected to audit procedures performed in conjunction with the audit of the Plan’s financial statements. The supplemental schedule is the responsibility of the Plan’s management. Our audit procedures included determining whether the supplemental schedule reconciles to the financial statements or the underlying accounting and other records, as applicable, and performing procedures to test the completeness and accuracy of the information presented in the supplemental schedule. In forming our opinion on the supplemental schedule, we evaluated whether the supplemental schedule, including its form and content, is presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. In our opinion, such schedule is fairly stated, in all material respects, in relation to the financial statements as a whole.

/s/ Deloitte & Touche LLP
New York, New York
June 29, 2018
We have served as the auditor of the Plan since 2011.

MARSH & McLENNAN AGENCY 401(k) SAVINGS & INVESTMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
AS OF DECEMBER 31,

	2017	2016
ASSETS:		
PARTICIPANT DIRECTED INVESTMENTS:		
OTHER INVESTMENTS AT FAIR VALUE (NOTES 2 and 4)	$298,335,092	$285,276,451
PLAN INTEREST IN MASTER TRUST (NOTE 3)	133,931,802	39,907,823
TOTAL INVESTMENTS	432,266,894	325,184,274
RECEIVABLES:		
NOTES RECEIVABLE FROM PARTICIPANTS	9,647,234	7,714,387
CONTRIBUTIONS RECEIVABLE	1,668,814	1,403,672
INTEREST RECEIVABLE	32,829	280,996
TOTAL RECEIVABLES	11,348,877	9,399,055
NET ASSETS AVAILABLE FOR BENEFITS	$443,615,771	$334,583,329

See notes to financial statements.

MARSH & McLENNAN AGENCY 401(k) SAVINGS & INVESTMENT PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2017

INVESTMENT INCOME:	
NET APPRECIATION IN FAIR VALUE OF INVESTMENTS	$50,650,341
DIVIDENDS AND INVESTMENT INCOME	2,077,869
PLAN INTEREST IN MASTER TRUST	9,283,022
NET INVESTMENT GAIN	62,011,232
INTEREST INCOME ON NOTES RECEIVABLE FROM PARTICIPANTS	246,899
CONTRIBUTIONS:	
PARTICIPANT	35,813,441
EMPLOYER	10,584,372
ROLLOVERS	19,125,785
TOTAL CONTRIBUTIONS	65,523,598
BENEFITS PAID TO AND WITHDRAWALS BY PARTICIPANTS	(19,365,598)
INCREASE IN NET ASSETS BEFORE PLAN TRANSFERS	108,416,131
TRANSFERS IN FROM OTHER PLAN (NOTE 6)	708,225
TRANSFERS OUT TO OTHER PLAN (NOTE 6)	(91,914)
NET ASSETS AVAILABLE FOR BENEFITS:	
Beginning of year	334,583,329
End of year	$443,615,771

See notes to financial statements.

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MARSH & McLENNAN AGENCY 401(k) SAVINGS & INVESTMENT PLAN
NOTES TO FINANCIAL STATEMENTS
AS OF DECEMBER 31, 2017 AND 2016 AND
FOR THE YEAR ENDED DECEMBER 31, 2017

(1) Description of the Plan

General

The Marsh & McLennan Agency 401(k) Savings & Investment Plan (the "Plan") is a defined contribution plan with 401(k) and 401(m) features, which allows eligible participants to contribute from their eligible compensation through payroll deductions on a before-tax, after-tax or Roth 401(k) basis. Under the Plan, employees who are paid on a U.S. payroll and are at least 18 years of age, as well as employees of any subsidiary or affiliate of Marsh & McLennan Agency LLC (the "Agency"), are eligible to contribute to the Plan. The Agency is a subsidiary of Marsh & McLennan Companies, Inc. (the "Company" or "Marsh & McLennan Companies"). The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA"). Employees can make rollover contributions to the Plan as soon as the employee is eligible to participate in the Plan. The Plan became effective on January 1, 2010.

The before-tax and/or Roth 401(k) participant contribution percentage limit is 75% of eligible compensation. The after-tax contribution percentage limit is 15% of eligible compensation. The aggregate limit on before-tax, after-tax and Roth 401(k) contributions is 75% of eligible compensation. Participants age 50 or older by the end of the calendar year are permitted to make additional "catch-up" contributions.

The Plan's assets are held in a trust. The trustee for the Plan is the Northern Trust Company (the "Trustee"). The Trustee is responsible for maintaining the assets of the Plan and performing all other acts deemed necessary or proper to fulfill its responsibility as set forth in the trust agreement pertaining to the Plan. Effective January 1, 2016 Transamerica Retirement Solutions, LLC ("Transamerica") acquired Mercer's defined contribution book of business ("Mercer Benefits"). In connection with the acquisition, Mercer Benefits engaged Transamerica as a subcontractor to provide recordkeeping services for the Plan, which includes making distribution payments as directed by the Company. Prior to this transaction Mercer Benefits was the Plan's recordkeeper.

Effective September 1, 2017, Northern Trust became the custodian for all Plan assets. Prior to September 1, 2017 Mercer Trust Company was the custodian for all Plan assets held outside of the Master Trust and Northern Trust was the custodian of the Plan's assets held by the Master Trust.

The Marsh & McLennan Companies Benefits Administration Committee is the plan administrator responsible for the overall administration and operation of the Plan. Certain administrative functions are performed by employees of the Company or its subsidiaries. All such costs as well as administrative expenses are borne directly by the Company.

The Marsh & McLennan Companies Benefits Investment Committee is the investment fiduciary responsible for selecting the investment alternatives to be made available to Plan participants in addition to Company stock (which is available at the direction of the plan sponsor as a matter of a plan design). The Plan is intended to comply with Section 404(c) of ERISA. Thus, the Plan permits each participant to exercise control over the investment of the assets in the participant's individual account and, to the extent the participant has exercised such control, that participant is solely responsible for his/her decisions. Certain investment advisory and consulting services are performed by employees of the Company or its subsidiaries. Those costs are borne directly by the Company. The Company also pays certain investment management fees.

Contributions

The Company makes matching contributions, after completion of one year of vesting service, of 50% on the first 6% of eligible compensation, which consists of base rate of pay, earned commissions and regular draw, that participants contribute to the Plan in any pay period.

Participant and company contributions are subject to certain limitations in accordance with Federal income tax regulations. When a participant reaches the Internal Revenue Code ("IRC") annual before-tax and Roth 401(k) contributions limit, the before-tax contributions are automatically made as after-tax contributions for the remainder of the calendar year unless the participant decides to discontinue contributions or the participant’s eligible compensation reaches the IRC compensation limit.

Investments

Participants are eligible to direct their Company matching contributions and all of their participant contributions to any of the available investment options. If a participant does not choose an investment direction for his or her future Company matching contributions or participant contributions, they are automatically invested in the BlackRock LifePath portfolio fund which most clearly matches a participant's retirement age, based on the Plan's normal retirement age of 65.

Participant Accounts

Individual accounts are maintained for each Plan participant. Each participant’s account is credited with the participant’s contribution and the Company’s matching contribution, charged for withdrawals, and adjusted to reflect the performance of the investment options in which the account is invested. The benefit to which a participant is entitled is the benefit that can be provided from the participant’s vested account.

Vesting and Forfeitures

Participants are vested immediately in their contributions plus actual earnings thereon. Participants vest in the Company’s matching contribution as follows: 0% if less than two years of service, 33-1/3% after two years of service, 66-2/3% after three years of service and 100% after four years of service.

At December 31, 2017 and 2016 forfeited non-vested accounts totaled $237,730 and $157 respectively. The balances in forfeited non-vested accounts have been and will be used to fund future contributions due from the Company and/or reduce Plan expenses. During the year ended December 31, 2017, employer contributions of $158,946 were funded from forfeited non-vested accounts.

Payment of Benefits

Participants with vested balances greater than $1,000 who leave the Company may elect to leave their money in the Plan until April 1st of the year following the calendar year in which they attain the age of 70-1/2, or if later, the April 1st of the calendar year following the calendar year in which they terminated employment. Payment of benefits on termination of service varies depending upon the vested amount in the participant’s account balance, the reason for termination (i.e. retirement, death, disability, termination of service for other reasons) and the payment options available (i.e. immediate lump sum payment, deferral of lump sum payment, installment payments, etc.) for a particular type of termination.

Notes Receivable from Participants

Plan participants may borrow from their accounts up to a maximum amount equal to the lesser of $50,000 or 50% of the vested value of his or her Plan account. Outstanding loans, which are secured by the participants’ interest in the Plan, are generally repaid through weekly and semi-monthly payroll deductions or may be paid in full without penalty. Loan repayments, which include principal and interest, are credited directly to the participant’s Plan account. Interest is charged on the outstanding balance at prime rate plus 1% based on the prime rate in effect at the time the loan is processed. Loan terms range from 1 to 5 years; however, terms may exceed 5 years for the purchase of a primary residence. As of December 31, 2017, participant loans have maturities through 2032. At December 31, 2017 outstanding participant loans have interest rates ranging from 4.25% to 5.25%.

The preceding description of the Plan provides only general information. Participants should refer to the plan document and the summary plan description. The summary plan description is located in the Marsh & McLennan Companies Benefits Handbook via https://connect.mmc.com and provides a more complete description of the Plan’s provisions.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP").

New Accounting Pronouncements

In February 2017, the Financial Accounting Standards Board ("FASB") issued new guidance to clarify presentation requirements for a plan's interest in a master trust and required more detailed disclosures of the plan's interest in the master trust. The amendments (1) require a plan's interest in a master trust and any change in that interest be presented in separate line items in the statement of net assets available for benefits and in the statement of changes in net assets available for benefits, respectively; (2) remove the requirement to disclose the percentage interest in the master trust for plans with divided interests and require that all plans disclose the dollar amount of their interest in each of those general types of investments; (3) require all plans to disclose their master trust's other asset and liability balances and the dollar amount of the plan's interest in each of those balances; and (4) eliminate redundant disclosures relating to 401(h) account assets. Part 4 is not applicable to the Plan. The guidance is effective for fiscal years beginning after December 15, 2018 and early adoption is permitted. The guidance must be applied on a retrospective basis to each period for which financial statements are presented. The new guidance affects disclosures and presentation only. The Plan is currently evaluating the impact of the guidance, however we do not expect that the new guidance will have an impact on the Plan's financial condition.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and changes therein, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

Risks and Uncertainties

The Plan utilizes various investment instruments. Investment securities, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements. As mentioned below, the Plan participated in the Marsh & McLennan Companies Master Retirement Savings Trust (the "Master Trust"). Included in the Master Trust's investments at December 31, 2017 and 2016 are shares of the Company's common stock amounting to $489,308,541 and $442,067,596, respectively. This investment represents 22% and 44% of the Master Trust's total investments at December 31, 2017 and 2016, respectively. A significant decline in the market value of the Company's common stock would significantly affect the Plan's net assets available for benefits.

Investment Valuation and Income Recognition

The Plan, along with the Marsh & McLennan Companies 401(k) Savings & Investment Plan, participates in the Master Trust. The Master Trust includes Marsh & McLennan Companies common stock, guaranteed investment contracts ("GICs"), security backed investment contracts ("synthetic GICs"), separate account GICs and short-term investments. Effective September 1, 2017, the Master Trust added four common/collective trusts that were previously included as part of Plan assets, but held outside of the Master Trust.

Investment contracts held by a defined contribution plan are required to be reported at contract value. Contract value is the amount Plan participants would receive if they were to initiate permitted transactions under the terms of the Plan.

The Plan also has other investments outside the Master Trust that are stated at fair value. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The shares of mutual funds are reflected in the accompanying statements of net assets available for benefits at quoted market prices. Shares of common/collective trusts are valued at the net asset value ("NAV") of shares held by the Plan at year-end based upon the quoted market prices of the underlying investments. NAV is used as a practical expedient for estimating fair value of common/collective trusts.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Investment income and dividends include capital gains paid during the period. Dividends are recorded on the ex-dividend date. Net appreciation in fair value of investments includes the Plan’s gains and losses on investments bought and sold as well as held during the period.

Notes Receivable from Participants

Notes receivable from participants are measured at their unpaid principal balance plus any accrued but unpaid interest. Delinquent participant loans are recorded as distributions based on the terms of the plan document.

Administrative Expenses

Administrative expenses of the Plan are paid by the Company as provided in the plan document. Management fees and operating expenses charged to the Plan for investments in mutual funds and common/collective trusts are deducted from income earned on a daily basis and are reflected as a reduction of investment return for such investments. The Company also pays certain investment management fees.

Payment of Benefits

Benefit payments to participants are recorded upon distribution. Amounts allocated to persons who have elected to take a distribution from the Plan but had not yet been paid at December 31, 2017 and 2016 were insignificant.

Excess Contributions Payable

The Plan is required to return contributions received during the Plan year in excess of the IRC limits.

(3) Interest in Master Trust

Through August 31, 2017 the Master Trust held investments consisting of Marsh & McLennan Companies common stock, GICs, synthetic GICs, separate account GICs and short-term investments. On September 1, 2017, four common/collective trusts previously included as Plan assets but held outside the Master Trust were added to the Master Trust. The Trustee holds the investment assets of the Master Trust as a commingled fund or commingled funds in which each separate plan is deemed to have a proportionate undivided interest in the investments in which they participate. The Plan's investment in the Master Trust consists of units owned in the Marsh & McLennan Companies Stock Fund, the Invesco Fixed Income Fund, the S&P 500 Index Fund, the US Bond Index Fund, the Extended Equity Market Index Fund and the Non-US Equity Index Fund. At December 31, 2017 and 2016, the Plan's interest in the net assets of the Master Trust was approximately 6.0% and 4.0%, respectively.

The following table summarizes the net assets of the Master Trust as of December 31, 2017 and 2016:

	2017	2016
INVESTMENTS:		
Marsh & McLennan Companies Stock Fund		
Marsh & McLennan Companies common stock at fair value	$489,308,541	$442,067,596
Short-term investment fund at fair value	9,080,185	7,691,417
Receivable for securities sold	—	1,351,862
Accrued interest receivable	9,727	4,708
	498,398,453	451,115,583
Stable Value Fund		
Guaranteed investment contracts at contract value	85,544,512	83,857,960
Security backed investment contracts at contract value	453,324,622	444,142,714
Short-term investment fund at fair value	9,071,375	24,067,294
Accrued interest receivable	828,417	827,233
Liability for expenses incurred	—	(121,214)
Liability for security purchased	(1,004,964)	(836,597)