



## Inter Office Memo

DEPARTMENT OF  
HUMAN RESOURCES

### ITEM 8

DATE: February 23, 2017

TO: Deferred Compensation Management Council

FROM: Hollis Magill, Human Resources Manager

*Hollis Magill*

SUBJECT: Fiscal Year 2016-17 2<sup>nd</sup> Quarter Budget Report

#### **Background**

Pursuant to Section 9.5 of the County of Fresno 457(B) Deferred Compensation Plan Document, any reasonable expenses related to the operation of the Deferred Compensation Plan, such as third-party administration, consulting, legal and County staff costs shall be charged to Plan participants. The County currently charges the Plan for the cost of the third-party administrator (Nationwide) and for consulting services (Northwest Capital Management), as well as time spent by County staff (including Human Resources and County Counsel staff) in support of Plan activities and for outside legal counsel to review Plan-related documents.

#### **Issue**

Staff has prepared a Fiscal Year 2016-17 budget report for the six-month period that ended December 31, 2016 (Attachment A). The approved Fiscal Year 2016-17 budget is attached to this Item (Attachment B) for reference.

Staff would like to note that costs associated with the Fiduciary Liability Insurance Policy and Legal Fees for the Plan Document Review will be incurred in the 3<sup>rd</sup> or 4<sup>th</sup> Quarter of FY 2016-17 and will be reflected in the corresponding quarter-end budget report.

#### **Recommended Action**

**There are no recommended actions associated with this Item.**

## County of Fresno Deferred Compensation Plan

**Fiscal Year 2016-17 Revenue & Expenses as of December 31, 2016**

<b>Revenue</b>	<b>Projected</b>	<b>Year to Date</b>	<b>YTD vs. Projected</b>
Administrative Fees	\$ 175,000	\$ 93,586	\$ (81,414)
Excess FY 2013-14 Funds	\$ 25,000	\$ 25,000	\$ -
<b>Totals:</b>	<b>\$ 200,000</b>	<b>\$ 118,586</b>	<b>\$ (81,414)</b>

<b>Discretionary Expenses</b>	<b>Budgeted</b>	<b>Year to Date</b>	<b>YTD vs. Budgeted</b>
Consultant Fees	\$ 40,000	\$ 20,000	\$ (20,000)
Fiduciary Liability Insurance Policy	\$ 11,000	\$ -	\$ (11,000)
Staff Costs	\$ 102,000	\$ 33,322	\$ (68,678)
NAGDCA	\$ 7,000	\$ 4,781	\$ (2,219)
Legal Fees for Plan Document Review	\$ 20,000	\$ -	\$ (20,000)
Contingencies	\$ 20,000	\$ -	\$ (20,000)
<b>Totals:</b>	<b>\$ 200,000</b>	<b>\$ 58,103</b>	<b>\$ (141,897)</b>

<b>Surplus (Deficit):</b>	<b>\$ 60,483</b>
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<b>Mandatory Expenses</b>	<b>Projected</b>	<b>Year to Date</b>	<b>YTD vs. Projected</b>
Record-keeping Fees	\$ 200,000	\$ 105,428	\$ (94,572)

**Item 8 - Attachment B: 2016-17 Fiscal Year Deferred Compensation Plan Budget**

**Discretionary Items**

Revenue Source	Description	Dollars	% of Revenue
<b>Administrative Fee</b>	0.09% of Plan Assets, based on average of ~\$195,000,000 in assets.	<b>\$175,000</b>	<b>87.5%</b>
<b>Excess Funds from FY 2013-14</b>	Excess funds from Fiscal Year 2013-14 to be used in FY 2016-17	<b>\$25,000</b>	<b>12.5%</b>
<b>Total Revenue:</b>		<b>\$200,000</b>	<b>100.0%</b>
Discretionary Expense	Description	Dollars	% of Expenses
<b>Consultant Fees</b>	Pursuant to Agreement # 15-597 with Heintzberger-Payne Advisors, \$40,000 annually.	<b>\$40,000</b>	<b>20.0%</b>
<b>Fiduciary Liability Insurance</b>	Fiduciary Liability Insurance Premium on \$5,000,000 in coverage.	<b>\$11,000</b>	<b>5.5%</b>
<b>Staff Costs</b>	Based on approximately 1,100 County staff hours (includes Personnel and County Counsel staff). Also includes participant communication costs, if necessary	<b>\$102,000</b>	<b>51.0%</b>
<b>Off-Site Training Costs</b>	Send two (2) people to the 2016 NAGDCA conference and pay annual membership fee.	<b>\$7,000</b>	<b>3.5%</b>
<b>Plan Document Legal Review</b>	Cost to have an outside legal firm review the Deferred Compensation Plan Document	<b>\$20,000</b>	<b>10.0%</b>
<b>Contingencies</b>	Any appropriate expense not included in the items in the proposed budget.	<b>\$20,000</b>	<b>10.0%</b>
<b>Total Discretionary Expenses:</b>		<b>\$200,000</b>	<b>100.0%</b>

**Mandatory Items**

Revenue Source	Description	Dollars
<b>Nationwide Fees</b>	0.10% of Plan Assets, based on average of ~\$195,000,000 in assets; fees are debited directly from participants' accounts on a monthly basis	<b>\$200,000</b>
<b>Total Revenue:</b>		<b>\$200,000</b>
Mandatory Expense	Description	Dollars
<b>Record-keeping Fees</b>	Pursuant to Agreement # 14-710 with Nationwide, 0.10% of Total Assets per year.	<b>\$200,000</b>
<b>Total Mandatory Expenses:</b>		<b>\$200,000</b>