



Inter Office Memo

DEPARTMENT OF
HUMAN RESOURCES

ITEM 5

DATE: May 11, 2017

TO: Deferred Compensation Management Council

FROM: Hollis Magill, Human Resources Manager

SUBJECT: Fiscal Year 2016-17 3rd 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 Fiscal Year 2016-17 Deferred Compensation Plan budget was approved by your Council on February 25, 2016 and is attached to this Item (Attachment B) for reference.

Issue

Staff has prepared a Fiscal Year 2016-17 budget report for the nine-month period that ended March 31, 2017 (Attachment A).

Attachment A has three (3) columns for Revenue, Discretionary Expenses, and Mandatory Expenses:

1. "Approved" provides the dollar amounts that were originally approved by your Council at the February 25, 2016 meeting.
2. "Year to Date" provides the revenue and expenses received/incurred between July 1, 2016 and March 31, 2017.
3. "Projected" provides the dollar amounts that staff projects will be the year-end totals.

In addition, staff has provided the surplus or deficit numbers, both year to date and projected for the full year. Please note that the projections are estimates based primarily on the following:

- The trends for this fiscal year, such as increasing Plan assets leading to increasing revenues and record-keeping fees; and
- Expenses that will be incurred prior to the end of the fiscal year, such as the fiduciary liability insurance policy and Plan Document legal review.

Recommended Action

There are no recommended actions associated with this Item.

Item 5 - Attachment A

County of Fresno Deferred Compensation Plan

Fiscal Year 2016-17 Revenue & Expenses as of March 31, 2017

Revenue	Approved	Year to Date	Projected
Administrative Fees	\$ 175,000	\$ 141,322	\$ 188,000
Excess FY 2013-14 Funds	\$ 25,000	\$ 25,000	\$ 25,000
Totals:	\$ 200,000	\$ 166,322	\$ 213,000

Discretionary Expenses	Approved	Year to Date	Projected
Staff Costs	\$ 102,000	\$ 54,969	\$ 90,000
Consultant Fees	\$ 40,000	\$ 30,000	\$ 40,000
Plan Document Review Legal Fees	\$ 20,000	\$ -	\$ 7,500
Fiduciary Liability Insurance Policy	\$ 11,000	\$ -	\$ 10,134
NAGDCA	\$ 7,000	\$ 4,781	\$ 5,400
Contingencies	\$ 20,000	\$ -	\$ -
Totals:	\$ 200,000	\$ 89,749	\$ 153,034

	Year to Date	Projected
Surplus (Deficit):	\$ 76,573	\$ 59,966

Mandatory Expenses	Approved	Year to Date	Projected
Record-keeping Fees	\$ 200,000	\$ 158,949	\$ 215,000

Item 5 - Attachment B: Approved FY 2016-17 Deferred Compensation Plan Budget

Discretionary Items

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

Mandatory Items

Revenue Source	Description	Dollars	% of Revenue
Nationwide Fees	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	\$200,000	
Total Revenue:		\$200,000	
Mandatory Expense	Description	Dollars	%
Record-keeping Fees	Pursuant to Agreement # 14-710 with Nationwide, 0.10% of Total Assets per year.	\$200,000	
Total Mandatory Expenses:		\$200,000	