



## Inter Office Memo

DEPARTMENT OF  
HUMAN RESOURCES

### ITEM 5

DATE: June 14, 2018

TO: Deferred Compensation Management Council

FROM: Hollis Magill, Human Resources Manager

SUBJECT: Fiscal Year 2017-18 3<sup>rd</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. In order to offset the costs of these Plan-related expenses, your Council directs the Plan Record-keeper to charge an administrative fee to each participant. For Fiscal Year 2017-18, the administrative fee is 0.19%.

#### Issue

Staff has prepared a Fiscal Year 2017-18 budget report for the nine-month period that ended March 31, 2017 (Attachment A). The Fiscal Year 2017-18 Deferred Compensation Plan budget was approved by your Council on May 11, 2017 and is attached to this Item (Attachment B) for reference.

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 May 11, 2017 meeting.
2. "Year to Date" provides the revenue and expenses received/incurred between July 1, 2017 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 2017-18 Revenue & Expenses as of March 31, 2018**

Revenue	Approved	Year to Date	Projected
Administrative Fees	\$ 192,000	\$ 195,784	\$ 250,000
<b>Totals:</b>	<b>\$ 192,000</b>	<b>\$ 195,784</b>	<b>\$ 250,000</b>

Discretionary Expenses	Approved	Year to Date	Projected
Staff Costs	\$ 102,000	\$ 55,200	\$ 80,000
Consultant Fees	\$ 40,000	\$ 30,000	\$ 40,000
Plan Document Review Legal Fees	\$ 12,000	\$ 1,500	\$ 6,500
Fiduciary Liability Insurance Policy	\$ 11,000	\$ -	\$ 11,000
NAGDCA	\$ 7,000	\$ 6,150	\$ 6,800
Contingencies	\$ 20,000	\$ -	\$ -
<b>Totals:</b>	<b>\$ 192,000</b>	<b>\$ 92,849</b>	<b>\$ 144,300</b>

	Year to Date	Projected
<b>Surplus (Deficit):</b>	<b>\$ 102,935</b>	<b>\$ 105,700</b>

Mandatory Expenses	Approved	Year to Date	Projected
Record-keeping Fees	\$ 230,000	\$ 181,315	\$ 242,000

## Item 5 - Attachment B: Approved 2017-18 Fiscal Year Deferred Compensation Plan Budget

### Discretionary Items

Revenue Source	Description	Dollars	% of Revenue
Administrative Fee	0.09% of Plan Assets, based on approximately \$220 million in assets.	\$192,000	100%
<b>Total Revenue:</b>		<b>\$192,000</b>	<b>100%</b>
Expense	Description	Dollars	% of Expenses
County Staff	Human Resources and County Counsel staff time and participant communications.	\$102,000	53.1%
Consultant	Pursuant to Agreement # 15-597 with Northwest Capital Management.	\$40,000	20.8%
Outside Counsel	Cost of outside legal firm to review Deferred Compensation Plan governing documents.	\$12,000	6.3%
Fiduciary Liability Insurance	Premium on \$5 million in Fiduciary Liability Insurance coverage.	\$11,000	5.7%
Off-Site Training	Send two (2) people to the 2017 NAGDCA conference and pay annual membership fee.	\$7,000	3.6%
Contingencies	Any appropriate expense not included in the items in the proposed budget.	\$20,000	10.4%
<b>Total Discretionary Expenses:</b>		<b>\$192,000</b>	<b>100%</b>

### Mandatory Items

Revenue Source	Description	Dollars
Nationwide Fee	0.10% of Plan Assets, based on approximately \$220 million in assets. Fees are debited directly from participants' accounts on a monthly basis.	\$230,000
Expense	Description	Dollars
Record-keeping	Pursuant to Agreement # 14-710 with Nationwide, 0.10% of Total Assets per year.	\$230,000