



## Inter Office Memo

DEPARTMENT OF  
HUMAN RESOURCES

### ITEM 6

DATE: March 21, 2019

TO: Deferred Compensation Management Council

FROM: Hollis Magill, Human Resources Manager

SUBJECT: Fiscal Year 2018-19 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. In order to offset the costs of these Plan-related expenses, and pursuant to Section 4.C of Agreement #14-710 with Nationwide Retirement Solutions (Nationwide) your Council directs Nationwide to charge an administrative fee to each participant. For Fiscal Year 2018-19, the administrative fee is 0.19%.

#### **Issue**

Staff has prepared a Fiscal Year 2018-19 budget report for the six-month period that ended December 31, 2018 (Attachment A). The Fiscal Year 2018-19 Deferred Compensation Plan budget was approved by your Council on June 14, 2018 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 June 14, 2018 meeting.
2. "Year to Date" provides the revenue and expenses received/incurred between July 1, 2018 and December 31, 2018.
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/decreasing Plan assets leading to increasing/decreasing 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.

#### **Recommended Action**

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

Item 6 - Attachment A

**County of Fresno Deferred Compensation Plan**

**Fiscal Year 2018-19 Revenue & Expenses as of December 31, 2018**

Revenue	Approved	Year to Date	Projected
Administrative Fees	\$ 202,000	\$ 117,283	\$ 211,000
<b>Totals:</b>	<b>\$ 202,000</b>	<b>\$ 117,283</b>	<b>\$ 211,000</b>

Discretionary Expenses	Approved	Year to Date	Projected
County Staff	\$ 107,000	\$ 35,260	\$ 85,000
Consultant	\$ 40,000	\$ 20,000	\$ 40,000
Fiduciary Liability Insurance	\$ 11,000	\$ -	\$ 11,000
Off-Site Training	\$ 9,000	\$ 4,198	\$ 4,800
Contingencies	\$ 35,000	\$ -	\$ -
<b>Totals:</b>	<b>\$ 202,000</b>	<b>\$ 59,457</b>	<b>\$ 140,800</b>

	Year to Date	Projected
<b>Surplus (Deficit):</b>	<b>\$ 57,826</b>	<b>\$ 70,200</b>



Mandatory Expenses	Approved	Year to Date	Projected
Record-keeping Fees	\$ 240,000	\$ 127,161	\$ 255,000

**Item 6 - Attachment B: Approved 2018-19 Fiscal Year Deferred  
Compensation Plan Budget**

**Discretionary Items**

<b>Revenue Source</b>	<b>2018-19 Budget</b>	<b>% of Revenue</b>	<b>2017-18 Budget</b>	<b>\$ Change from 2017-18</b>	<b>% Change from 2017-18</b>
Administrative Fee	\$202,000	100%	\$192,000	\$10,000	5%
<b>Total Revenue:</b>	<b>\$202,000</b>	<b>100%</b>	<b>\$192,000</b>	<b>\$10,000</b>	<b>5%</b>
<b>Expense</b>	<b>2018-19 Budget</b>	<b>% of Expenses</b>	<b>2017-18 Budget</b>	<b>\$ Change from 2017-18</b>	<b>% Change from 2017-18</b>
County Staff	\$107,000	53%	\$102,000	\$5,000	5%
Consultant	\$40,000	20%	\$40,000	\$0	0%
Fiduciary Liability Insurance	\$11,000	5%	\$11,000	\$0	0%
Off-Site Training	\$9,000	4%	\$7,000	\$2,000	29%
Contingencies	\$35,000	17%	\$20,000	\$15,000	75%
<b>Total Expenses:</b>	<b>\$202,000</b>	<b>100%</b>	<b>\$192,000</b>	<b>\$10,000</b>	<b>5%</b>

**Mandatory Items**

<b>Revenue Source</b>	<b>2018-19 Budget</b>	<b>2017-18 Budget</b>	<b>\$ Change from 2017-18</b>	<b>% Change from 2017-18</b>
Nationwide Fee	\$240,000	\$230,000	\$10,000	4%
<b>Expense</b>	<b>2018-19 Budget</b>	<b>2017-18 Budget</b>	<b>\$ Change from 2017-18</b>	<b>% Change from 2017-18</b>
Record-keeping	\$240,000	\$230,000	\$10,000	4%