



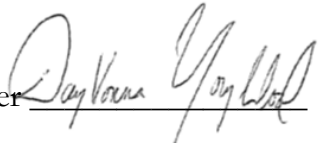
Inter Office Memo

DEPARTMENT OF
HUMAN RESOURCES

ITEM 7

DATE: June 2, 2022

TO: Deferred Compensation Management Council

FROM: DayVonna Youngblood, Human Resources Manager 

SUBJECT: Proposed Fiscal Year 2022-23 Deferred Compensation Plan Budget

Background

Pursuant to Section 8.02 of the County of Fresno 457(B) Deferred Compensation Plan Document, your Council shall determine the reasonable Deferred Compensation Plan (Plan) expenses, such as third-party administration, consulting, legal and County staff costs. In addition, your Council shall determine the administrative fee charged to Participants to pay for such reasonable Plan expenses, on an annual basis. For Fiscal Year 2021-22, that fee is 0.18%.

Issue

Exhibit A includes a proposed budget anticipating revenue and expenses for FY 2022-23. In addition, Exhibit B includes the approved FY 2021-22 budget for reference. Staff has provided additional information below regarding the budget items.

1. Administrative and Record-keeping fees

Pursuant to Agreement #20-033, the record-keeping fees are 0.10% of Plan assets per year; the prorated portion of this fee is deducted monthly from participant accounts. Your Council set the discretionary participant fee at 0.08% of Plan assets for FY 2021-22, which is also deducted monthly from participant accounts on a prorated basis.

Regarding participant fee revenue, the proposed budget of **\$236,000** represents a \$3,000 or 1% decrease from FY 2021-22. Staff is basing their FY 2022-23 revenue projections on average Plan assets of approximately \$294 million. For reference, staff based their 2021-22 revenue projections on average Plan assets of approximately \$299 million.

Regarding record-keeping fees, staff is anticipating approximately **\$340,000** in record-keeping expenses, which represents a \$10,000 or 3% decrease from FY 2021-22.

2. County Staff

The proposed budget of **\$156,000** is unchanged from FY 2021-22. This budget item includes costs related to Human Resources and County Counsel staff, outside legal counsel, and participant communication.

3. Consultant

The proposed budget of **\$42,500** is unchanged from FY 2021-22, pursuant to Agreement No. 20-462 with Northwest Capital Management.

4. Fiduciary Liability Insurance

The proposed budget of **\$15,000** represents a \$2,000 or 15% increase from FY 2021-22. Staff has included the anticipated cost of a \$5 million fiduciary liability insurance policy which covers both the Plan and your Council. The current policy expires July 1, 2022.

5. Off-Site Training

The proposed budget of **\$10,000** represents a \$7,500 or 300% increase from FY 2021-22 and includes the cost of sending three (3) members of your Council and/or staff to the 2022 National Association of Governmental Defined Contribution Administrators (NAGDCA) conference in Baltimore, MD.

6. Contingencies

The proposed budget of **\$12,500** represents a \$12,500 or 50% decrease from FY 2021-22.

Recommended Actions

1. Approve the FY 2022-23 discretionary administrative fee of 0.08%.

The fee does not include the 0.10% record-keeping fee which Nationwide deducts directly from participant accounts. Approval of the recommended action will set the total participant fee at 0.18%.

2. Approve the FY 2022-23 budget (Exhibit A), either as submitted or with amendments.

3. Select up to two (2) members of the Deferred Compensation Management Council to join County staff (three (3) attendees in total) in representing the Plan at the 2022 NAGDCA conference in Baltimore, MD, September 18-21.

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Discretionary Items

Revenue Source	2022-23 Budget	% of Revenue	2021-22 Budget	\$ Change from 2021-22	% Change from 2021-22
Administrative Fee	\$236,000	100%	\$239,000	-\$3,000	-1%
Total Revenue:	\$236,000	100%	\$239,000	-\$3,000	-1%
Expense	2022-23 Budget	% of Expenses	2021-22 Budget	\$ Change from 2021-22	% Change from 2021-22
County Staff	\$156,000	66%	\$156,000	\$0	0%
Consultant	\$42,500	18%	\$42,500	\$0	0%
Fiduciary Liability Insurance	\$15,000	6%	\$13,000	\$2,000	15%
Off-Site Training	\$10,000	4%	\$2,500	\$7,500	300%
Contingencies	\$12,500	5%	\$25,000	-\$12,500	-50%
Total Expenses:	\$236,000	100%	\$239,000	-\$3,000	-1%

Mandatory Items

Revenue Source	2022-23 Budget	2021-22 Budget	\$ Change from 2021-22	% Change from 2021-22
Nationwide Fee	\$340,000	\$350,000	-\$10,000	-3%
Expense	2022-23 Budget	2021-22 Budget	\$ Change from 2021-22	% Change from 2021-22
Record-keeping	\$340,000	\$350,000	-\$10,000	-3%

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Discretionary Items

Revenue Source	2021-22 Budget	% of Revenue	2020-21 Budget	\$ Change from 2020-21	% Change from 2020-21
Administrative Fee	\$239,000	100%	\$225,000	\$14,000	6%
Total Revenue:	\$239,000	100%	\$225,000	\$14,000	6%
Expense	2021-22 Budget	% of Expenses	2020-21 Budget	\$ Change from 2020-21	% Change from 2020-21
County Staff	\$156,000	65%	\$139,000	\$17,000	12%
Consultant	\$42,500	18%	\$40,000	\$2,500	6%
Fiduciary Liability Insurance	\$13,000	5%	\$11,000	\$2,000	18%
Off-Site Training	\$2,500	1%	\$2,000	\$500	25%
Contingencies	\$25,000	11%	\$33,000	-\$8,000	-24%
Total Expenses:	\$239,000	100%	\$225,000	\$14,000	6%

Mandatory Items

Revenue Source	2021-22 Budget	2020-21 Budget	\$ Change from 2020-21	% Change from 2020-21
Nationwide Fee	\$350,000	\$277,000	\$73,000	26%
Expense	2021-22 Budget	2020-21 Budget	\$ Change from 2020-21	% Change from 2020-21
Record-keeping	\$350,000	\$277,000	\$73,000	26%