



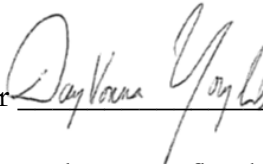
Inter Office Memo

DEPARTMENT OF
HUMAN RESOURCES

ITEM 6

DATE: June 15, 2023

TO: Deferred Compensation Management Council

FROM: DayVonna Youngblood, Human Resources Manager 

SUBJECT: Proposed Fiscal Year 2023-24 Deferred Compensation Plan & Defined Contribution Plan Budget

Background

Pursuant to Section 8.02 of the County of Fresno 457(b) Deferred Compensation Plan Document and County of Fresno Board of Supervisors Resolution No. 22-114, the Deferred Compensation Management Council shall determine the reasonable expenses of the 457(b) Deferred Compensation Plan and the 401(a) Defined Contribution Plan (the "Plans"), such as third-party administration, consulting, legal and County staff costs. In addition, the Council shall determine the administrative fee charged to Participants to pay for such reasonable expenses of the Plans, on an annual basis. On June 2, 2022, the Council approved a Fiscal Year 2022-23 budget for the Plans' expenses and set the total administrative fee at 0.18%.

Issue

Exhibit A includes a proposed budget anticipating revenue and expenses for FY 2023-24. In addition, Exhibit B includes the approved FY 2022-23 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 fee is 0.10% of Plan assets per year; the prorated portion of this fee is deducted monthly from participant accounts. The Council set the discretionary participant fee at 0.08% of Plan assets for FY 2022-23, which is also deducted monthly from participant accounts on a prorated basis.

Regarding participant fee revenue, the proposed budget of **\$255,000** represents a \$19,000 or 8% increase from FY 2022-23. Staff is basing the FY 2023-24 revenue projections on average Plan assets of approximately \$320 million. For reference, staff based the 2022-23 revenue projections on average Plan assets of approximately \$294 million.

Regarding record-keeping fees, staff is anticipating approximately **\$352,000** in record-keeping expenses, which represents a \$12,000 or 4% increase from FY 2022-23.

2. County Staff

The proposed budget of **\$158,000** represents a \$2,000 or 1% increase from FY 2022-23. 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 2022-23, pursuant to Agreement No. 20-462 with Northwest Capital Management.

4. Fiduciary Liability Insurance

The proposed budget of **\$16,000** represents a \$1,000 or 7% increase from FY 2022-23. 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, 2023.

5. Off-Site Training

The proposed budget of **\$11,000** represents a \$1,000 or 10% increase from FY 2022-23 and includes the cost of sending three (3) members of your Council and/or staff to the 2023 National Association of Governmental Defined Contribution Administrators (NAGDCA) conference in Seattle, WA.

6. Contingencies

The proposed budget of **\$27,500** represents a \$15,000 or 120% increase from FY 2022-23. This includes \$12,500 (5% of proposed revenue) for unexpected expenses, as well as \$15,000 to pre-fund one half of the RFP costs that staff anticipates will be incurred during the 2024-25 fiscal year. Pursuant to Agreement #20-462, Northwest Capital Management's fee for RFP services is set at \$30,000.

Recommended Actions

- 1. Approve the FY 2023-24 administrative fee of 0.18%, which is comprised of 0.10% for record-keeping fees, pursuant to Agreement No. 20-033, and 0.08% for discretionary administrative expenses.**
- 2. Approve the FY 2023-24 budget, 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) total attendees) in attending the 2023 National Association of Governmental Defined Contribution Administrators conference in Seattle, WA, October 8-11.**

ITEM 6 - EXHIBIT A

County of Fresno 457(b) Deferred Compensation Plan

County of Fresno 401(a) Defined Contribution Plan

Discretionary Items

Revenue Source	2023-24 Budget	% of Revenue	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
Administrative Fee	\$255,000	100%	\$236,000	\$19,000	8%
Total Revenue:	\$255,000	100%	\$236,000	\$19,000	8%
Expense	2023-24 Budget	% of Expenses	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
County Staff	\$158,000	62%	\$156,000	\$2,000	1%
Consultant	\$42,500	17%	\$42,500	\$0	0%
Fiduciary Liability Insurance	\$16,000	6%	\$15,000	\$1,000	7%
Off-Site Training	\$11,000	4%	\$10,000	\$1,000	10%
Contingencies	\$27,500	11%	\$12,500	\$15,000	120%
Total Expenses:	\$255,000	100%	\$236,000	\$19,000	8%

Mandatory Items

Revenue Source	2023-24 Budget	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
Nationwide Fee	\$352,000	\$340,000	\$12,000	4%
Expense	2023-24 Budget	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
Record-keeping	\$352,000	\$340,000	\$12,000	4%

ITEM 6 - EXHIBIT B

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%