



Inter Office Memo

DEPARTMENT OF
PERSONNEL SERVICES

ITEM 10

DATE: August 29, 2013
TO: Deferred Compensation Management Council
FROM: Paul Nerland, Personnel Services Manager
SUBJECT: 2012-2013 Fiscal Year Budget Update

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 (the "Plan"), such as third-party administration, consulting, legal and County staff costs, shall be charged to Plan participants. The County currently charges the Plan for the cost of the third-party administrator (Great-West) and for consulting services (Heintzberger-Payne), as well as time spent by County staff (including Personnel Services and County Counsel staff) in support of Plan activities and for outside legal counsel to review Plan-related documents. In order to offset the costs of these Plan-related expenses, at the October 5, 2012 meeting the DCMC approved a fixed administrative fee of 0.23% to be charged to each participant based on their Plan assets. Staff anticipates that the administrative fee will begin with the second quarter of fiscal year 2013-2014.

Issue

Staff has prepared a 2012-2013 fiscal year budget update with quarter-end June 30, 2013 and year-to-date data (Attachment "A"). Staff would like to note and explain the revenue and expense discrepancies:

- Both the quarter-end and year-to-date revenues are less than what was projected. We based revenue on a flat administrative fee of 0.23% of total assets; this fee has not been implemented, which caused the discrepancy.
- Both the quarter-end and year-to-date expenses are less than what was budgeted. Legal fees and staff costs have been less than expected, and the contingency budget has not been utilized.
- Both the Consultant fees and Great-West fees are over budget year-to-date. The discrepancy in Consultant Fees is due to the 4th Quarter fiscal year 2011-2012 charge being paid in the 1st Quarter of fiscal year 2012-2013. The discrepancy in Great West Fees is due to higher than expected Plan assets, which is how the fees are generated – a flat 0.0375% per quarter (0.15% annually); the budget anticipated assets of \$160 million, but Plan assets have increased to over \$180 million.

ITEM 10 - ATTACHEMENT "A"

County of Fresno Deferred Compensation Plan

Actuals vs. Budgeted Revenues & Expenses for the Three and Twelve Months Ended June 30, 2013

Quarter Ending 6/30/2013

2012-2013 Fiscal Year-To-Date

<u>Revenue</u>	Actuals	Budget	Over/(Under) Budget	% Variance	Actuals	Budget	Over/(Under) Budget	% Variance
Revenue-sharing	\$ 81,105	\$ 92,000	\$ (10,895)	-11.8%	\$ 300,024	\$ 368,000	\$ (67,976)	-18.5%
Great-West Reimbursement	\$ 17,500	\$ 17,500	\$ -	0.0%	\$ 70,000	\$ 70,000	\$ -	0.0%
Totals:	\$ 98,605	\$ 109,500	\$ (10,895)	-9.9%	\$ 370,024	\$ 438,000	\$ (67,976)	-15.5%

<u>Expenses</u>	Actuals	Budget	(Over)/Under Budget	% Variance	Actuals	Budget	(Over)/Under Budget	% Variance
Consultant Fees	\$ (12,500)	\$ 12,500	\$ -	0.0%	\$ (62,500)	\$ 50,000	\$ (12,500)	-25.0%
Legal fees	\$ (2,372)	\$ 5,000	\$ 2,629	52.6%	\$ (3,637)	\$ 20,000	\$ 16,363	81.8%
Lunch & Learn Events	\$ (2,995)	\$ 2,000	\$ (995)	-49.7%	\$ (6,126)	\$ 8,000	\$ 1,874	23.4%
NAGDCA	\$ (600)	\$ 1,000	\$ 400	40.0%	\$ (2,448)	\$ 4,000	\$ 1,553	38.8%
Staff Costs	\$ (13,157)	\$ 16,500	\$ 3,343	20.3%	\$ (36,750)	\$ 66,000	\$ 29,250	44.3%
Great-West Fees	\$ (64,204)	\$ 60,000	\$ (4,204)	-7.0%	\$ (249,224)	\$ 240,000	\$ (9,224)	-3.8%
Contingencies	\$ -	\$ 12,500	\$ 12,500	100.0%	\$ -	\$ 50,000	\$ 50,000	100.0%
Totals:	\$ (95,827)	\$ 109,500	\$ 13,673	12.5%	\$ (360,685)	\$ 438,000	\$ 77,315	17.7%