



Agenda Item

DATE: September 16, 2014

TO: Board of Supervisors

FROM: Beth Bandy, Director of Personnel Services Beth Bandy

SUBJECT: Approve Nationwide Retirement Solutions as Record-Keeping and Communication Services Provider and Execute Mutual Non-Disclosure Agreement with Nationwide Retirement Solutions

RECOMMENDED ACTIONS:

1. **Approve the Deferred Compensation Management Council's recommendation to pursue a record-keeping and communication services agreement with Nationwide Retirement Solutions.**
2. **Approve and authorize Chairman to execute Mutual Non-Disclosure Agreement with Nationwide Retirement Solutions allowing Nationwide Retirement Solutions to receive confidential information related to the County of Fresno 457(b) Deferred Compensation Plan.**

Approval of Recommended Action Number One authorizes staff to negotiate a record-keeping and communication services agreement with Nationwide Retirement Solutions (Nationwide) and formally notify Great-West Financial (Great-West) of the County's intent to terminate its relationship with Great-West upon expiration of Agreement A-09-528. Approval of Recommended Action Number Two allows the County and Great-West to share certain confidential information with Nationwide to facilitate the timely transition of record-keeping and communications services for the County of Fresno 457(b) Deferred Compensation Plan (Deferred Compensation Plan) to Nationwide.

ALTERNATIVE ACTIONS:

The alternative to Recommended Action Number One would be to appoint a different vendor to provide record-keeping and communication services to the Deferred Compensation Plan.

The alternative to Recommended Action Number Two would be to require that a formal service agreement be reached before any confidential information is shared with Nationwide. This

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Page 1 of 5

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alternative would delay the transition to Nationwide.

FISCAL IMPACT:

There is no net County cost associated with the Recommended Actions. All administrative costs are paid by the Deferred Compensation Plan.

DISCUSSION:

The Deferred Compensation Plan allows employees to defer pre-tax dollars into a variety of investment options for the purpose of saving for retirement. Currently, the Deferred Compensation Plan has over 4,300 participants and \$200,000,000 in assets. The Deferred Compensation Management Council, which is comprised of the Auditor-Controller/Treasurer-Tax Collector, County Administrative Officer (CAO), Director of Personnel Services, Retirement Administrator, one (1) Department Head appointed by the CAO, and two (2) Members-At-Large appointed by your Board, is responsible for making recommendations to your Board regarding the Deferred Compensation Plan record-keeping and communication services provider. On October 6, 2009, your Board executed Agreement A-09-528 with Great-West to provide record-keeping and communication services to the Deferred Compensation Plan. This Agreement will expire on November 19, 2014.

On February 13, 2014, the County released Request for Proposals (RFP) #964-5243, for Deferred Compensation Plan record-keeping and communication services. The RFP was sent to nine (9) vendors: Great-West Financial, ICMA-RC, Lincoln Financial, ING, Fidelity, Nationwide Retirement Solutions, Prudential, TIAA-CREF, and VALIC. Six (6) vendors responded to the RFP: Great-West Financial, ICMA-RC, Lincoln Financial, Nationwide Retirement Solutions, TIAA-CREF, and Mass Mutual. All of the bids met the minimum qualifications and were evaluated.

County staff worked with the Deferred Compensation Plan's consultant, Heintzberger-Payne Advisors (Heintzberger-Payne), to evaluate each bid on the following criteria:

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|-------------------------------------|----------------------------|
| 1. Fees | 6. Investment Platform |
| 2. Participant Services | 7. Conversion Project Plan |
| 3. Plan Sponsor Services | 8. Client Service Team |
| 4. Participant Education | 9. Systems & Technology |
| 5. Vendor Experience & Organization | 10. Contract |

At its May 30, 2014 special meeting, the Deferred Compensation Management Council unanimously voted to recommend that your Board appoint Nationwide as the Deferred Compensation Plan Record-keeper upon the expiration of Agreement A-09-528. This decision was based on the fact that Nationwide provided a lower fee structure (as demonstrated in the chart below), and a more comprehensive participant-service model than the other vendors.

Annual Asset-Based Fee

Nationwide	Great-West	Lincoln Financial	TIAA-CREF	Mass Mutual	ICMA-RC
0.10%	0.14%	0.15%	0.15%	0.17%	0.19%

County staff continues to make every effort to ensure that all decisions are transparent and that Deferred Compensation Plan participants have the opportunity to comment. The Deferred Compensation Management Council meetings are posted, open to public comment and broadcast online. Additionally, staff sent a copy of this agenda item and the attached summary of today's recommendation (see attachment A).

Based on preliminary discussions with Great-West, Nationwide and Heintzberger-Payne it is recommended that the current agreement with Great-West be extended through January 23, 2015 to allow for a seamless transition. All parties have agreed to this tentative transition timeline pending approval by your Board of the recommended actions.

Approval of Recommended Action Number One would authorize staff to work with representatives from Nationwide to transition Deferred Compensation Plan record-keeping and communication services from Great-West and formally notify Great-West of the County's intent to terminate its relationship with Great-West. Staff will return to your Board in October recommending approval of a record-keeping and communication services agreement with Nationwide and an amendment to extend Agreement A-09-528 with Great-West through January 23, 2015.

Approval of Recommended Action Number Two would authorize the County, through Great-West, to begin sharing confidential information related to the Deferred Compensation Plan with Nationwide while an agreement to provide record-keeping and communication services is being negotiated. This will provide for a transition from Great-West to Nationwide at the end of January, 2015, while protecting any and all information shared between the vendors. Staff will be working closely with both vendors to ensure that all information is sent securely and handled appropriately.

REFERENCE MATERIAL:

BAI #44, October 6, 2009 – Agreement A-09-528