



## Inter Office Memo

DEPARTMENT OF  
PERSONNEL SERVICES

### ITEM 6

DATE: August 29, 2013

TO: Deferred Compensation Management Council

FROM: Paul Nerland, Personnel Services Manager

SUBJECT: Proposed Amendment to Investment Policy Statement

#### **Background**

At their April 15, 2013 meeting, the DCMC directed Staff to return with proposed changes to the Deferred Compensation Plan's Investment Policy Statement, which would require that the Plan always use the lowest possible share class, net of revenue-sharing, for each investment offered by the Plan.

#### **Issue**

Heintzberger-Payne Associates has drafted the following language in accordance with the DCMC's request:

"It is the goal of the DCMC to utilize the least expensive share class available to the Plan (subject to the limits of the Recordkeeper's platform offering), net of revenue sharing. The Recordkeeper's revenue sharing arrangement with the Plan's investments may change over time. The DCMC will review an analysis, no less than annually, that the Plan's current line-up is in fact the least expensive net of all revenue sharing."

#### **Recommended Action**

**Staff recommends that the DCMC does not adopt the proposed changes to the Investment Policy Statement.**

If this change is adopted and there is subsequently a period of time that a more expensive share class is being used, the Plan and DCMC would be in violation of the Investment Policy Statement. Staff further recommends that a review of share classes be conducted as part of the consultant's annual fiduciary review.