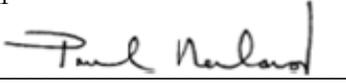




## Inter Office Memo

DEPARTMENT OF  
PERSONNEL SERVICES

### ITEM 14

DATE: February 27, 2014  
TO: Deferred Compensation Management Council  
FROM: Paul Nerland, Personnel Services Manager   
SUBJECT: 2013-14 Fiscal Year Deferred Compensation Plan 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.

#### Issue

Staff has prepared a 2013-14 fiscal year budget update for the three and six-month periods that ended December 31, 2013 (Attachment "A"). Staff would like to note and explain the revenue and expense discrepancies:

- Both the quarter-end and year-to-date revenues are higher than what was projected. This is due to the fact that the Plan received both revenue-sharing from the mutual funds (in October 2013) and the first quarterly participant fee (in December 2013). Going forward, revenue-sharing has been eliminated; therefore, any discrepancies should be minimal.
- Both the quarter-end and year-to-date expenses are less than what was budgeted. Legal fees have been less than what was budgeted, although Staff anticipates an increased need for County Counsel's services to negotiate a service agreement with the next Plan Record-keeper. In addition, the contingency budget has not been needed.
- The Great-West fees are over budget year-to-date. 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 \$175 million, but Plan assets have increased to over \$190 million.
- Two items from the FY 2013-14 budget are not listed in Attachment A: RFP Costs and Fiduciary Liability. Both items are one-time fees and the Plan has not yet been billed for the services.

**ITEM 14 - ATTACHMENT "A"**

**County of Fresno Deferred Compensation Plan**

**Actuals vs. Budgeted Revenues & Expenses for the Three- and Six-month periods Ended December 31, 2013**

**Quarter Ending 12/31/2013**

**2013-14 Fiscal Year-To-Date**

<b><u>Revenue</u></b>	<b>Actuals</b>	<b>Budget</b>	<b>Over/(Under) Budget</b>	<b>% Variance</b>	<b>Actuals</b>	<b>Budget</b>	<b>Over/(Under) Budget</b>	<b>% Variance</b>
Revenue	\$ 191,702	\$ 100,625	\$ 91,077	90.5%	\$ 272,658	\$ 201,250	\$ 71,408	35.5%
Great-West Reimbursement	\$ 17,500	\$ 17,500	\$ -	0.0%	\$ 35,000	\$ 35,000	\$ -	0.0%
<b>Totals:</b>	<b>\$ 209,202</b>	<b>\$ 118,125</b>	<b>\$ 91,077</b>	<b>77.1%</b>	<b>\$ 307,658</b>	<b>\$ 236,250</b>	<b>\$ 71,408</b>	<b>30.2%</b>



<b><u>Expenses</u></b>	<b>Actuals</b>	<b>Budget</b>	<b>(Over)/Under Budget</b>	<b>% Variance</b>	<b>Actuals</b>	<b>Budget</b>	<b>(Over)/Under Budget</b>	<b>% Variance</b>
Consultant Fees	\$ (12,500)	\$ 12,500	\$ -	0.0%	\$ (25,000)	\$ 25,000	\$ -	0.0%
Legal fees	\$ (57)	\$ 6,250	\$ 6,194	99.1%	\$ (1,164)	\$ 12,500	\$ 11,336	90.7%
Lunch & Learn Events	\$ -	\$ 2,000	\$ 2,000	100.0%	\$ (134)	\$ 4,000	\$ 3,866	96.7%
NAGDCA	\$ -	\$ 1,375	\$ 1,375	100.0%	\$ (3,874)	\$ 2,750	\$ (1,124)	-40.9%
Staff Costs	\$ (17,017)	\$ 13,500	\$ (3,517)	-26.1%	\$ (23,066)	\$ 27,000	\$ 3,934	14.6%
Great-West Fees	\$ (67,917)	\$ 63,750	\$ (4,167)	-6.5%	\$ (134,229)	\$ 127,500	\$ (6,729)	-5.3%
Contingencies	\$ -	\$ 12,500	\$ 12,500	100.0%	\$ -	\$ 50,000	\$ 50,000	100.0%
<b>Totals:</b>	<b>\$ (97,491)</b>	<b>\$ 111,875</b>	<b>\$ 14,384</b>	<b>12.9%</b>	<b>\$ (187,467)</b>	<b>\$ 248,750</b>	<b>\$ 61,283</b>	<b>24.6%</b>