



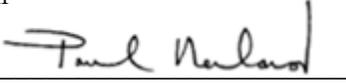
Inter Office Memo

DEPARTMENT OF
PERSONNEL SERVICES

ITEM 11

DATE: September 26, 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 budget update for the 2013-14 fiscal year that ended June 30, 2014 (Attachment "A"). Staff would like to note and explain the revenue and expense discrepancies:

- **Revenues were higher than what was projected.** This is due to two factors:
 - 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.
 - The budget assumed Plan assets of \$175 million, while assets grew to over \$200 million.
- **Expenses are less than what was budgeted.** Legal fees were less than what was budgeted, as County Counsel did not begin their review of service agreements with the next Plan Record-keeper, Nationwide Retirement Solutions. In addition, the contingency budget has not been needed.
- **Great-West fees exceeded what was budgeted.** 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 \$200 million.
- **Costs of the Plan Record-keeper RFP and Fiduciary Liability Insurance Policy were not incurred in FY 2013-14.** As the Plan Record-keeper RFP process did not conclude until after the close of the fiscal year, the Plan was not billed by Heintzberger-Payne Advisors. The Fiduciary Liability Insurance Policy was executed by the Board of Supervisors on July 15, 2014, and will be an expense for FY 2014-15.

ITEM 11 - ATTACHMENT "A"

County of Fresno Deferred Compensation Plan

Actual vs. Budgeted Revenues & Expenses for the Fiscal Year Ending June 30, 2014

<u>Revenue</u>	Actuals	Budget	Over/(Under) Budget	% Variance
Revenue	\$ 501,226	\$ 402,500	\$ 98,726	24.5%
Great-West Reimbursement	\$ 70,000	\$ 70,000	\$ -	0.0%
Totals:	\$ 571,226	\$ 472,500	\$ 98,726	20.9%

<u>Expenses</u>	Actuals	Budget	(Over)/Under Budget	% Variance
Consultant Fees	\$ (50,000)	\$ 50,000	\$ -	0.0%
Great-West Fees	\$ (278,915)	\$ 255,000	\$ (23,915)	-9.4%
RFP Costs*	\$ -	\$ 30,000	\$ 30,000	100.0%
Fiduciary Liability*	\$ -	\$ 10,000	\$ 10,000	100.0%
Legal fees	\$ (3,514)	\$ 25,000	\$ 21,486	85.9%
Lunch & Learn Events	\$ (134)	\$ 8,000	\$ 7,866	98.3%
NAGDCA	\$ (3,874)	\$ 5,500	\$ 1,626	29.6%
Staff Costs	\$ (54,123)	\$ 54,000	\$ (123)	-0.2%
Contingencies	\$ -	\$ 35,000	\$ 35,000	100.0%
Totals:	\$ (390,561)	\$ 472,500	\$ 81,939	17.3%

***These costs will not be incurred until FY 2014-15**