



## Inter Office Memo

DEPARTMENT OF  
PERSONNEL SERVICES

# ITEM 8

DATE: August 27, 2015

TO: Deferred Compensation Management Council

FROM: Hollis Magill, Principal Personnel Analyst

SUBJECT: 2014-15 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, 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 (Nationwide) 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 2014-15 fiscal year that ended June 30, 2015 (Attachment A). Staff would like to note and explain the revenue and expense discrepancies:

1. **Prior Amendments to the FY 2014-15 Budget.** On March 16, 2015, your Council approved the transfer of \$52,000 from Contingencies to provide:
  - a. \$27,000 to pay for expenses related to the Record-keeper RFP process. The original appropriation was \$0; the modified appropriation is \$27,000.
  - b. \$25,000 in additional funding for Staff Costs. The original appropriation was \$56,500; the modified appropriation is \$81,500.
2. **Total revenues were higher than what was projected.** This is due to the fact that Nationwide charges administrative fees prospectively. Therefore, the July 2015 administrative fee was charged on June 30. This additional monthly charge will not occur in future fiscal years.
3. **The Great-West Reimbursement was lower than what was projected.** This was due to the fact that our agreement with Great-West ended prior to the Plan receiving the full reimbursement amount.
4. **Record-keeping fees exceeded what was budgeted.** This was due to the timing of Great-West's final service fee, charged in January of 2015, and Nationwide's recurring monthly service fees. As Nationwide charges their monthly fee prospectively, their July

2015 service fee was charged on June 30. While the Plan was not over-charged, there was an additional monthly charge in FY 2014-15 that will not occur in future fiscal years.

5. **Fiduciary Liability Insurance Policy costs exceeded what was budgeted.** This was due to the timing of the premium payments for the 2014-15 and 2015-16 Policies. The 2014-15 Policy was budgeted for FY 2013-14 but premium payment was made in FY 2014-15, as the Policy was approved by the Board of Supervisors on July 15, 2014. The Policy was renewed for 2015-16 by the Board of Supervisors on June 16, 2015, which made the premium payable in FY 2014-15.

Therefore, staff has placed a budget amendment on today's agenda (Item No. 7), requesting approval to transfer \$8,883 from the Contingency appropriation to the Fiduciary Liability Insurance Policy appropriation. Should your Council approve Item No. 7, the modified Fiduciary Liability Insurance Policy appropriation will be \$19,883. This timing issue will not occur in future fiscal years.

# Item 8 - Attachment A

## County of Fresno Deferred Compensation Plan

### Year to Date vs. Budgeted Revenues & Expenses as of June 30, 2015

| <u>Revenues</u>          | Year to Date     | Projected        | YTD vs. Projected |
|--------------------------|------------------|------------------|-------------------|
| Administrative Fees      | \$514,207        | \$460,000        | \$54,207          |
| Great-West Reimbursement | \$58,333         | \$70,000         | (\$11,667)        |
| <b>Totals:</b>           | <b>\$572,540</b> | <b>\$530,000</b> | <b>\$42,540</b>   |

| <u>Expenses</u>                                   | Year to Date       | Original Budget <sup>1</sup> | Modified Budget  | YTD vs. Modified Budget |
|---------------------------------------------------|--------------------|------------------------------|------------------|-------------------------|
| Consulting                                        | (\$50,000)         | \$50,000                     | \$50,000         | \$0                     |
| Record-keeper RFP (Consulting) <sup>2</sup>       | (\$27,000)         | \$0                          | \$27,000         | \$0                     |
| Record-keeping                                    | (\$307,053)        | \$300,000                    | \$300,000        | (\$7,053)               |
| Fiduciary Liability Insurance Policy <sup>3</sup> | (\$19,883)         | \$11,000                     | \$19,883         | \$0                     |
| Staff <sup>2</sup>                                | (\$69,101)         | \$56,500                     | \$81,500         | \$12,399                |
| Legal                                             | (\$4,859)          | \$25,000                     | \$25,000         | \$20,141                |
| NAGDCA                                            | (\$5,672)          | \$5,500                      | \$5,500          | (\$172)                 |
| Lunch & Learn                                     | \$0                | \$8,000                      | \$8,000          | \$8,000                 |
| <b>Totals:</b>                                    | <b>(\$483,568)</b> | <b>\$456,000</b>             | <b>\$516,883</b> | <b>\$33,315</b>         |

| Transfers     | Budgeted   | Remaining Budget |
|---------------|------------|------------------|
| Contingencies | (\$60,883) | \$74,000         |
|               |            | \$13,117         |

| YTD Expenses         | Total Budget       | YTD vs. Total Budget |
|----------------------|--------------------|----------------------|
| <b>Grand Totals:</b> | <b>(\$483,568)</b> | <b>\$530,000</b>     |
|                      |                    | <b>\$46,432</b>      |

<sup>1</sup> The FY 2014-15 Budget was approved by the Deferred Compensation Management Council (Council) on February 27, 2014.

<sup>2</sup> On March 16, 2015, the Council approved the transfer of \$52,000 from Contingencies to provide: 1) \$27,000 to pay for expenses related to the Record-keeper RFP process (previous budget of \$0) and 2) \$25,000 in additional funding for Staff Costs (previous budget of \$56,500).

<sup>3</sup> Pending Council approval on August 27, 2015, \$8,883 transferred from Contingencies to pay for premiums on the 2014-15 and 2015-16 Fiduciary Liability Insurance Policies (previous budget of \$11,000).