




Inter Office Memo

DEPARTMENT OF
HUMAN RESOURCES

ITEM 8

DATE: June 20, 2024

TO: Deferred Compensation Management Council

FROM: DayVonna Youngblood, Human Resources Manager 

SUBJECT: Proposed Fiscal Year 2024-25 457(b) Deferred Compensation Plan & 401(a) Defined Contribution Plan Budget

Discussion

Pursuant to Section 8.02 of the County of Fresno 457(b) Deferred Compensation Plan Document and County of Fresno Board of Supervisors Resolution No. 22-114, the Deferred Compensation Management Council shall determine the reasonable expenses of the 457(b) Deferred Compensation Plan and the 401(a) Defined Contribution Plan (the "Plans"), such as third-party administration, consulting, legal and County staff costs. In addition, the Council shall determine the administrative fee charged to Participants to pay for such reasonable expenses of the Plans, on an annual basis.

Pursuant to Agreement #20-033, the record-keeping fee is 0.10% of Plan assets per year. On June 15, 2023, the Council approved a Fiscal Year 2023-24 budget for the Plans' expenses and set the discretionary participant fee at 0.08% of Plan assets for FY 2023-24 and set the total administrative fee at 0.18%. The total administrative fee is deducted monthly from participant accounts on a prorated basis.

Exhibit A includes a proposed budget anticipating revenue and expenses for FY 2024-25. In addition, Exhibit B includes the approved FY 2023-24 budget for reference. Staff has provided additional information below regarding the budget items.

1. Administrative and Record-keeping fees

The proposed budget of **\$280,000** represents a \$25,000 or 10% increase from FY 2023-24. This figure includes \$15,000 budgeted as contingency funds in FY 2023-24, in anticipation of expenses related to the ongoing Plan Record-Keeper RFP process, which will be completed in FY 2024-25. The remainder of the increase in fee revenue is due to higher anticipated total Plan assets of approximately \$360 million for FY 2024-25; for reference, staff based the 2023-24 revenue projections on average Plan assets of approximately \$320 million.

In addition, staff is recommending a decrease in the discretionary participant fee from 0.08% to 0.075% of Plan assets for FY 2024-25, due to growth in the Plans' assets.

June 20, 2024 Deferred Compensation Management Council Meeting
Item 8: Proposed Fiscal Year 2024-25 Deferred Compensation Plan & Defined
Contribution Plan Budget
Page Two

Regarding record-keeping fees, staff is anticipating approximately **\$383,000** in record-keeping expenses, which represents a \$31,000 or 9% increase from FY 2023-24.

2. County Staff

The proposed budget of **\$165,000** represents a \$7,000 or 4% increase from FY 2023-24. This budget item includes costs related to Human Resources and County Counsel staff, outside legal counsel, and participant communication.

3. Consultant

The proposed budget of **\$72,500** represents a \$30,000 or 71% increase from FY 2023-24. The increase is due solely to a one-time fee that staff anticipates will be charged by Northwest Capital Management related to the County's Plan Record-keeper RFP process. Pursuant to Agreement No. 20-462, Northwest Capital Management's regular annual fee is \$42,500 and the fee to assist the County with the Plan Record-keeper RFP process is \$30,000.

4. Fiduciary Liability Insurance

The proposed budget of **\$15,000** represents a \$1,000 or 6% decrease from FY 2023-24. Staff has included the anticipated cost of a \$5 million fiduciary liability insurance policy which covers both the Plan and your Council. The current policy expires July 1, 2024.

5. Off-Site Training

The proposed budget of **\$12,500** represents a \$1,500 or 14% increase from FY 2023-24 and includes the cost of sending three (3) members of your Council and/or staff to the 2023 National Association of Governmental Defined Contribution Administrators (NAGDCA) conference in Phoenix, AZ, September 15-18.

6. Contingencies

The proposed budget of **\$15,000** represents a \$12,500 or 45% decrease from FY 2023-24, as the FY 2023-24 budget included a one-time cost of \$15,000 to pre-fund one half of the ongoing Plan Record-keeper RFP costs mentioned in the "Consultant" paragraph, above.

Recommended Actions

1. **Approve the FY 2024-25 total administrative fee of 0.175%, which is comprised of 0.10% for record-keeping fees, pursuant to Agreement No. 20-033, and 0.075% for discretionary administrative expenses.**
2. **Approve the FY 2024-25 budget, either as submitted or with amendments.**
3. **Select up to two (2) members of the Deferred Compensation Management Council to join County staff (three (3) total attendees) in attending the 2024**

June 20, 2024 Deferred Compensation Management Council Meeting
Item 8: Proposed Fiscal Year 2024-25 Deferred Compensation Plan & Defined
Contribution Plan Budget
Page Three

**National Association of Governmental Defined Contribution Administrators
conference in Phoenix, AZ, September 15-18.**

ITEM 8 - EXHIBIT A

County of Fresno 457(b) Deferred Compensation Plan

County of Fresno 401(a) Defined Contribution Plan

Discretionary Items

Revenue Source	2024-25 Budget	% of Revenue	2023-24 Budget	\$ Change from 2023-24	% Change from 2023-24
Administrative Fee	\$265,000	95%	\$255,000	\$10,000	4%
FY 2023-24 Carryover	\$15,000	5%	n/a	n/a	n/a
Total Revenue:	\$280,000	100%	\$255,000	\$25,000	10%
Expense	2024-25 Budget	% of Expenses	2023-24 Budget	\$ Change from 2023-24	% Change from 2023-24
County Staff	\$165,000	59%	\$158,000	\$7,000	4%
Consultant	\$72,500	26%	\$42,500	\$30,000	71%
Fiduciary Liability Insurance	\$15,000	5%	\$16,000	-\$1,000	-6%
Off-Site Training	\$12,500	5%	\$11,000	\$1,500	14%
Contingencies	\$15,000	5%	\$27,500	-\$12,500	-45%
Total Expenses:	\$280,000	100%	\$255,000	\$25,000	10%

Mandatory Items

Revenue Source	2024-25 Budget	2023-24 Budget	\$ Change from 2023-24	% Change from 2023-24
Nationwide Fee	\$383,000	\$352,000	\$31,000	9%
Expense	2024-25 Budget	2023-24 Budget	\$ Change from 2023-24	% Change from 2023-24
Record-keeping	\$383,000	\$352,000	\$31,000	9%

ITEM 8 - EXHIBIT B

County of Fresno 457(b) Deferred Compensation Plan

County of Fresno 401(a) Defined Contribution Plan

Discretionary Items

Revenue Source	2023-24 Budget	% of Revenue	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
Administrative Fee	\$255,000	100%	\$236,000	\$19,000	8%
Total Revenue:	\$255,000	100%	\$236,000	\$19,000	8%
Expense	2023-24 Budget	% of Expenses	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
County Staff	\$158,000	62%	\$156,000	\$2,000	1%
Consultant	\$42,500	17%	\$42,500	\$0	0%
Fiduciary Liability Insurance	\$16,000	6%	\$15,000	\$1,000	7%
Off-Site Training	\$11,000	4%	\$10,000	\$1,000	10%
Contingencies	\$27,500	11%	\$12,500	\$15,000	120%
Total Expenses:	\$255,000	100%	\$236,000	\$19,000	8%

Mandatory Items

Revenue Source	2023-24 Budget	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
Nationwide Fee	\$352,000	\$340,000	\$12,000	4%
Expense	2023-24 Budget	2022-23 Budget	\$ Change from 2022-23	% Change from 2022-23
Record-keeping	\$352,000	\$340,000	\$12,000	4%