




Inter Office Memo

DEPARTMENT OF
HUMAN RESOURCES

ITEM 8

DATE: April 10, 2025

TO: Deferred Compensation Management Council

FROM: DayVonna Youngblood, Human Resources Manager 

SUBJECT: Proposed Fiscal Year 2025-26 457(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. The Council shall determine the administrative fee charged to participants to pay for such reasonable expenses of the Plans, on an annual basis.

Exhibit A includes a proposed budget anticipating revenue and expenses for Fiscal Year 2025-26. In addition, Exhibit B includes the approved FY 2024-25 budget for reference. Staff has provided additional information below regarding the budget items.

1. Administrative Fees

On June 20, 2024, the Council approved a FY 2024-25 budget for the Plans' expenses and set the total administrative fee at 0.175% of the Plans' assets, which included 0.10% for record-keeping fees, pursuant to Agreement No. 20-033, and 0.075% for the County's administrative expenses. The total FY 2024-25 budget consisted of \$265,000 in administrative fees and \$15,000 carried over from the FY 2023-24 budget to help offset the cost of the Plan Record-Keeper RFP process; the RFP was completed in FY 2024-25.

The proposed budget of **\$264,000** represents a \$16,000 or 6% decrease from FY 2024-25. Administrative fees are anticipated to decrease by less than 1%, from \$265,000 to \$264,000. There is no carryover amount, as there was in the FY 2024-25 budget.

The decrease in administrative fees is in anticipation of negative volatility in the stock market, as well as a decrease in the County administrative fee. Staff is basing its revenue projection on anticipated total Plan assets of approximately \$377 million for FY2025-26; for reference, staff based the 2024-25 revenue projections on average

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assets in the Plans of approximately \$360 million. Due to the growth in the Plans' assets, staff is recommending a decrease in the County administrative fee from 0.075% to 0.07% of Plan assets for FY 2025-26. The County administrative fee is deducted monthly from participant accounts on a prorated basis.

2. Record-keeping Fees

On December 17, 2024, the Board of Supervisors approved Agreement No. 24-670 with Nationwide, which lowered record-keeping fees to 0.08% through January of 2030. Staff is anticipating approximately **\$338,000** in record-keeping expenses, which represents a \$45,000 or 12% decrease from FY 2024-25.

3. County Staff & Legal

This budget item includes costs related to Human Resources and County Counsel staff, outside legal counsel, and participant communication. The proposed budget of **\$183,000** represents an \$18,000 or 11% increase from FY 2024-25. The anticipated increase in costs is primarily due to –

- Multiple projects requiring legal review from outside counsel; and
- Increases in the hourly rates of staff.

4. Consultant

The Consultant to the Plans provides objective and independent advice to your Council and staff, solely in the interest of participants in the Plans and their beneficiaries. Such advice includes, but is not limited to, investment oversight, monitoring the performance of the Plans' record-keeper, and administering the record-keeper RFP process.

The proposed budget of **\$45,000** represents a \$27,500 or 38% decrease from FY 2024-25, as the one-time \$30,000 record-keeping fee is not needed.

Pursuant to Agreement No. 20-462, Northwest Capital Management's regular annual fee is \$42,500. However, Agreement No. 20-462 expires December 31, 2025; therefore, staff's recommendation anticipates the possibility of increased costs under the new agreement.

5. Fiduciary Liability Insurance

Fiduciary liability insurance protects the Plan and your Council from lawsuits related to the management of the Plans. Staff has included the anticipated cost of a \$5 million fiduciary liability insurance policy. The current policy expires July 1, 2025. The proposed budget of **\$14,000** represents a \$1,000 or 7% decrease from FY 2024-25.

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6. Off-Site Training

Off-site training is utilized to bring innovative administrative practices to the Plans. This item 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 San Diego, CA, September 28 – October 1. Any unused funds may be spent on additional training that your Council deems appropriate. The proposed budget of **\$9,000** represents a \$3,500 or 28% decrease from FY 2024-25.

7. Contingencies

The contingency budget allows for stability in the event of lower revenues than expected and/or higher expenses than expected. The proposed budget of **\$13,000** represents a \$2,000 or 13% decrease from FY 2024-25.

Recommended Actions

- 1. Approve the FY 2025-26 total administrative fee of 0.15%, which is comprised of 0.08% for record-keeping fees, pursuant to Agreement No. 24-670, and 0.07% for County administrative expenses.**
- 2. Approve the FY 2025-26 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 2025 National Association of Governmental Defined Contribution Administrators conference in San Diego, CA, September 28 – October 1.**

ITEM 8 - EXHIBIT A

County of Fresno 457(b) Deferred Compensation Plan

County of Fresno 401(a) Defined Contribution Plan

Discretionary Items

Revenue Source	2025-26 Budget	% of Revenue	2024-25 Budget	\$ Change from 2024-25	% Change from 2024-25
Administrative Fee	\$264,000	100%	\$265,000	-\$1,000	-0.4%
FY 2023-24 Carryover	\$0	0%	\$15,000	-\$15,000	-100%
Total Revenue:	\$264,000	100%	\$280,000	-\$16,000	-6%
Expense	2025-26 Budget	% of Expenses	2024-25 Budget	\$ Change from 2024-25	% Change from 2024-25
County Staff & Legal	\$183,000	69%	\$165,000	\$18,000	11%
Consultant	\$45,000	17%	\$72,500	-\$27,500	-38%
Fiduciary Liability Insurance	\$14,000	5%	\$15,000	-\$1,000	-7%
Off-Site Training	\$9,000	3%	\$12,500	-\$3,500	-28%
Contingencies	\$13,000	5%	\$15,000	-\$2,000	-13%
Total Expenses:	\$264,000	100%	\$280,000	-\$16,000	-6%

Mandatory Items

Revenue Source	2025-26 Budget	2024-25 Budget	\$ Change from 2024-25	% Change from 2024-25
Nationwide Fee	\$338,000	\$383,000	-\$45,000	-12%
Expense	2025-26 Budget	2024-25 Budget	\$ Change from 2024-25	% Change from 2024-25
Record-keeping	\$346,000	\$383,000	-\$37,000	-10%

ITEM 8 - EXHIBIT B

County of Fresno 457(b) Deferred Compensation Plan

County of Fresno 401(a) Defined Contribution Plan

Approved Fiscal Year 2024-25 Budget

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%