



Meeting Date: January 9, 2019

Report Type: Discussion

Defined Contribution Plans Committee

Historic City Hall, Hearing Room
915 I Street

www.CityofSacramento.org

Title: Defined Contribution Plans Administrative Fees

Location: Citywide

Recommendation: Pass a motion recommending staff complete steps necessary to amend the City's 401(a) and 457(b) defined contribution plan documents to increase the administrative fee charged to all plan participants to establish an Administrative Allowance Account with Nationwide Retirement Solutions.

Contact: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Presenter: Samantha Wallace, Human Resources Manager, (916) 808-7657, Department of Human Resources

Department: Human Resources

Division: Human Resources Administration

Dept ID: 08001011

Attachments:

01 Description/Analysis

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Issue Detail: The City's 401(a) and 457(b) plans charge an administrative fee by Nationwide Retirement Solutions (Nationwide) of 3.0 basis points. Basis points are paid by plan participants. The current basis points do not provide any funding to assist the City or the Committee with oversight of the plans.

During the 2017 and 2018 meetings of the deferred compensation working group, group members discussed the desire to increase the basis points to 4.5. Any increase in the basis points would be paid by plan participants and would generate revenue to provide for plan oversight such as an investment advisory consultant to the City's deferred compensation plans. Revenue generated would be held in an Administrative Allowance Account with Nationwide, and use of the account would be in accordance with the Defined Contribution Plans Fee and Expense Policy Statement.

An increase in basis points would affect all plan participants in the 401(a) and 457(b) plans. The City would first need to negotiate Letters of Understanding with all recognized employee organizations to proceed with increasing the basis points. If the City is able to execute Letters of Understanding with all recognized employee organizations, staff can then proceed with the necessary steps to amend the City's plan documents with Nationwide.

Policy Considerations: None.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: There is no funding source available to pay for defined contribution plan oversight or plan consultant services.

Financial Considerations: Basis points are paid by plan participants and not the City.

Local Business Enterprise (LBE): None.