



Board Agenda Item 51

DATE: June 4, 2019

TO: Board of Supervisors

SUBMITTED BY: Paul Nerland, Director of Human Resources

SUBJECT: Retroactive First Amendment to Agreement No. 13-417 with Great-West Trust Company, LLC

RECOMMENDED ACTION(S):

Approve and authorize Chairman to execute a retroactive First Amendment to Agreement No. 13-417 with Great-West Trust Company, LLC., reducing management fees effective February 1, 2019, and adding target retirement date options effective following execution.

Approval of the recommended action will reduce management fees to County of Fresno 457(b) Deferred Compensation Plan (the "Plan") participants invested in the Great-West Lifetime Trust target-date investment options from 0.12% to 0.09%, retroactive to February 1, 2019. In addition, the recommended action will add the 2020, 2030, 2040, and 2050 Great-West Lifetime target retirement date options to the current Plan investment lineup.

ALTERNATIVE ACTION(S):

The alternative to the recommended action would be to continue using the current lineup of Great-West Lifetime Trust target-date funds.

RETROACTIVE AGREEMENT:

The recommended lowering of participant fees from 0.12% to 0.09% is effective February 1, 2019, the date when Great-West made the lower fee available to participants. The recommended addition of the 2020, 2030, 2040, and 2050 Great-West Lifetime target retirement date options is not retroactive and will become effective as soon as practicable upon your Board's approval.

FISCAL IMPACT:

There is no net County cost associated with the recommended actions.

DISCUSSION:

The County has offered its employees a deferred compensation plan, as authorized by Internal Revenue Code Section 457, since 1976. The Plan allows employees to defer pre-tax dollars into a variety of investment options in order to save for retirement. Currently, the Plan has more than 6,400 participants with over \$260 million in assets. Your Board has delegated the authority to oversee the Plan to the Deferred Compensation Management Council (the "Council"), which is comprised of the County Administrative Officer (CAO), Auditor-Controller/Treasurer-Tax Collector, Director of Human Resources, Retirement Administrator, one (1) Department Head appointed by the CAO and two (2) Members-At-Large appointed by

your Board. The Council is responsible for the selection and oversight of the Plan investment options, creating policies and procedures related to the Plan, and making recommendations to your Board regarding Plan record-keeping and consulting services.

On July 9, 2013, your Board approved Agreement No. 13-417 (the "Agreement") with Great-West Trust Company, LLC (Great-West) to provide a suite of target-date investments to Plan participants. Target-date funds are composed of several funds representing different investment styles or asset classes. They have a target date, such as 2035, for retirement and the investment styles adjust to become more appropriate for the investor's age and retirement status.

The recommended action amends Schedules "A" and "B" of the Agreement. On January 7, 2019, the Human Resources Department received notice from Great-West that they were offering reduced fees to Plan participants who invest in the Great-West Lifetime target date funds. Staff began working with Great-West to draft an amendment to Schedule "B" which will reduce the management fee charged by Great-West from 0.12% to 0.09% annually. This change will result in a total savings of more than \$8,000 per year to participants.

The amendment to Schedule "A" would add the 2020, 2030, 2040, and 2050 Great-West Lifetime target retirement date options to the current investment lineup, thereby reducing the target retirement date intervals from ten (10) years to five (5) years. This will allow participants to better customize their investments to meet their individual needs.

OTHER REVIEWING AGENCIES:

The Council has reviewed the proposed changes to target-date investment options and directed staff to submit said changes to your Board for adoption.

REFERENCE MATERIAL:

BAI #36, July 9, 2013 - Agreement No. 13-417

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - First Amendment to Agreement No. 13-417

CAO ANALYST:

Debbie Paolinelli