



# Board Agenda Item 45

DATE: December 17, 2024

TO: Board of Supervisors

SUBMITTED BY: Hollis Magill, Director of Human Resources

SUBJECT: Administrative Services Agreement with Nationwide Retirement Solutions, Inc.

RECOMMENDED ACTION(S):

**Approve and authorize the Chairman to execute an agreement with Nationwide Retirement Solutions, Inc., to provide record-keeping and communication services to the County of Fresno 457(b) Deferred Compensation Plan and the County of Fresno 401(a) Defined Contribution Plan, effective January 24, 2025, not to exceed five consecutive years.**

Approval of the recommended action will authorize Nationwide Retirement Solutions, Inc. (hereafter, "Nationwide") to provide administrative services to the County of Fresno 457(b) Deferred Compensation Plan and the County of Fresno 401(a) Defined Contribution Plan (hereafter, the "Plans"). This item is countywide.

ALTERNATIVE ACTION(S):

Your Board may reject staff's recommendation and select a different bidder. However, this would result in higher fees and a potentially disruptive transition to a new record-keeper for participants in the Plans.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended action. All administrative costs are borne by participants in the Plans.

DISCUSSION:

1. General Description of the Plans

The County adopted the County of Fresno 457(b) Deferred Compensation Plan (the "457(b) Plan") on January 20, 1976. The 457(b) Plan allows employees to defer pre-tax or after-tax dollars into a variety of investment options for the purpose of saving for retirement. The 457(b) Plan has nearly 8,700 participants (this includes active and separated County employees) and approximately \$400 million in assets. As of October 1, 2024, 68% of active County employees are contributing to the 457(b) Plan.

The County adopted the County of Fresno 401(a) Defined Contribution Plan (the "401(a) Plan") on April 5, 2022. The 401(a) Plan allows the County to make employer matching contributions to a tax-preferred retirement account on behalf of employees who contribute to their 457(b) Plan account. The 401(a) Plan has over 4,000 participants (this includes active and separated County employees) and approximately \$5.4 million in assets.

## 2. Description of Benefits and Services Under the Proposed Agreement

The proposed agreement with Nationwide would provide administrative, recordkeeping and participant education services for participant in the Plans and their beneficiaries. Such services include, but are not limited to:

- Record-keeping and administration of participants' 457(b) Plan and 401(a) Plan accounts.
- Process enrollments and contribution changes for participants in the Plans.
- Process distributions pursuant to requests from participants.
- Administration of loans pursuant to requests from participants.
- Tax reporting for participants who take a distribution from their account.
- A full-time retirement specialist to provide customer service to participants in the Plans.
- A custom website for participants and potential participants in the Plans

## 3. Oversight of the Plans

The 457(b) Plan Document, most recently amended and restated by the Board of Supervisors on December 14, 2021, and Board Resolution No. 22-114, adopted April 5, 2022, delegated the authority to oversee the Plans 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 the Board of Supervisors.

The Council is responsible for the selection and oversight of the Plans' investment options, creating policies and procedures related to the Plans, and making recommendations to the Board of Supervisors regarding the Plans' record-keeping and consulting service providers.

## 4. Bidding Process

On January 21, 2020, the Board of Supervisors approved Agreement No. 20-033 with Nationwide to provide administrative, recordkeeping and participant education services to the 457(b) Plan. On April 5, 2022, the Board of Supervisors approved the First Amendment to Agreement No. 20-033, which expanded services to the 401(a) Plan. Agreement No. 20-033 expires on January 23, 2025.

On March 7, 2024, the County of Fresno released Request for Proposals (RFP) #24-045, for Administrative, Recordkeeping and Participant Education Services related to the County of Fresno 457(b) Deferred Compensation Plan and the County of Fresno 401(a) Defined Contribution Plan (the "Plans"). Six (6) vendors responded to the RFP: Corebridge Financial, Empower Retirement, Fidelity Investments, Mission Square Retirement, Nationwide, and Voya Financial. All the bids met the minimum qualifications and were evaluated.

With direction from County staff, Northwest Capital Management, the Plan's consultant, evaluated each bid on the following criteria: 1) Organization; 2) Recordkeeping & Administration 3) Cybersecurity; 4) Education Services; 5) Transition Management; 6) Investments; 7) Trust/Custody Services; 8) Fee Proposal; and 9) Ancillary Fees.

The proposals were evaluated relative to each other generally, as well as relative to industry standards, in

accordance with the criteria and point structure outlined within the RFP. Higher scores were given for responses that were more compelling than the industry norm, while lower scores were given to responses that fell below industry standards or were otherwise inadequate and/or unresponsive.

At its June 20, 2024, meeting the Council unanimously agreed to recommend to the Board of Supervisors that they retain Nationwide as the Record-keeper for the Plans on a five (5) year service agreement with no renewals, for the following reasons:

- Nationwide has the platform capabilities and service offerings necessary to provide recordkeeping services to the Plans.
- They offered the most competitive fees of all the respondents, which included a reduction from their current fee.
- Nationwide manages the highest number of 457(b) plans of similar size to the County.
- Retaining Nationwide would allow the County to avoid any potential disruption that may occur from transitioning the Plans to another provider.

5. Exceptions to the County's Model Agreement

Staff would like to note the following exceptions to the County's model agreement:

- Article 4.1 - Term; Nationwide is offering participants in the Plans a lower fee (0.080% instead of 0.084%) if the County agrees to a guaranteed 5-year agreement. As the proposed agreement still allows the County to terminate without cause and considering Nationwide's nearly 10-year track record of satisfactory service, staff recommends that your Board approve this modification.
- Article 6.3 - Termination without Cause; the advance written notice is changed to 120 days from the standard 30 days, as a transition to a new vendor is a lengthy process that would be very challenging to complete within 30 days. Therefore, the County should not lose flexibility in practice.

6. Staff Next Steps

Upon your Board's approval of the recommended action, staff will work with Nationwide to implement the new, reduced fee for all participants. There will be no other changes, nor will there be any disruptions in service to participants in the Plans.

OTHER REVIEWING AGENCIES:

Northwest Capital Management, the investment consultant to the Plans, reviewed the responses and is recommending approval of the recommended action. The Deferred Compensation Management Council unanimously agreed to recommend retaining Nationwide as the Deferred Compensation Plan record-keeper.

REFERENCE MATERIAL:

BAI #39, April 5, 2022  
BAI #34, December 14, 2021  
BAI #29, January 21, 2020  
BAI #19b, January 20, 1976

ATTACHMENTS INCLUDED AND/OR ON FILE:

On file with Clerk - Agreement with Nationwide Retirement Solutions, Inc.

CAO ANALYST:

Paige Benavides