

The County of Yuba

Human Resources and Organizational Services



TO: Board of Supervisors

FROM: Human Resources and Organizational Services, Karen Fassler

SUBJECT: Human Resources: Approve Resolution to award contract to Nationwide Retirement Solutions, Inc. as the provider of deferred compensation plan administrative services, approve and authorize chair to execute any related documents. (5 minutes)

DATE: September 22, 2020

NUMBER: 431/2020

RECOMMENDATION

1. Award Request for Proposal for the provision of Deferred Compensation Plan Administration and Recordkeeping to Nationwide Retirement Services, Inc.
2. Approve and authorize the Chair to sign Agreement for professional services with Nationwide Retirement Solutions, Inc. to administer the County Deferred Compensation Plan.
3. Repeals and rescinds the prior resolutions 2001-17 and 1995-18 approving the adoption of the CalPERS 457 plan and the Mass Mutual (previously ITT Hartford) Deferred Compensation plans respectively
4. Authorizes the Human Resources Director to issue written notice to the CalPERS 457 and Mass Mutual (previously ITT Hartford) terminating the Employer Adoption Agreements and to take all necessary steps to transition from the Plans.

BACKGROUND/DISCUSSION

In 2019, Human Resources retained the services of the Hyas Group to assess the current Deferred Compensation plans and to make recommendations to the Deferred Compensation Committee as to plan governance and best fiduciary practices. Additionally, the Hyas Group assisted with the preparation, release and analysis of a Request for Proposal that would modernize the plan and consolidate the offering.

Request for Proposal 901362 – Yuba County 457 Plan was released for proposal submissions in August 2019. An Evaluation Committee was formed and with the assistance of the Hyas Group all proposals were reviewed and evaluated according to defined criteria, references and interviews. County labor groups were advised of the RFP and invited to ask questions regarding the process. On February 12, 2020 the Deferred Compensation Committee received a unanimous recommendation from the Evaluation Committee to move forward with consolidating recordkeepers to Nationwide Retirement Solutions, Inc. The Deferred Compensation Committee unanimously agreed to forward this recommendation to the Board of Supervisors based on the following:

- User interface – The participant web experience was the most intuitive and focused on a holistic financial health picture.
- On-site service – The representative was interviewed and thought to be a good fit for Yuba County employees (Contracted minimum on-site days are set at 30 days annually).
- Fees – Nationwide’s fee provides the best value for the cost at 0.085% on plan assets. The current weighted average expense to participants for recordkeeping is approximately 0.695%. This fee reduction alone equates to approximately \$163,000 (over \$160 per participant) in annual savings.
- Stable Value – Nationwide’s option entails the best combination of management cost, net crediting rate, and liquidity. Stable Value constitutes approximately 30% of total assets and is the only asset class where the investment option specified depends on the vendor.
- Investments – The Plan will transition to low cost, institutional fund offerings rather than relying on high cost, revenue share funds to subsidize administration cost. This change allows more investment option fee transparency, a streamlined menu of investment options and enhanced participant education and improved technology. It also adds an additional \$144,000 per year in fee savings over the current investment lineup.
- Transparent fees – The Plan will adopt an explicit fee arrangement whereby all participants pay the same fee for administration.

Additionally, a 401(a) plan will be set up as part of the transition process. This will provide an enhanced benefit to Yuba County and will provide a vehicle for those employees that are eligible for an employer match that is separate from the 457(b) plan. The Deferred Compensation Committee believes that Nationwide Retirement Services, Inc. and the investment options available to Yuba County employees will provide valuable benefits to its employees.

COMMITTEE

This item is presented to the full Board rather than to Committee because of impacts related to the pandemic and in the interest of implementing the transition according to an ideal timeline.

FISCAL IMPACT

This item is administrative only and has no fiscal impact to the County, however will provide fee reductions and annual savings to Yuba County employees participating in the deferred compensation plan offering.

Attachments

431/2020 Resolution to award Deferred Compensation Plan contract to Nationwide and authorize Chair to execute any related documents

431/2020 Administrative Services Agreement with Nationwide Retirement Solutions, Inc.