

City of Sacramento

Legislation Text

File #: 2020-01515, **Version:** 1

Title:

Contract Amendment to Professional Services Agreement with Nationwide Retirement Solutions for Retirement Plan Administrative and Recordkeeping Services

File ID: 2020-01515

Location: Citywide

Recommendation:

Pass a Motion authorizing the City Manager, or the City Manager's designee, to execute an amendment to Professional Services Agreement C2016-1425 to add a plan expense fee for participants in the 457(b) plan.

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

Presenter: None.

Attachments:

- 1-Description/Analysis
- 2-Professional Services Agreement
- 3-Second Amendment to Professional Services Agreement

Description/Analysis

Issue Detail: The City of Sacramento (City) has a Professional Services Agreement (Agreement) with Nationwide Retirement Solutions (Nationwide) to provide administrative and recordkeeping services in support of the City's 401(a) money purchase plans and 457(b) defined contribution plan. The agreement was approved by Council in November 2016. On November 17, 2020, Council approved the first amendment to the Agreement to add a 401(a) plan for certain classifications in Sacramento-Sierra's Building and Construction Trades Council. This second amendment to the Agreement will add a plan expense fee, to be paid solely by 457(b) plan participants, and the fee collected will be used in accordance with the Fee and Expense Policy Statement approved by Council on July 31, 2018.

The Defined Contribution Plans Committee (Committee) started their discussion and evaluation of a plan expense fee beginning with their first meeting on January 9, 2019. The discussion and evaluation continued through subsequent meetings until the Committee passed a motion on October

16, 2019, recommending staff present two options to the City's Recognized Employee Organizations (REOs) to include: 1) a flat fee of \$18.00 per 457(b) participant, per year; or 2) a flat fee of \$10.00 per 457(b) participant, per year, for 457(b) participants with an account balance up to \$14,999.99 and a flat fee of \$25.00 per 457(b) participant, per year, for 457(b) participants with an account balance at or above \$15,000.

In negotiation with the REOs, an agreement was reached for option 1) a flat fee of \$18.00 per 457(b) participant, per year. Letters of Understanding have been executed with all REOs regarding the implementation of the plan expense fee. At its November 18, 2020, meeting, Council approved the Personnel Resolution Covering Unrepresented Officers and Employees which included language for the plan expense fee.

Policy Considerations: Council approval of this amendment to the professional services agreement with Nationwide is consistent with past practices for the management of the agreement.

Economic Impacts: None.

Environmental Considerations: This report concerns administrative activities that will not have a significant effect on the environment and that do not constitute a "project" as defined by the California Environmental Quality Act (CEQA) Guidelines Sections 15061(b)(3) and 15378(b)(2).

Sustainability: Not applicable.

Commission/Committee Action: The plan expense fee was evaluated by the Defined Contribution Plans Committee and the Committee passed a motion recommending two options be presented to the REOs.

Rationale for Recommendation: The implementation of the plan expense fee will be used in accordance with the Fee and Expense Policy Statement to pay for expenses incidental to the administration or protection of the plans and management of the plan assets.

Financial Considerations: The fee is paid for solely by participants in the City's 457(b) plan and will be held by Nationwide in an administrative allowance account, in accordance with the Fee and Expense Policy Statement.

Local Business Enterprise (LBE): Not applicable.