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TO: Board of County Commissioners

FROM: Diane Bernardo, Finance Director

THRU: Jeffrey R. Smith, Clerk of the Circuit Court and Comptroller

DATE: May 31, 2017

**SUBJECT: Continuation of May 9th Board Agenda, Consolidation of Deferred Compensation Plans**

At the May 9, 2017 board meeting, the Board requested supplementary information and requested that additional employee meetings be offered. Staff and the consultant have gathered this information and are providing it in advance of the June 6, 2017 board meeting for your review. Suzanne Boyll, Human Resources Director, scheduled two employee meetings that were held May 11, 2017 and attended by the Clerk of the Court to explain the proposed consolidation.

Our advisor with AndCo Consulting, Jacob Peacock, will be attending the June 6, 2017 board meeting and will be giving a slide presentation clarifying questions asked by the Board as well as explaining the amended two options offered by Nationwide. A Nationwide representative will be available at the Board meeting to answer questions.

The revised **Nationwide** options offered are:

**Option 1:** Retain the NW Fixed Account with a guaranteed minimum crediting rate of 3.5% for 60 months with a 0.25% recordkeeping fee on all plan assets

**Option 2:** Retain the NW Fixed Account with a guaranteed minimum crediting rate of 3.5% for 36 months and 2.5% for 24 months with a 0.12% recordkeeping fee on all plan assets

Due to Nationwide's inability to grandfather the existing Fixed Account assets under the current contract provisions, we requested the consultant solicit the Committee's second choice, Lincoln Financial, for amended options.

**Lincoln** offered the following two amended options:

**Option 1:** Transfer all plan assets (approx. \$29.6M) to Lincoln and replace the NW Fixed Account with Lincoln Stable Value Fund with a minimum crediting rate of 3.5% first year, 2.5% second year, and 1% thereafter. The record-keeping fee on all plan assets would be 0.11%

**Option 2:** Transfer only the ICMA-RC and Florida League assets (approx. \$14.2M) (Nationwide assets would not transfer). Plan would utilize the Lincoln Stable Value Fund with a minimum crediting rate of 1.00%. The record-keeping fee on all plan assets would be 0.19%

The Deferred Compensation Committee, represented by all offices with the exception of the Sheriff's office, met on May 31, 2017 to review the above proposals. The Committee is recommending that the County continue with Nationwide as the sole provider, guaranteeing the fixed account minimum crediting rate of 3.5% for 60 months and charging a recordkeeping fee of 0.25% on all plan assets.

We are attaching the previous agenda item for your information.

### RECOMMENDATION

Staff recommends:

1. Awarding the deferred compensation contract to Nationwide with a term of five years with two optional 2-year extensions, guaranteeing the fixed account at 3.5% for 60 months and charging a recordkeeping fee of 0.25%.
2. Approval to revise Section 104.5 Deferred Compensation of the Indian River County Code of Ordinances.

Upon the Board's approval of staff's recommendation, staff will work with the County Attorney's office and bring back the contract for approval by the Board as well as revise Section 104.5 of the Indian River County Code of Ordinances.