

Agenda Item Number 13.b.

Deferred Compensation, RFP

Presenter: George Kloeppe

Action Recommended: None. Information Only.

Background:

LCOG offers its employees a 457 deferred compensation plan. For the last several years, the deferred compensation providers have been Nationwide, VALIC and the Oregon Savings Growth Plan (OSGP). Last summer the decision was made to conduct an RFP for deferred compensation services. The primary reasons for initiating the RFP were the fiduciary responsibility the agency has to provide its employees the best service choices, the goal of reducing the fees that employees pay, and the desire for better individual counseling services for employees.

The Hyas Group was hired to do the RFP. Five responses were received: Hartford, Nationwide, Great West, ICMA/RC and OSGP. The decision was made to keep the Oregon Savings Growth Plan and to replace Nationwide and VALIC with ICMA/RC. The basis for the decision were lower fees, improvements in counseling services and the elimination of a five-year withdrawal limitation imposed on individuals in the fixed accounts of Nationwide and VALIC. Copies of the analysis of the responses are available for those that are interested.

This was a difficult process, partially because of the five-year withdrawal limitation with two of the current providers. The process will be simpler and fees potentially lower when the next RFP for services is conducted, which is likely to be done in about five years.

The purpose of this memo is to provide the Board information about LCOG's deferred compensation plan. No action is required.