

DEFERRED COMPENSATION PLAN BOARD REPORT 09-49

Date: September 29, 2009
 To: Board of Deferred Compensation Administration
 From: Staff
 Subject: Deferred Compensation Plan Budget Status Report:
 Quarter Ending 6/30/09

Members
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Recommendation:

That the Board of Deferred Compensation Administration (a) receive and file the following status report on Deferred Compensation Plan budget accounts for the quarter ending **6/30/09**; and (b) for this same quarter, approve reimbursements from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for **\$130,223.99**; City Attorney for **\$19,478.61**; and DWP for **\$2,795.02**.

Discussion:

Reimbursements - Staff is recommending reimbursement from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for **\$130,223.99**; City Attorney for **\$19,478.61**; and DWP for **\$2,795.02**, for the quarter ending 6/30/09. The calculations for the current quarter reimbursement include salaries for all positions presently servicing the Plan, including direct salary and indirect costs as calculated in the City Controller's Cost Allocation Plan (CAP) rates and by DWP Payroll. Indirect costs for the 08/09 fiscal year for Personnel, City Attorney and DWP are 88.53%, 43.23%, and 82% respectively. Quarterly activity in the Plan's revenue/expenditure accounts is included in Attachment I.

Rolling five-year Projected Income/Expenses - Following is a rolling five-year forecast of revenue/expenses for the Deferred Compensation Plan budget accounts. As in previous budget reports, the long-term surplus amount is within range of the Board's target surplus of \$1.5 million.

PROJECTED REVENUE/EXPENSES: 07/01/09-6/30/14

Quarter Ending:	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014
Starting Balance	\$ 3,024,263	\$ 2,649,201	\$ 2,208,896	\$ 1,792,229	\$ 1,407,558
Estimated Interest Earnings	\$ 151,213	\$ 132,460	\$ 110,445	\$ 89,611	\$ 70,378
Estimated Total Revenue	\$ 2,132,583	\$ 2,219,406	\$ 2,311,013	\$ 2,412,544	\$ 2,525,174
Estimated Expenses	\$ (2,658,858)	\$ (2,792,172)	\$ (2,838,124)	\$ (2,886,827)	\$ (3,001,729)
Difference	\$ (526,275)	\$ (572,766)	\$ (527,111)	\$ (474,283)	\$ (476,554)
Estimated Surplus Balance	\$ 2,649,201	\$ 2,208,896	\$ 1,792,229	\$ 1,407,558	\$ 1,001,382

PROJECTED FEE REVENUES DETAIL

Account Size	Participants	Account Values	Revenue Estimates				
			6/30/2009	6/30/2010	6/30/2011	6/30/2012	6/30/2013
Less than \$25k	19,680	\$ 176,010,511	\$ 191,851	\$ 209,118	\$ 227,939	\$ 248,453	\$ 270,814
\$25k-\$50k	6,295	\$ 228,037,905	\$ 248,561	\$ 270,932	\$ 295,316	\$ 321,894	\$ 350,865
\$50k-\$75k	3,632	\$ 224,226,230	\$ 244,407	\$ 266,403	\$ 290,379	\$ 316,514	\$ 345,000
\$75k-\$100k	2,715	\$ 236,053,657	\$ 257,298	\$ 280,455	\$ 305,696	\$ 333,209	\$ 363,198
\$100k-\$200k	5,592	\$ 780,620,182	\$ 712,980	\$ 727,240	\$ 741,784	\$ 756,620	\$ 771,752
\$200k-\$300k	1,558	\$ 375,224,806	\$ 198,645	\$ 202,618	\$ 206,670	\$ 210,804	\$ 215,020
\$300k-\$400k	563	\$ 192,953,479	\$ 71,783	\$ 73,218	\$ 74,683	\$ 76,176	\$ 77,700
\$400k-\$500k	209	\$ 92,336,514	\$ 26,648	\$ 27,180	\$ 27,724	\$ 28,279	\$ 28,844
Over \$500k	229	\$ 152,351,138	\$ 29,198	\$ 29,781	\$ 30,377	\$ 30,985	\$ 31,604
Total-->	40,473	\$ 2,457,814,422	\$ 1,981,370	\$ 2,086,946	\$ 2,200,569	\$ 2,322,933	\$ 2,454,797

PROJECTED EXPENSES DETAIL

Annual Expenses	6/30/2010	6/30/2011	6/30/2012	6/30/2013	6/30/2014
Admin Fees Owed to GWRS	\$ 1,640,978	\$ 1,673,797	\$ 1,707,273	\$ 1,741,419	\$ 1,776,247
Salary/Related Costs	\$ 767,880	\$ 806,274	\$ 846,588	\$ 888,917	\$ 906,696
Consulting Costs	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Training/Education	\$ 50,000	\$ 51,500	\$ 53,045	\$ 54,636	\$ 56,275
Quarterly-Fee Allocation Funds	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000	\$ 30,000
Election Administration	\$ -	\$ 60,000	\$ 30,000	\$ -	\$ 60,000
Office/Admin/Equipment	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510
	\$ 2,658,858	\$ 2,792,172	\$ 2,838,124	\$ 2,886,827	\$ 3,001,729

Please note staff used a five-percent rate of interest when calculating the assumed rate of return on Reserve Fund balances. The Reserve Fund is held in the Plan's Stable Value Fund, the long-term return of which is close to 5% (and is 4% in the current abnormally low interest rate environment). In addition, all projected consulting costs are consistent with the annual amount of the current Mercer contract.

Submitted by:

Natasha Zuvich

Steven Montagna

Approved by:

Alejandrina Basquez

DEFERRED COMPENSATION PLAN QUARTERLY BUDGET REVIEW

ADMINISTRATIVE AND OPERATING EXPENSES

QUARTER ENDING 6/30/09

STARTING BALANCE		
Payroll Fee Trust Fund Ending Balance - 3/31/09	\$	154,003
Administrative Fee Reserve Fund Balance - 3/31/09	\$	3,457,318
Total	\$	3,611,321
REVENUES/FEEES		
Interest Earnings on Payroll Fee Trust Fund	\$	1,383
Administrative Fee Reserve Fund Deposits	\$	1,603
Interest Earnings on Administrative Fee Reserve Fund	\$	35,829
Miscellaneous Revenues	\$	23
Total Revenue/Fees	\$	38,838
STARTING BALANCE + REVENUE/FEEES		\$ 3,650,159
EXPENDITURES		
Participant Administrative Fees Paid to Great-West	\$	(181,527)
Personnel Department Reimbursements	\$	(154,904)
City Attorney Reimbursements	\$	(19,880)
DWP Reimbursements	\$	-
Consulting Costs	\$	(68,891)
2130 Travel/Training/Education	\$	-
4160 Governmental Meetings	\$	-
6010 Office and Administrative	\$	-
7300 Office Furniture & Equipment	\$	-
GWRS Quarterly Fee - Asset Allocation Fund Management	\$	(7,500)
TOTAL EXPENDITURES	\$	(432,702)
Actual Payroll Fee Trust Fund Ending Balance (6/30/09)	\$	86,518
Actual Administrative Fee Reserve Fund Ending Balance (6/30/09)	\$	3,253,383
ACTUAL TOTAL BALANCE AS OF 6/30/09		\$ 3,339,901
ENCUMBRANCES/LIABILITIES		
Reimbursements: 3 Mos. Ending 3/31/09	\$	(163,140)
Reimbursements: 3 Mos. Ending 6/30/09	\$	(152,498)
TOTAL LIABILITIES		\$ (315,638)
ASSETS LESS EXPENDITURES/LIABILITIES		\$ 3,024,263

Personnel Reimbursement Summary - 3 Months Ending 6/30/09		
Personnel - Salaries + Related Costs @ 88.53%	\$	130,223.99
City Attorney - Salaries + Related Costs @ 43.23%	\$	19,478.61
DWP - Salaries + Related Costs @ 82.00%	\$	2,795.02
Total Reimbursements	\$	152,497.61

