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DEFERRED COMPENSATION PLAN BOARD REPORT 06-37



Date: November 13, 2006

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Brokerage Window

Recommendation:

That the Board of Deferred Compensation Administration refer study of options for structuring the Plan's brokerage window to the Board's Investments Committee and request that the Committee return to the full Board with its findings.

Discussion:

Periodically staff receives inquiries from Deferred Compensation Plan participants regarding the Plan's brokerage window. In general, these inquiries often focus around access to investments other than mutual funds and the potential for using a more state-of-the-art brokerage window. Staff recently received a written inquiry (attached) which staff is now providing to the Board.

The City's brokerage window was introduced in 1999. It is a limited window, offering only no-load mutual funds (approximately 1,500 total). Since the introduction of this option, the Board has at various times considered potential changes to its structure. For example, at a special all-day retreat conducted in 2002 the Board reviewed options for alternative designs, services and pricing models. The Board also subsequently considered the results of surveys and focus groups conducted with participants of the City's "Options Plus" provider, Fiserv. However, no action to modify the Plan brokerage window was taken as a result of those events, in large part because the uncertainties surrounding the Plan Administrator contract argued for postponing further study.

As the Plan has now resolved the issue of the Plan Administrator contract, staff believes it is time for this issue to be revisited. Staff further believes that this is an issue which would best be approached first in the Investments Committee and then moved to the full Board. The Investments Committee would have the ability to review prior and updated data, study options and develop recommendations for Board consideration. As a result, staff recommends that the Board refer study of options for structuring the Plan's brokerage window to the Investments Committee and request that it return to the full Board with its findings.

Submitted by: _____
Steven Montagna

Approved by: _____
Maryanne Keehn