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DEFERRED COMPENSATION PLAN BOARD REPORT 06-40



Date: December 7, 2006

To: Board of Deferred Compensation Administration

From: Staff

Subject: Interest Earning Options Review

Recommendation:

That the Board of Deferred Compensation Administration receive and file information in the attached report regarding the interest earning options provided in the City's Deferred Compensation Plan; and receive and file information regarding the communications strategy for the previously approved changes to the Plan's stable value/general account options.

General Information:

At recent Board meetings there have been inquiries from Board members regarding the Plan's four interest-earning options (the Washington Mutual Liquid Account, Washington Mutual Certificates of Deposit, Galliard Stable Value Fund and Hartford General Account). These inquiries have concerned three primary issues:

- (1) Determining whether the City's interest-earning options offer competitive rates of return;
- (2) Determining whether the City's interest-earning options offer competitive fees;
- (3) Ensuring that the Plan has a well-considered communication and implementation plan in executing the Board's previously approved transition of Hartford General Account assets to a stable value vehicle administered by Hartford and consolidated for participant transaction purposes with the Galliard Stable Value Fund.

Staff and the Board's consultant, Mercer Investment Consulting, have worked together to prepare the attached report/presentation (to be presented in PowerPoint at the Board meeting). The focus of the presentation is on first delineating the differences between the various interest earning options in the City's Plan, evaluating how performance/fees for these options compare with applicable peer groups, and lastly defining how staff plans to implement the fixed account simplification/consolidation.

Submitted by: _____
Steven Montagna

Approved by: _____
Maryanne Keehn