

# DEFERRED COMPENSATION PLAN BOARD REPORT 09-42



Date: June 22, 2009  
 To: Board of Deferred Compensation Administration  
 From: Staff  
 Subject: Deferred Compensation Plan Budget Status  
 Report: Quarter Ending 3/31/09

*Members*  
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 Richard Kraus, First Provisional Chair  
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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 **3/31/09**; and (b) for this same quarter, approve reimbursements from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for **\$141,131.65**; City Attorney for **\$19,213.63**; 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 **\$141,131.65**; City Attorney for **\$19,213.63**; and DWP for **\$2,795.02**, for the quarter ending 3/31/09. 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. Estimates used by staff are, as usual, conservative. The long-term surplus amount is within range of the Board's target surplus of \$1.5 million.

**PROJECTED REVENUE/EXPENSES: 04/01/09-3/31/14**

| Quarter Ending:             | 3/31/2010      | 3/31/2011      | 3/30/2012      | 3/31/2013      | 3/31/2014      |
|-----------------------------|----------------|----------------|----------------|----------------|----------------|
| Starting Balance            | \$ 3,270,602   | \$ 2,814,814   | \$ 2,333,504   | \$ 1,922,301   | \$ 1,587,433   |
| Estimated Interest Earnings | \$ 158,233     | \$ 158,233     | \$ 158,233     | \$ 158,233     | \$ 158,233     |
| Estimated Total Revenue     | \$ 2,001,617   | \$ 2,104,957   | \$ 2,216,346   | \$ 2,336,485   | \$ 2,466,134   |
| Estimated Expenses          | \$ (2,615,638) | \$ (2,744,500) | \$ (2,785,782) | \$ (2,829,586) | \$ (2,942,342) |
| Difference                  | \$ (614,021)   | \$ (639,543)   | \$ (569,436)   | \$ (493,101)   | \$ (476,208)   |
| Estimated Surplus Balance   | \$ 2,814,814   | \$ 2,333,504   | \$ 1,922,301   | \$ 1,587,433   | \$ 1,269,457   |

## PROJECTED FEE REVENUES DETAIL

| Account Size    | Participants | Account Values   | Revenue Estimates |              |              |              |              |
|-----------------|--------------|------------------|-------------------|--------------|--------------|--------------|--------------|
|                 |              |                  | 3/31/2009         | 3/31/2010    | 3/31/2011    | 3/31/2012    | 3/31/2013    |
| Less than \$25k | 20,606       | \$ 178,660,293   | \$ 194,740        | \$ 212,266   | \$ 231,370   | \$ 252,194   | \$ 274,891   |
| \$25k-\$50k     | 6,209        | \$ 223,503,990   | \$ 243,619        | \$ 265,545   | \$ 289,444   | \$ 315,494   | \$ 343,889   |
| \$50k-\$75k     | 3,729        | \$ 230,669,908   | \$ 251,430        | \$ 274,059   | \$ 298,724   | \$ 325,609   | \$ 354,914   |
| \$75k-\$100k    | 2,747        | \$ 238,366,353   | \$ 259,819        | \$ 283,203   | \$ 308,691   | \$ 336,474   | \$ 366,756   |
| \$100k-\$200k   | 4,868        | \$ 671,712,609   | \$ 620,670        | \$ 633,083   | \$ 645,745   | \$ 658,660   | \$ 671,833   |
| \$200k-\$300k   | 1,318        | \$ 316,799,104   | \$ 168,045        | \$ 171,406   | \$ 174,834   | \$ 178,331   | \$ 181,897   |
| \$300k-\$400k   | 463          | \$ 158,131,683   | \$ 59,033         | \$ 60,213    | \$ 61,417    | \$ 62,646    | \$ 63,899    |
| \$400k-\$500k   | 169          | \$ 74,411,320    | \$ 21,548         | \$ 21,978    | \$ 22,418    | \$ 22,866    | \$ 23,324    |
| Over \$500k     | 192          | \$ 127,546,448   | \$ 24,480         | \$ 24,970    | \$ 25,469    | \$ 25,978    | \$ 26,498    |
| Total-->        | 40,301       | \$ 2,219,801,708 | \$ 1,843,384      | \$ 1,946,724 | \$ 2,058,113 | \$ 2,178,252 | \$ 2,307,901 |

## PROJECTED EXPENSES DETAIL

| Annual Expenses                | 3/31/2010    | 3/31/2011    | 3/31/2012    | 3/31/2013    | 3/31/2013    |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|
| Admin Fees Owed to GWRS        | \$ 1,634,004 | \$ 1,666,684 | \$ 1,700,018 | \$ 1,734,018 | \$ 1,768,699 |
| Salary/Related Costs           | \$ 792,665   | \$ 832,299   | \$ 873,914   | \$ 917,609   | \$ 935,961   |
| Consulting Costs               | \$ 200,000   | \$ 200,000   | \$ 200,000   | \$ 200,000   | \$ 200,000   |
| 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    |
|                                | \$ 2,726,669 | \$ 2,861,083 | \$ 2,908,194 | \$ 2,958,118 | \$ 3,073,446 |

Submitted by:

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Natasha Zuvich

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Steven Montagna

Approved by:

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Alejandrina Basquez

| <b>DEFERRED COMPENSATION PLAN QUARTERLY BUDGET REVIEW</b>         |                      |
|---|----------------------|
| <b>ADMINISTRATIVE AND OPERATING EXPENSES</b>                      |                      |
| <b>QUARTER ENDING 3/31/09</b>                                     |                      |
| <b>STARTING BALANCE</b>   |                      |
| Payroll Fee Trust Fund Ending Balance - 12/31/08                  | \$ 214,597           |
| Administrative Fee Reserve Fund Balance - 12/31/08                | \$ 3,582,738         |
| Total   | \$ 3,797,335         |
| <b>REVENUES/FEES</b>  |                      |
| Interest Earnings on Payroll Fee Trust Fund                       | \$ 504               |
| Administrative Fee Reserve Fund Deposits                          | \$ 31,384            |
| Interest Earnings on Administrative Fee Reserve Fund              | \$ 39,054            |
| Miscellaneous Revenues  | \$ 45                |
| Total Revenue/Fees  | \$ 70,987            |
| <b>STARTING BALANCE + REVENUE/FEES</b>                            | <b>\$ 3,868,322</b>  |
| <b>EXPENDITURES</b>   |                      |
| Participant Administrative Fees Paid to Great-West                | \$ 195,858           |
| Personnel Department Reimbursements                               | \$ (158,770)         |
| City Attorney Reimbursements                                      | \$ (25,286)          |
| DWP Reimbursements  | \$ -                 |
| Consulting Costs  | \$ (8,743)           |
| 2130 Travel/Training/Education                                    | \$ (1,589)           |
| 4160 Governmental Meetings  | \$ -                 |
| 6010 Office and Administrative                                    | \$ (585)             |
| 7300 Office Furniture & Equipment                                 | \$ -                 |
| GWRS Quarterly Fee - Asset Allocation Fund Management             | \$ (7,500)           |
| TOTAL EXPENDITURES  | \$ (6,615)           |
| Actual Payroll Fee Trust Fund Ending Balance (3/31/09)            | \$ 154,003           |
| Actual Administrative Fee Reserve Fund Ending Balance (3/31/09)   | \$ 3,457,318         |
| <b>ACTUAL TOTAL BALANCE AS OF 3/31/09</b>                         | <b>\$ 3,611,321</b>  |
| <b>ENCUMBRANCES/LIABILITIES</b>                                   |                      |
| Reimbursements: 3 Mos. Ending 12/31/08                            | \$ (177,579)         |
| Reimbursements: 3 Mos. Ending 3/31/09                             | \$ (163,140)         |
| TOTAL LIABILITIES   | \$ (340,719)         |
| <b>ASSETS LESS EXPENDITURES/LIABILITIES</b>                       | <b>\$ 3,270,602</b>  |
| <b>Personnel Reimbursement Summary - 3 Months Ending 12/31/08</b> |                      |
| Personnel - Salaries + Related Costs @ 88.53%                     | \$ 141,131.65        |
| City Attorney - Salaries + Related Costs @ 43.23%                 | \$ 19,213.63         |
| DWP - Salaries + Related Costs @ 82.00%                           | \$ 2,795.02          |
| Total Reimbursements  | <b>\$ 163,140.30</b> |