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DEFERRED COMPENSATION PLAN BOARD REPORT 07-07



Date: March 5, 2007

To: Board of Deferred Compensation Administration

From: Plan Governance & Administrative Issues Committee/Staff

Subject: Fee Reduction Proposal

Recommendation:

That the Board of Deferred Compensation Administration approve the attached proposal to reduce Deferred Compensation Plan fees as developed by the Plan Governance & Administrative Issues Committee.

Discussion:

The Plan Governance & Administrative Issues Committee has developed a proposal to reduce fees for Plan participant accounts. The Committee was asked to review Plan fees for two reasons: (a) a growing surplus in the Plan budgetary accounts which developed over the life of the contract with Great-West Retirement Services from 7/99 through 12/06; and (b) the fee reductions provided for under the new contract with Great-West which will be effective 1/07 through 12/11.

The Committee worked together with staff, the Board's consultant and the Plan Administrator in considering various options for fee reductions. The Committee's proposal includes the four following specific elements:

- Elimination of the payroll ("fifty-cent") fee;
- Instituting a fee cap of \$100 on all participant accounts valued at \$100,000 or greater;
- Reducing the asset-based fee across all participant accounts to 10 basis points; while
- Maintaining an ongoing reserve target of \$1.25-\$1.50 million

The attached report details the work and considerations of the Committee in developing this proposal. This information will be presented in detail at the Board meeting.

Submitted by: _____
Steven Montagna

Approved by: _____
Maryanne Keehn