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DEFERRED COMPENSATION PLAN BOARD REPORT 07-13



Date: April 4, 2007
To: Board of Deferred Compensation Administration
From: Staff
Subject: DROP Rollover Article

Recommendation:

That the Board of Deferred Compensation Administration approve the attached draft article regarding DROP rollovers for general use and for publication in sworn Police/Fire periodicals.

Discussion:

As part of staff's communication efforts for sworn Police and Fire participants in the City's "DROP" program, staff has drafted the attached article regarding fee comparisons for different investment/retirement account options for DROP rollovers. As Board members are aware, many DROP members are being approached by outside financial managers and product providers encouraging those members to roll their DROP accounts into Individual Retirement Accounts (IRAs) upon retirement. Given the virtually limitless array of potential investment options and fee arrangements, staff has noted that a prime area of confusion relates to the topic of fees. The attached article is intended to help DROP participants understand the potential fees that can apply to their investments.

This document has been reviewed by both the Board's consultant, Mercer Investment Consulting, as well as the City Attorney. Staff recommends that the Board approve the article for general use as well as for publication in sworn Police/Fire periodicals.

Submitted by: _____
Steven Montagna

Approved by: _____
Maryanne Keehn