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# DEFERRED COMPENSATION PLAN BOARD REPORT 08-13



Date: April 3, 2008

To: Board of Deferred Compensation Administration

From: Staff

Subject: Update - Transition of Self-Directed Brokerage Option

Recommendation:

That the Board of Deferred Compensation Administration (a) receive and file this update regarding transition of the Self-Directed Brokerage Option (SDBO) from Fiserv to Charles Schwab; and (b) authorize the Board Chairperson to execute an amendment to the Plan's contract with Great-West Retirement Services to offer Charles Schwab as the new SDBO provider.

Discussion:

**Transition Issues** - Transition of administration of the Self-Directed Brokerage Option (SDBO) from Fiserv to Charles Schwab is proceeding smoothly. Great-West reports that an initial meeting involving Great-West, Fiserv and Charles Schwab went extremely well and that all parties were cooperative.

The timing of the implementation is expected to be pushed back several weeks as a result of certain restrictions relating to notifications as well as the elimination of the Fidelity Magellan Fund. Great-West indicates that federal regulations require 30-day notice be given to OptionsPlus participants regarding the pending transfer in providers. To ensure that all OptionsPlus participants receive the 30-day advance notice it is necessary to freeze the creation of new accounts as of a particular date. Since the Plan had previously communicated to participants in the Fidelity Magellan Fund that they would have the opportunity to transfer their liquidated position in the core menu over to OptionsPlus, some period of time must be given to these participants to allow this to happen.

The final schedule had not been determined as of the time of writing this report, but the essential chronology will unfold as follows. On April 28, the Fidelity Magellan Fund (along with the Lotsoff and Capital Guardian funds) will be eliminated. Approximately two weeks later no further new accounts will be permitted with OptionsPlus and the 30-

day notification will be issued. Approximately 30 days later the transition to Charles Schwab will begin, and approximately 30 days after that, or in early July, the transition will be completed.

**Contract Issues** – Personnel staff, Great-West and the City Attorney have been working together to resolve contractual matters related to the transition to Charles Schwab. As a result of these discussions, it has been determined that an amendment to the contract with Great-West will be required in order to offer Charles Schwab as the new SDBO provider. Staff is therefore recommending that the Board authorize the Board Chairperson to execute the necessary amendment to effect the change. This amendment is still being drafted as of the time of writing of this report.

Submitted by: \_\_\_\_\_  
Steven Montagna

Approved by: \_\_\_\_\_  
Maryanne Keehn