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DEFERRED COMPENSATION PLAN BOARD REPORT 08-19



Date: May 6, 2008

To: Board of Deferred Compensation Administration

From: Staff

Subject: Deferred Compensation Plan Budget Status Report - Quarter Ending 03/31/08

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 **03/31/08**; and (b) for this same quarter, approve reimbursements from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for **\$125,302.18**; City Attorney for **\$26,190.83**; 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 **\$125,302.18**; City Attorney for **\$26,190.83**; and DWP for **\$2,795.02**, for the quarter ending 03/31/08. The calculations for the current quarter reimbursement include salaries for the **4.8** positions presently servicing the Plan, including all 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 07/08 fiscal year for Personnel, City Attorney and DWP are 78.22%, 52.63%, and 82% respectively.

Rolling five-year Projected Income/Expenses - Following is a rolling five-year forecast of revenue/expenses for the Deferred Compensation Plan budget accounts. This calculation incorporates all of the Plan's recently approved fee reductions and higher reimbursement assumptions.

PROJECTED REVENUE/EXPENSES: 04/01/08-03/31/13

Quarter Ending:	3/31/2009	3/31/2010	3/31/2011	3/30/2012	3/30/2013
Starting Balance	\$ 3,285,374	\$ 2,885,216	\$ 2,487,024	\$ 2,144,327	\$ 1,771,009
Estimated Interest Earnings	\$ 145,650	\$ 145,650	\$ 145,650	\$ 145,650	\$ 145,650
Estimated Total Revenue	\$ 2,264,026	\$ 2,360,576	\$ 2,463,392	\$ 2,572,945	\$ 2,689,746
Estimated Expenses	\$ (2,809,835)	\$ (2,904,418)	\$ (2,951,739)	\$ (3,091,913)	\$ (3,116,716)
Difference	\$ (545,809)	\$ (543,843)	\$ (488,347)	\$ (518,968)	\$ (426,971)
Estimated Surplus Balance	\$ 2,885,216	\$ 2,487,024	\$ 2,144,327	\$ 1,771,009	\$ 1,489,689

PROJECTED FEE REVENUES DETAIL

Account Size	Participants	Account Values	Revenue Estimates				
			3/31/2008	3/31/2009	3/31/2010	3/31/2011	3/30/2012
Less than \$25k	17,114	\$ 152,354,632	\$ 164,543	\$ 177,706	\$ 191,923	\$ 207,277	\$ 223,859
\$25k-\$50k	5,971	\$ 216,064,446	\$ 233,350	\$ 252,018	\$ 272,179	\$ 293,953	\$ 317,470
\$50k-\$75k	3,675	\$ 226,924,397	\$ 245,078	\$ 264,685	\$ 285,859	\$ 308,728	\$ 333,426
\$75k-\$100k	2,766	\$ 240,809,406	\$ 260,074	\$ 280,880	\$ 303,350	\$ 327,619	\$ 353,828
\$100k-\$200k	6,225	\$ 876,563,176	\$ 793,688	\$ 809,561	\$ 825,752	\$ 842,268	\$ 859,113
\$200k-\$300k	1,990	\$ 477,804,940	\$ 253,725	\$ 258,800	\$ 263,975	\$ 269,255	\$ 274,640
\$300k-\$400k	742	\$ 253,738,143	\$ 94,605	\$ 96,497	\$ 98,427	\$ 100,396	\$ 102,403
\$400k-\$500k	314	\$ 138,854,301	\$ 40,035	\$ 40,836	\$ 41,652	\$ 42,485	\$ 43,335
Over \$500k	261	\$ 174,292,469	\$ 33,278	\$ 33,943	\$ 34,622	\$ 35,314	\$ 36,021
Total-->	39,058	\$ 2,757,405,910	\$ 2,118,375	\$ 2,214,925	\$ 2,317,741	\$ 2,427,295	\$ 2,544,095

PROJECTED EXPENSES DETAIL

Annual Expenses	3/31/2009	3/31/2010	3/31/2011	3/30/2012	3/30/2013
Admin Fees Owed to GWRS	\$ 1,583,607	\$ 1,615,279	\$ 1,647,584	\$ 1,680,536	\$ 1,714,147
Salary/Related Costs	\$ 816,228	\$ 857,040	\$ 899,892	\$ 944,886	\$ 963,784
Consulting Costs	\$ 250,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000
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	\$ 30,000
Office/Admin/Equipment	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510
	\$ 2,809,835	\$ 2,904,418	\$ 2,951,739	\$ 3,091,913	\$ 3,116,716

The Board's targeted surplus level is \$1.5 million. This projection indicates that the target will be largely met over the next five year period, although the projected surplus in the fifth year is slightly below target.

Submitted by: _____
Steven Montagna

Approved by: _____
Maryanne Keehn

DEFERRED COMPENSATION PLAN QUARTERLY BUDGET REVIEW	
ADMINISTRATIVE AND OPERATING EXPENSES	
QUARTER ENDING 03/31/08	
STARTING BALANCE	
Payroll Fee Trust Fund Ending Balance - 12/31/07	\$ 292,827
Administrative Fee Reserve Fund Balance - 12/31/07	\$ 3,542,981
Total	\$ 3,835,808
REVENUES/FEES	
Interest Earnings on Payroll Fee Trust Fund	\$ 4,338
Administrative Fee Reserve Fund Deposits	\$ 241,407
Interest Earnings on Administrative Fee Reserve Fund	\$ 32,075
Miscellaneous Revenues	\$ 65
Total Revenue/Fees	\$ 277,884
STARTING BALANCE + REVENUE/FEES	\$ 4,113,692
EXPENDITURES	
Participant Administrative Fees Paid to Great-West	\$ (387,077)
Personnel Department Reimbursements	\$ -
City Attorney Reimbursements	\$ -
DWP Reimbursements	\$ -
Consulting Costs	\$ (13,025)
2130 Travel/Training/Education	\$ (600)
4160 Governmental Meetings	\$ -
6010 Office and Administrative	\$ -
7300 Office Furniture & Equipment	\$ -
GWRS Quarterly Fee - Asset Allocation Fund Management	\$ (4,500)
TOTAL EXPENDITURES	\$ (405,202)
Actual Payroll Fee Trust Fund Ending Balance (03/31/08)	\$ 283,604
Actual Administrative Fee Reserve Fund Ending Balance (03/31/08)	\$ 3,438,635
ACTUAL TOTAL BALANCE AS OF 03/31/08	\$ 3,722,239
ENCUMBRANCES/LIABILITIES	
Reimbursements: (Personnel: 3 Mos. Ending 9/30/07)	\$ (146,598)
Reimbursements: (Personnel: 3 Mos. Ending 12/31/07)	\$ (135,979)
Reimbursements: (Personnel: 3 Mos. Ending 03/31/08)	\$ (154,288)
TOTAL LIABILITIES	\$ (436,865)
ASSETS LESS EXPENDITURES/LIABILITIES	\$ 3,285,374
Personnel Reimbursement Summary - 3 Months Ending 03/31/08	
Personnel - Salaries + Related Costs @ 78.22%	\$ 125,302.18
City Attorney - Salaries + Related Costs @ 52.63%	\$ 26,190.83
DWP - Salaries + Related Costs @ 82.00%	\$ 2,795.02
Total Reimbursements	\$ 154,288.03