

Deferred Compensation Plan BOARD REPORT 11-60

Date: August 25, 2011
To: Board of Deferred Compensation Administration
From: Staff
Subject: Deferred Compensation Plan Trustee – Wells Fargo

*Board of Deferred
Compensation Administration
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Recommendation:

That the Board of Deferred Compensation Administration a) approve the draft amendment to the current contract with Great-West Retirement Services to include use of its affiliate Wells Fargo to provide passive trustee services, b) approve the Wells Fargo Custodial Account Agreement, and c) approve the January 3, 2012 implementation date.

Background:

At the January 10, 2011 Board meeting, the Board directed staff to draft an amendment to the Great-West Retirement Services (Great-West) contract to include use of its affiliate Wells Fargo to provide passive trustee services for the Deferred Compensation Plan and report on transition issues related to moving from Orchard Trust to Wells Fargo. The Board took this action in response to a recommendation from staff and its consultant that making the change would institute a best practice for meeting the Federal trust requirement (see attached Board Report 11-01 for reference). Staff recommends that the Board approve the attached Great-West contract amendment as well as the Wells Fargo Custodial Account Agreement. Staff has worked with the Office of the City Attorney in developing both documents. As discussed at the January 2011 Board meeting, Great-West has indicated that there will be a \$2500 set-up charge and an annual \$2500 fee. These fees will be withheld from the Deferred Compensation Plan Reserve Fund account.

Implementation -- Great-West has informed staff that when the Plan transitions to Wells Fargo it will be necessary to ensure there are no pending transactions that could apply against the Orchard Trust ledger and result in participants receiving two 2011 tax forms (one from each custodian) for distributions taken during the year. Therefore, for the transaction to appear seamless to participants, Great-West and staff recommend that the transition from Orchard Trust to Wells Fargo take place on January 3, 2012, the first business day of the year.

Pension Savings Plan – Similar to the Deferred Compensation Plan, the Pension Savings Plan currently uses the custodial services of Orchard Trust, with the City acting as self-trustee. Staff is separately recommending to the General Manager of the Personnel Department, the contracting authority for the Pension Savings Plan, to similarly approve Wells Fargo to provide passive trustee services for the Pension Savings Plan.

Submitted by: _____
Ashley Stracke

Reviewed by: _____
Natasha Gameroz

Approved by: _____
Steven Montagna