

DEFERRED COMPENSATION PLAN BOARD REPORT 10-20

Date: June 7, 2010
 To: Board of Deferred Compensation Administration
 From: Staff
 Subject: Deferred Compensation Plan Budget Status Report:
 Quarter Ending 3/31/10

Members
 Eugene K. Canzano, Chairperson
 Richard Kraus, Vice-Chairperson
 Sally Choi, First Provisional Chair
 Cliff Cannon, Second Provisional Chair
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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 **3/31/10**; and (b) for this same quarter, approve reimbursements from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for **\$91,389.79**; City Attorney for **\$26,605.87**; and DWP for **\$1,397.51**.

Discussion:

Reimbursements - Staff is recommending reimbursement from the Deferred Compensation Plan Reserve Fund accounts to the Personnel Department for **\$91,389.79**; City Attorney for **\$26,605.87**; and DWP for **\$1,397.51**, for the quarter ending 3/31/10. The calculations for the current quarter reimbursement include salaries for all positions presently servicing the Plan, including 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 09/10 fiscal years for Personnel, City Attorney and DWP are 82.98%, 88.7%, and 82% respectively. Quarterly activity in the Plan's revenue/expenditure accounts is included in Attachment I.

Rolling five-year Projected Income/Expenses - Following is a rolling five-year forecast of revenue/expenses for the Deferred Compensation Plan budget accounts. The long-term surplus amount is still above the Board's target surplus of \$1.5 million.

PROJECTED REVENUE/EXPENSES: 4/01/10-3/31/15

Quarter Ending:	3/31/2011	3/31/2012	3/31/2013	3/31/2014	3/31/2015
Starting Balance	\$ 3,117,671	\$ 2,908,197	\$ 2,719,769	\$ 2,583,898	\$ 2,421,825
Estimated Interest Earnings	\$ 155,884	\$ 145,410	\$ 135,988	\$ 129,195	\$ 121,091
Estimated Total Revenue	\$ 2,354,808	\$ 2,453,247	\$ 2,560,759	\$ 2,679,609	\$ 2,806,604
Estimated Expenses	\$ (2,720,166)	\$ (2,787,085)	\$ (2,832,618)	\$ (2,970,877)	\$ (2,995,693)
Difference	\$ (365,358)	\$ (333,838)	\$ (271,859)	\$ (291,269)	\$ (189,089)
Estimated Surplus Balance	\$ 2,908,197	\$ 2,719,769	\$ 2,583,898	\$ 2,421,825	\$ 2,353,827

PROJECTED FEE REVENUES DETAIL

Account Size	Participants	Account Values	Revenue Estimates				
			3/31/2010	3/31/2011	3/31/2012	3/31/2013	3/31/2014
Less than \$25k	17,940	\$ 169,837,582	\$ 185,123	\$ 201,784	\$ 219,945	\$ 239,740	\$ 261,316
\$25k-\$50k	6,343	\$ 228,910,154	\$ 249,512	\$ 271,968	\$ 296,445	\$ 323,125	\$ 352,207
\$50k-\$75k	3,762	\$ 231,630,107	\$ 252,477	\$ 275,200	\$ 299,968	\$ 326,965	\$ 356,392
\$75k-\$100k	2,539	\$ 220,651,674	\$ 240,510	\$ 262,156	\$ 285,750	\$ 311,468	\$ 339,500
\$100k-\$200k	6,347	\$ 906,714,642	\$ 809,243	\$ 825,427	\$ 841,936	\$ 858,775	\$ 875,950
\$200k-\$300k	2,157	\$ 518,265,044	\$ 275,018	\$ 280,518	\$ 286,128	\$ 291,851	\$ 297,688
\$300k-\$400k	798	\$ 272,202,391	\$ 101,745	\$ 103,780	\$ 105,855	\$ 107,973	\$ 110,132
\$400k-\$500k	329	\$ 146,071,118	\$ 41,948	\$ 42,786	\$ 43,642	\$ 44,515	\$ 45,405
Over \$500k	340	\$ 229,220,458	\$ 43,350	\$ 44,217	\$ 45,101	\$ 46,003	\$ 46,923
Total-->	40,555	\$ 2,923,503,170	\$ 2,198,925	\$ 2,307,837	\$ 2,424,771	\$ 2,550,414	\$ 2,685,513

PROJECTED EXPENSES DETAIL

Annual Expenses	3/31/2011	3/31/2012	3/31/2013	3/31/2014	3/31/2015
Admin Fees Owed to GWRS	\$ 1,644,302	\$ 1,677,189	\$ 1,710,732	\$ 1,744,947	\$ 1,779,846
Salary/Related Costs	\$ 756,819	\$ 794,660	\$ 834,393	\$ 876,112	\$ 893,635
Consulting Costs	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000	\$ 150,000
Training/Education	\$ 53,045	\$ 54,636	\$ 56,275	\$ 57,964	\$ 59,703
Quarterly-Fee Allocation Funds	\$ 36,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Election Administration	\$ 60,000	\$ 30,000	\$ -	\$ 60,000	\$ 30,000
Office/Admin/Equipment	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510
	\$ 2,720,166	\$ 2,787,085	\$ 2,832,618	\$ 2,970,877	\$ 2,995,693

The Board's targeted surplus level is \$1.5 million. This projection indicates that the target will be exceeded over each of the next five years.

Submitted by: _____
Natasha Gameroz

Reviewed by: _____
Steven Montagna

Approved by: _____
Alejandrina Basquez

DEFERRED COMPENSATION PLAN QUARTERLY BUDGET REVIEW**ADMINISTRATIVE AND OPERATING EXPENSES****QUARTER ENDING 3/31/10**

STARTING BALANCE		
Payroll Fee Trust Fund Ending Balance - 12/31/09	\$	28,537
Administrative Fee Reserve Fund Balance - 12/31/09	\$	3,473,506
Total	\$	3,502,043
REVENUES/FEES		
Interest Earnings on Payroll Fee Trust Fund	\$	446
Administrative Fee Reserve Fund Deposits	\$	353,056
Interest Earnings on Administrative Fee Reserve Fund	\$	27,476
Miscellaneous Revenues	\$	75
Total Revenue/Fees	\$	381,053
STARTING BALANCE + REVENUE/FEES		\$ 3,883,096
EXPENDITURES		
Participant Administrative Fees Paid to Great-West	\$	(150,368)
Personnel Department Reimbursements	\$	-
City Attorney Reimbursements	\$	-
DWP Reimbursements	\$	-
Consulting Costs	\$	(30,266)
2130 Travel/Training/Education	\$	(600)
4160 Governmental Meetings	\$	-
6010 Office and Administrative	\$	-
7300 Office Furniture & Equipment	\$	-
GWRS Quarterly Fee - Asset Allocation Fund Management	\$	(9,000)
TOTAL EXPENDITURES	\$	(190,234)
Actual Payroll Fee Trust Fund Ending Balance (3/31/10)	\$	147,162
Actual Administrative Fee Reserve Fund Ending Balance (3/31/10)	\$	3,367,189
ACTUAL TOTAL BALANCE AS OF 3/31/10		\$ 3,514,351
ENCUMBRANCES/LIABILITIES		
Reimbursements: 3 Mos. Ending 9/30/09	\$	(150,368)
Reimbursements: 3 Mos. Ending 12/31/09	\$	(126,919)
Reimbursements: 3 Mos. Ending 3/31/10	\$	(119,393)
TOTAL LIABILITIES	\$	(396,680)
ASSETS LESS EXPENDITURES/LIABILITIES		\$ 3,117,671

Personnel Reimbursement Summary - 3 Months Ending 3/31/10		
Personnel - Salaries + Related Costs @ 82.98%	\$	91,389.79
City Attorney - Salaries + Related Costs @ 88.7%	\$	26,605.87
DWP - Salaries + Related Costs @ 82.00%	\$	1,397.51
Total Reimbursements	\$	119,393.17