



To the Mayor and Members of the City Council

October 10, 2023

Page 1 of 1

SUBJECT: DEFERRED COMPENSATION PLAN

The purpose of this report is to provide an update on the City's Deferred Compensation Plan ("Plan") and the City's engagement in a Request for Proposal ("RFP") for a 457 Plan Recordkeeper.

The City sponsors the Plan as a supplemental voluntary benefit to City employees. This defined contribution plan was established in March 1981 under IRC §457(b) and allows employees to make additional voluntary contributions to their retirement security. Under section 609.103(a) of the Texas Government Code, the City Manager and his/her designee is the Plan Administer and holds fiduciary responsibility of the Plan.

The Deferred Compensation Plan Oversight Committee ("Committee") was created in 2011 pursuant to Texas Government Code Section 609.106. This committee monitors the activities of the Plan, recommends investment options, develops policies and procedures, and as necessary, issues and evaluates an RFP process to select a recordkeeper or consultants. The composite of the committee includes nine members of active and retired civil and non-civil service employees. The Chief Financial Officer or designee and the Human Resources Director or designee are permanent members. The other committee members serve in terms as outlined in the City of Fort Worth Deferred Compensation Plan Oversight Committee Charter and By-Laws. Currently, the City's recordkeeper is TIAA and the consultant for the Plan is AndCo Consulting (stylized as "&Co").

The defined contribution retirement option allows employees to *voluntarily* make additional payroll contributions for retirement security. All regular full-time and part-time employees are eligible to participate in this plan. As of June 30, 2023, there were 3,169 active employees contributing to the plan with an estimated asset value of \$337.6 million.

Request for Proposal (RFP)

While this Plan does not use City funds and there is no requirement to pursue a formal bid process, it is recommended by the plan consultant to complete an RFP process every 3-5 years to select a recordkeeper. The RFP process serves to create a competitive environment for the best value in administrative fees and plan performance for City employees that voluntarily participate. Staff proposed a 5-year term with 5 1-year renewals as recommend by the Consultant. The initial 5-year term should result in better pricing for our employees. The current recordkeeper's contract expires in April 2024. A subcommittee of Committee members will be responsible for reviewing, evaluating, and recommending the City's recordkeeper.

The outline below provides a timeline of the proposed RFP process:

- RFP Published – September 12, 2023
- Bid closes – October 5, 2023
- Subcommittee Evaluation – November 2023
 - Recommendation to Deferred Compensation Oversight Committee
- Council approval – December 2023
- New contract effective – April 2024

For any questions on this report, please contact Dianna Giordano, Human Resources Director, at (817) 392-7783 or Reginald Zeno, Chief Financial Officer at (817) 392-8517.

David Cooke
City Manager