

Deferred Compensation Motion

On August 17, the Board of Deferred Compensation Administration acted to terminate the City's contract with Great West Retirement Services for Plan administration and replace them with a company called Nationwide. This decision has raised significant concerns, including the following:

Nationwide's RFP response indicates they will impose a 20-25% fee increase over what City employees are currently paying, even while Great-West's RFP response had offered a fee reduction.

The Board never informed City employees that this RFP was being issued, nor did they ask City employees if they would be willing to pay more for additional services.

Nationwide's proposed additional services -- primarily more local staff and an investment advice program --- might have been provided to City employees through other means by not raising fees. In opting for Nationwide the Board failed to adequately explore options to a systemwide fee increase for all the Plan participants.

The Board's own staff and an outside consultant both recommended the retention of Great-West, however the Board ignored the advice of staff and consultant by selecting Nationwide.

The actions of the Board are even more puzzling in light of its responsibilities set forth in the Administrative Code which include the following:

"The Board is hereby authorized to approve, and the chair of the Board is hereby authorized to execute, amendments to contracts with Plan administrators when such amendments result in no new costs to either the City or to any participants in the Plan. "

"The Board shall periodically cause to be conducted representative sample surveys of Plan Participants to determine member satisfaction, complaints, ideas for improvement of the Plan, and to obtain similar information.

In order to address the concerns raised by the Board' s action to change Plan administrators, it is necessary to obtain further information, testimony and analysis.

I THEREFORE MOVE that pursuant to Section 245 of the Los Angeles City Charter (Prop 5) the Council assert jurisdiction over the August 17, 2004 action of the Board of Deferred Compensation Administration to terminate the City's Contract with Great-West Retirement Services and replace them with a company called Nationwide.

I FUTHER MOVE that, upon assertion of jurisdiction, the matter be referred to the Personnel Committee.

PRESENTED BY COUNCILMAN DENNIS P. ZINE, THIRD DISTRICT
SECONDED BY COUNCILMEMBER GREIG SMITH, TWELFTH DISTRICT

SEPTEMBER 07, 2004