



Defined Contributions Report

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File ID: 2022-01278

June 29, 2022

Title: Committee Work Plan and Updates

Location: Citywide

Recommendation: Receive and provide direction as needed.

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Attachments:

1-Description/Analysis

2-Work Plan

Description/Analysis

Issue Detail: The Committee established a work plan at its January 15, 2020, meeting. The work plan includes a log of items in progress. The work plan is intended to be an informational document that can be routinely and easily updated and provide a guide for planning meeting agendas during the year. No formal action is required to update or discuss the workplan.

This item on the March 23, 2022, meeting agenda was continued to the next meeting. Additional items have been added since the March meeting.

Follow up items

1. MissionSquare Retirement Health Savings Plans – why are in-service distributions not allowed?

The Affordable Care Act (ACA) generally prohibits group health plans from imposing annual and lifetime limits on the dollar value of essential health benefits. RHS plans by design restrict health benefits to the balance available in the participant's account, and unless certain conditions are satisfied, in-service RHS plans will violate the ACA's prohibition on annual and lifetime limits. Retiree-only RHS plans are exempt from the prohibition on annual and lifetime limits.

2. Why does page 49 of the MissionSquare plan review document (2021 2nd Quarter) show 3,241 participants across all RHS plans, yet in the 1st paragraph on page 52 there is a mention of the contributions made by the plans' 694 participants?

The statement on page 52 is referring to plan 803599 which reflects 694 participants (page 44 and 52). For employers who have multiple plans of the same type, the plan review document is designed to consolidate information for the 5 largest plans. In Sacramento's case, the report pulled information from 7 RHS plans (3241 participants, page 44).

Staff, Hyas Group, and MissionSquare will engage in further discussion in the future regarding quarterly reports from MissionSquare.

3. Differences between Nationwide Quarterly Reports and Hyas Group's Quarterly Reports
Nationwide's reports are customized reports to try and meet the requests of the Committee. Hyas Group and Nationwide will continue to work together to evaluate timing of pulling data and gain a better understanding of how timing of when both parties pull the data to build their respective reports affects the reporting.
4. Nationwide to provide ProAccount information in their quarterly reports.
Total assets and number of participants is provided in the 2021 4th quarter report. Committee can request additional ProAccount data for inclusion and staff will

work with Nationwide to see if the request can be accommodated within the quarterly reports or if a separate reporting mechanism will be needed.

5. Additional verification data to be provided by Nationwide in their reporting of service level agreements.

Staff requests the Committee provide the specific data elements requested and will work with Nationwide to see if the data elements can be provided.

6. Request for ICMA-RC and City Council documents describing annual payments to the City.

This was not able to be completed prior to the staff report submittal deadline.

7. Hyas Group will work to add historical data to their quarterly reports to show five (5) year trends.

Hyas Group's 2021 4th quarter report reflects data back to 2016 and 2017. The Committee can request additional data, and staff will work with Hyas Group to see if the requests can be accommodated.

8. Request by Chair Levison, via email on March 3, 2022, regarding evaluation of pre-tax contributions by employees and the City for the 401(a) plans.

City Attorney's Office is in process of contracting with outside legal counsel to review. Information will be provided to the Committee when available.

9. Request by Chair Levison, via email on June 2, 2022, to begin discussion of issuing a Request for Proposal (RFP) for plan service providers and to place the item on the June meeting agenda.

After internal review of this request, staff was instructed to first seek an opinion from the City Attorney's Office on the requirement to conduct an RFP within a specific timeline for the City's 401(a), 457(b), and RHSA plans to seek a new recordkeeper(s). A transition to a new recordkeeper(s) can be disruptive to plan participants, and the City currently lacks the administrative and Information Technology resources to embark on a transition at this time or in the foreseeable future. More information is needed to understand any requirement to issue an RFP for this type of service.

Policy Considerations: None.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: A work plan can be an effective tool to ensure committee efficiency and assists the Department of Human Resources in allocating resources to prepare agenda items for meetings.

Financial Considerations: None.

Local Business Enterprise (LBE): Not applicable.

Defined Contribution Plans Committee
Work Plan and Project Log

Annual Work Plan	
Annual review of Bylaws, Investment Policy Statement, and Fee and Expense Policy	September
Determine annual committee training needs	September
Annual review of need to conduct RFP for 401(a) , 457(b), and/or RHSA plan services	September
Election of Chair and Vice Chair	1st mtg of year
Adoption of meeting dates for upcoming calendar year	December
Annual Presentation from ICMA-RC	June
Annual report to City Council, developed by Hvas	December
Review of Annual Education and Communication Plan with Nationwide	December
Review Workplan	Each meeting
End of Quarter Review by Hvas Group	Each meeting
Projects	Target
Revise, as necessary, the Investment Policy Statement	9/2022
Add loans for retirees and termed participants on the 401(a) plans	9/2022
Ratification of 457 plan documents to incorporate language about CARES Act. -Not required until 2024 -Awaiting template from Nationwide	Before 2024
Completed/Removed	Completed
RFP for Retirement Plans Consultant	10/17/2019
Amendment to Bylaws to require committee members are plan participants	3/10/2020
Implementation of RHSA for 522 members	5/2020
Information on RHSA deceased participants with no beneficiaries	8/20/2020
Nationwide Quarterly Reports Release Schedule	10/2020
Provided 457 census data to Rick Watson for employees by location	3/2020
Update the Nationwide PSA to incorporate the revisions of their service guarantees	11/2020
Implementation of 401(a) plan for Building and Construction Trades classifications	12/2020
Participant Administrative Fee for 457 Plan Participants	2/2021
Executed Professional Services Agreement with a Retirement Plans Consultant	2/2021
Added option for after-tax contributions to 457 plan	4/2021
Nationwide providing participant communication to City - plan wide communication is posted on the Committee's webpage	1/2021
Reviewed and updated funding lineup changes at 6/2021 meeting for changes 11/2021.	6/2021
Decision made in September 2021 to not offer Nationwide's Roth IRA option.	9/2021
Confirmation non-career employees not eligible to participate in the 457 plan.	9/2021
Nationwide confirms peer groups include all similar sized plans across the United States	12/2021
Review of ProAccount Services by Hvas Group	3/2022
Review of Nationwide's My Interactive Retirement Planning Tool	3/2022
Allow loans for retirees and termed participants on 457(b) plan	3/2022
Allow distributions on in-service rollover contributions on the 457(b) plan	3/2022