

City of Sacramento
Defined Contribution Plans Committee Report
915 I Street Sacramento, CA 95814
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File ID: 2026-00704

3/18/2026

Administrative Allowance Account Budget For Calendar Years 2026 and 2027

File ID: 2026-00704

Location: Citywide

Recommendation: Pass a **Motion** approving the calendar year 2026 amended budget and 2027 budget for use of funds in the Administrative Allowance Account.

Contact: Samantha Hardy, Interim Human Resources Director, (916) 808-7657, shardy@cityofsacramento.org, Department of Human Resources

Presenter: Samantha Hardy, Interim Human Resources Director, (916) 808-7657, shardy@cityofsacramento.org, Department of Human Resources

Attachments:

- 1-Description/Analysis
- 2-Vice Chair Levison Proposed Budget Summary Information
- 3-Administrative Allowance Account Transactions
- 4-Fee and Expense Policy Statement
- 5-Proposed Annual Budget with Reserve Accounts
- 6-Proposed Annual Budget without Reserve Accounts

Description/Analysis

Issue Detail: Vice Chair Levison has provided a written summary and proposal providing an amended calendar year 2026 budget and calendar year 2027 budget for the Committee's review and approval.

The administrative allowance account is funded by a \$1.50 monthly administrative fee paid by participants in the City's 457(b) plan. The fee supports administration of the City's deferred compensation plans including, but not limited to, paying for the City's deferred compensation investment consultant, supporting future expenses for conducting request for proposals for recordkeeper or administrative services, and training for Committee members.

The fees collected are held in the City's Administrative Allowance Account with Nationwide. The fund balance is invested in the Vanguard Federal Money Market Fund (VMFXX), a low-risk investment

vehicle providing stable but limited investment returns designed to preserve the account's principal balance.

The Committee is being asked to approve a budget for use of funds in the Administrative Allowance Account for calendar years 2026 and 2027. Vice-Chair Levison has provided two budget options for consideration as outlined in attachments 5 and 6.

Staff is also requesting the Committee discuss and provide direction on the following questions posed by Vice-Chair Levison in his written summary:

1. Should action be taken to reduce the amount of funds in the Unrestricted Fund Balance and what action would that be?
2. Are there specific projects that should be considered and paid for by the participation education and events line item, or should these funds be redirected elsewhere?
3. Should funds continue to be added to the Reserve for next RFPs until the anticipated amount is fully funded, even if the first expense is likely to not occur until calendar year 2032?
4. Should the reserve for Unanticipated Expenses continue to be funded at 50% of annual budgeted expenses or should the percentage change?

Policy Considerations: None.

Economic Impacts: None.

Environmental Considerations: None.

Sustainability: None.

Commission/Committee Action: None.

Rationale for Recommendation: The Fee and Expense Policy Statement outlines qualified expenses for use of funds in the administrative allowance account, and all estimated expenditures in the proposed budgets are permitted.

Financial Considerations: None.

Local Business Enterprise (LBE): Not applicable.

Attachment 2

Meeting Date: March 18, 2026
To: Defined Contribution Plans Committee
From: Murray Levison, Vice Chair (Retiree seat representative)
Subject: Administrative Allowance Account Budget for Calendar Years 2026 and 2027

Participants in the City's voluntary 457(b) deferred compensation plan pay an administrative fee of \$1.50 per month, which is deposited into an Administrative Allowance Account held by Nationwide, the plan's record-keeper. The funds in that account are used to support the oversight activities of the City Council-authorized Defined Contribution Plans Committee. As stated in the Committee's Fee and Expense Policy Statement as adopted by City Council, "Expenses may be paid or reimbursed from the Administrative Allowance Account only upon the review and approval of the City of Sacramento Defined Contribution Plans Committee." In order to facilitate the review and approval of expenses, a budget is adopted taking into account historical patterns and all anticipated fund collections and expenses. This report recommends an amended budget for the current calendar year and a budget for the following calendar year.

The Defined Contribution Plans Committee (Committee) first approved budgets for the Administrative Allowance Account on June 23, 2021. At that time, budgets for Calendar Years (CY) 2021, 2022, 2023, and 2024 were approved. On June 18, 2025, the Committee approved budgets for CY 2025 and 2026. Funds are collected from the fee assessed on all participants of the voluntary 457(b) plan and from other sources, which are deposited into the Administrative Allowance Account, and authorized expenses are paid from the Administrative Allowance Account (Attachment 3). On September 14, 2022, the Committee recommended to City Council changes to the Fee and Expense Policy Statement that annually requires the Committee to adopt a multi-year budget, and also requires that two reserve accounts be part of the budget (Attachment 4).

As a result of a new contract with an investment consultant taking effect in early 2026 that has a lower cost than originally projected, and because the investment consultant contract does not require a separate cost for conducting a Request for Proposal (RFP) process for the plans' record-keeper, projected costs are lower than originally projected. In addition, interest income on the balance in the Administrative Allowance Account is slightly higher than projected and there is yet to be a plan to spend funds allocated for participant education and events. Taken together, significantly lower expenses and slightly higher income lead to repeated annual surpluses, which results in higher balances in the Unrestricted Fund Balance category, which should have only a minimal balance.

In preparing this report, minor errors were found in the presentation of Actual results that require a restatement of prior Actual results from all years. In addition, as explained later in the report, an error occurred in reporting the amount paid in CY 2024 to the investment consultant, and that error has been corrected. The result of this restatement is that the size of the Unrestricted Fund Balance is greater than previously reported. Committee action is recommended to address the retention of funds greater than what is needed for successful

Committee functioning. Additional topics for which Committee decisions are encouraged can be found at the very end of this report.

Policy Considerations: The Committee's Fee and Expense Policy Statement requires the annual approval of a multi-year budget and requires the funding of two reserve accounts. The recommendations for CY 2026 and CY 2027 are in accordance with the policy.

Over the past five years, the funds collected minus expenses paid has resulted in an annual surplus. With adoption of an amended budget for CY 2026 and a proposed budget for CY 2027, an annual surplus is expected to continue for at least six years.

Projections for CY 2026 through CY 2029 show that there will be adequate funds to fully fund the Reserve for Next Requests For Proposals (RFPs). In addition, the Reserve for Unanticipated Expenses is projected to be funded at the desired level of 50% of annual budgeted expenses through CY 2029. Projections for several years beyond CY 2029 show these two reserve accounts will remain fully funded, providing assurance that cost increases beyond those anticipated will not cause disruption to the operation of the Committee or to the plans the Committee oversees.

Adoption of the proposed budgets will allow the Committee to fulfill its fiduciary responsibilities under California law to discharge its duties "solely in the interest of, and for the exclusive purposes of providing benefits to, the participants and their beneficiaries," ensuring that the "duty to its participants and their beneficiaries shall take precedence over any other duty."

Rationale for Recommendation: The recommended budgets for CY 2026 and CY 2027 take into account actual funds collected and expenses made during CY 2021, CY 2022, CY 2023, CY 2024, and CY 2025; update assumptions about future collections and expenditures; and continue the two reserve accounts that the Committee previously approved. The presentation of Actual results in prior years in Attachments 5 and 6 correct errors previously made. By allocating funds for annual expenses, setting aside necessary funds in the Reserve for Next Requests For Proposals for expenses that do not occur every year, and having a fully funded Reserve for Unanticipated Expenses, the Committee can be better stewards of the money that is assessed on every participant in the voluntary 457(b) plan. The multi-year projections contained in this report give the Committee a reasonable estimate of the ability to pay for current and future expenses and still maintain the flexibility to make changes should that be warranted.

Background:

Participants in the City's voluntary 457(b) deferred compensation plan pay an administrative fee of \$1.50 per month, which is deposited into an Administrative Allowance Account held by Nationwide, the plan's record-keeper. The funds in that account are used to support the oversight activities of the City Council-authorized Defined Contribution Plans Committee. As stated in the Committee's Fee and Expense Policy Statement as adopted by City Council, "Expenses may be paid or reimbursed from the Administrative Allowance Account only upon the review and approval of the City of Sacramento Defined Contribution Plans Committee." In order to facilitate the review and approval of expenses, a budget is adopted taking into account historical patterns and all anticipated fund collections and expenses. This report recommends an amended budget for the current calendar year and a budget for the following calendar year.

The Defined Contribution Plans Committee (Committee) first approved budgets for the Administrative Allowance Account on June 23, 2021. At that time, budgets for Calendar Years (CY) 2021, 2022, 2023, and 2024 were approved. On June 18, 2025, the Committee approved budgets for CY 2025 and 2026. Funds are collected from the fee assessed on all participants of the voluntary 457(b) plan and from other sources, which are deposited into the Administrative Allowance Account, and authorized expenses are paid from the Administrative Allowance Account (Attachment 3). On September 14, 2022, the Committee recommended to City Council changes to the Fee and Expense Policy Statement that annually requires the Committee to adopt a multi-year budget, and also requires that two reserve accounts be part of the budget (Attachment 4).

Current employees defer a portion of their income, and some of those funds are deposited into the City's voluntary 457(b) plan administered by Nationwide. No City funds are contributed to the 457(b) plan. A fee of \$1.50 per month, or \$18 per year, is assessed on the account of each participant in the 457(b) plan,, including those no longer working for the City, in accordance with Letters of Understanding signed by all of the City's labor unions. The \$1.50 per month fee is identified on each participant's quarterly statement, and the money is held in an Administrative Allowance Account by Nationwide, the company selected as the plan's administrator and record-keeper. When authorized expenses need to be paid, Human Resources staff verify the payment request and ensure the expenditure is included in the approved expense budget, then send information to Nationwide so that Nationwide can process the payment. The money never comes back to a City account after being deferred from employees' paychecks.

The fee of \$1.50 per month was first assessed in February 2021, the same month when the contract for an independent investment consultant became effective. Initially, it was expected that annual collections would be \$86,000, so initial revenue and expense budgets of this amount were recommended and adopted for CY 2021, 2022, 2023, and 2024. Now that there have been several years of actual collections and expenses and a better understanding has been achieved as to how the Committee operates, more refined revenue and expense budgets recommendations and projections have been prepared (Attachment 5). In addition, funds are set aside in the two required reserve accounts, and a transparent accounting of all funds received and spent can be shown. Attachment 6 shows the same proposed budgets and

projections, but the references to beginning and ending fund balances and to the reserve accounts are omitted so that the focus is only on the annual revenue and expense budgets. Both Attachments 5 and 6 reflect a correction of errors in the presentation of Actual results for all prior years.

With the benefit of having actual collections and expenses as a guide, an amended budget for CY 2026 and a proposed budget for CY 2027 is recommended to be adopted (Attachment 5). In addition, projections for the following two years, through CY 2029, are shown.

A description of what is included and what is changing in the proposed and projected budgets follows, in the same order as shown in Attachment 5:

Use of reserve accounts

Beginning with CY 2021, surplus funds at the end of one year are moved into reserve accounts at the beginning of the following year. For example, the surplus of collections less expenses of \$18,786.16 at the end of CY 2021 was moved to the Reserve For Next RFPs at the beginning of CY 2022.

Collections from fee of \$1.50 per month

Beginning with CY 2025, collections from the \$1.50 per month fee is budgeted to increase by 0.25% each year to reflect additional participants in the 457(b) plan. To be conservative, this projected increase is lower than the actual increases for the prior four calendar years 2022, 2023, 2024, and 2025 of 2.16%, 1.67%, 0.38%, and 0.67%, respectively.

Interest earned on Administrative Allowance Account

Funds on deposit with Nationwide in the Administrative Allowance Account are held in an interest-bearing account. For calendar years 2024 and 2025, the interest earned was \$5,795.58 and \$5,954.91. Due to regular annual surpluses and the growth in the balance in the Administrative Allowance Account, a conservative projection is that interest income will reach \$6,000 in CYs 2026 and 2027. A conservative projection is a continuation of \$6,000 for the next few years due to a high Unrestricted Fund Balance that will allow the balance in the Administrative Allowance Account to remain high.

Cost for investment consultant services

On January 14, 2026, the Committee recommended that Fiduciary Consulting Group (Fiduciary Consulting), formerly known as Hyas Group, be awarded a second five-year contract for investment consultant services, through January 31, 2031. Although the adopted budgets for CY 2026 and projections for the following years expected an annual cost of \$60,000 for such a contract, Fiduciary Consulting's annual payment will be \$50,000, the same as their annual payment from 2021 to 2026. The proposed budgets for CY 2026 and 2027 reflect this reduced cost. The expiration of this contract in 2031 is beyond the time period contemplated in this report, so no adjustments are needed at this time.

The Request for Proposals process for selecting a new investment consultant was managed entirely in-house as anticipated, so no budget for this activity was proposed and no funds were expended.

During the preparation of this report, it was determined that an error occurred in showing actual expenses in CY 2024 for this consultant. It was assumed that \$50,000, the contractual amount, was actually paid to Hyas Group in 2024, when in fact only \$25,000 was paid during that year. Because Hyas' acquisition by Morgan Stanley required the use of a new invoicing system, invoices from Fiduciary Consulting are sent to the City many months after the end of the calendar quarter. Consequently, the invoices for some payments in a calendar year are not processed until the next calendar year. This change of payment dates began in 2024, which is the period during which the error occurred. The correct payment of \$25,000 during CY 2024 is now shown correctly. This reduction in actual CY 2024 expenses affects the annual surplus / deficit amount, the Reserve for Unanticipated Expenses, as well as the amount available in the Unrestricted Fund Balance line item. If Fiduciary Consulting ever begins to issue its invoices closer to when a calendar quarter ends, there may be expenses of more than \$50,000 during one or more years as their invoicing system catches up with the calendar.

Payment for plan administrator and record-keeper RFP

Hyas Group conducted an RFP process in 2023 and 2024 for the plan administrator and record-keeper for the Health Reimbursement Arrangement plans for a flat fee of \$15,000. This was less than the amount of \$30,000 described in the Hyas Group contract that could have been charged for conducting an RFP process for the plan administrator and record-keeper for the 401(a) and 457(b) plans. Nationwide was selected to administer the Health Reimbursement Arrangement plans and began doing so in August 2025.

Because the Committee approved the extension of the contract with Nationwide for the administration of the 401(a) and 457(b) plans for five years without conducting an RFP, the five-year term will end in September 2028. Because the previous RFP was conducted in 2015, and a best practice generally is to conduct an RFP process every five years, the Committee should make plans to start the process of an RFP for plan administrator and record-keeper for all of the City's plans beginning in 2027 because the same service provider will have been under contract for 13 years. By beginning in 2027, the process can successfully be concluded early enough in 2028 so that should a new plan administrator and record-keeper be selected, adequate time would be available for a transition.

It was projected that the cost to conduct the next RFP for these plans would be \$40,000, and that half of that amount would be paid in CY 2027 and the remaining half in CY 2028. An expense of \$20,000 in each of these two years was shown in the projections. However, in the Fiduciary Consulting proposal for investment consultant services, no additional fee was requested for conducting the RFP process. Therefore, there is no need to project an expense in those years.

Assuming the next contract for plan administrator and record-keeper for all the City's plans has a term of five years, it would expire next in September 2033. It is projected that the cost to conduct the next RFP would be \$50,000, and that half of that amount would be paid in CY 2032 and the remaining half in CY 2033, beyond the time period contemplated in this report. If \$50,000 is spent to conduct the RFP, at least half of that amount needs to be available in CY 2032. Currently there is \$24,000 in the Reserve for Next RFPs. It is recommended that \$8,000 be added to this reserve in CYs 2026 and 2027, and that \$5,000 be added in CYs 2028 and

2029. No additional amounts would be needed until the \$50,000 is started to be spent in CY 2032. Once spending of the \$50,000 begins, annual additions to the Reserve for Next RFPs would be required over five years to replenish the reserve.

Payment for investment consultant RFP

The estimated cost of \$30,000 every five years for hiring an outside consultant to manage the RFP process for investment consultant was included in the June 2021 proposed budget. However, staff conducted the entire 2025 RFP process for investment consultant entirely in-house, and this is expected to occur again in 2030. Thus, there is no annual expense budget for an RFP for investment consultant.

Conferences and other trainings

Originally, the amount of \$7,500 was approved in both CY 2021 and CY 2022 for attendance at the annual conference of the National Association of Government Defined Contribution Administrators (NAGDCA), the premier national organization for staff and committee members working on public sector defined contribution plans. The approved amount was increased to \$8,400 in CY 2023 and CY 2024 to reflect a potential cost increase. During the four years CY 2021 through CY 2024, a total of \$31,800 was budgeted for the NAGDCA conference and only \$22,692 was spent, partly due to an ability to attend online that no longer is possible, and partly due to the fact that the in-person attendance was in locations in the western US to which travel costs are lower.

The 2025 NAGDCA conference was held in San Diego and the Committee voted to authorize attendance by four people. Total costs for the 2025 conference were \$6,866, lower than expected because only three people attended. Note that the total expenses paid in 2025 included some reimbursements for the 2024 conference, and one reimbursement for the 2025 conference was processed in 2026. The 2026 conference will be in Orlando, Florida, and the 2027 conference will be in San Antonio, Texas. Due to general cost increases and the additional cost of travel to the Southeast and Southwest, it is proposed that \$12,500 be approved for training in CY 2026 and \$14,000 in CY 2027. The proposed budget for CY 2026 of \$13,867 includes \$1,367 spent on the 2025 conference that wasn't reimbursed until CY 2026, as well as \$12,500 allocated to the 2026 conference.

The annual amount is projected to be maintained at \$14,000 in CY 2028. The amount is projected to be increased by \$1,500 every two years thereafter to reflect continued cost increases. Additionally, the name of this line item was changed to clarify that other training opportunities may arise for which it is appropriate for Committee members and/or staff to attend with Committee approval.

It should be noted that of the \$4,782 reimbursed by the Administrative Allowance Account for the 2022 NAGDCA conference, \$200 was the result of processing registrations for the two in-person attendees after the standard deadline. Because the late registration and additional expense could have been avoided, it was not appropriate for the Administrative Allowance Account to absorb this additional expense. However, as described in the next paragraph, approval of the recommended budgets will close this issue and it will not be addressed going forward.

NAGDCA membership dues

Organizational membership dues for the National Association of Government Defined Contribution Administrators (NAGDCA) has remained at \$300 for the first year and \$600 for all subsequent years since 2005. Although the NAGDCA board has discussed the possibility of increasing dues by \$100 per year, currently there is no plan to increase this amount in the near future. However, to be conservative, beginning in CY 2027, it is recommended to increase the budget for dues to \$700 to be prepared should there be an increase.

The City paid NAGDCA membership dues during CY 2019 (\$300) and CY 2020 (\$600), before there was a Committee source of funds. In addition, the City paid the dues in CY 2022 (\$600) and did not seek reimbursement. Ideally, the City should be reimbursed for these expenses that are more appropriately paid for by the Administrative Allowance Account. However, in the past few years, the Human Resources Department has had an annual budget surplus, mostly due to employee turnover and vacancy savings, so any budget savings are returned to the General Fund. The former Human Resources Director and current Interim Human Resources Director do not believe that it would be a good use of participant funds to reimburse the City for these expenses, only to have the reimbursement used for purposes unrelated to the operation of the defined contribution plans. Consequently, approval of the recommended budgets will close this issue and it will not be addressed going forward.

Participant education and events

Initially, \$4,000 per year was approved for participant education and events in CY 2023 and CY 2024 to cover any additional services the Committee wanted to provide beyond the education provided by Nationwide as part of their regular services. However, no specifics were ever discussed as to what the funds would be used for, and no projects were ever identified in the intervening years.

When the Committee adopted the budgets on June 18, 2025, no action was taken to identify any specific projects that would benefit participants beyond those that could be offered by Nationwide or City staff, nor was there any action to change the proposed amount budgeted from \$5,000. This year the Committee could identify projects that could benefit from the amount budgeted, or the Committee could propose an amendment to reduce or remove the \$5,000.

Committee mailings about any plan changes

The vast majority of the mutual funds in the 401(a) and 457(b) plans were changed in November 2021 at the recommendation of Hyas Group and concurrence of the Committee. The purpose of the change was to save participants cumulatively more than \$700,000 per year in reduced fund management fees, and to replace those funds that had a lower performance record over the prior five years with funds that had a higher five-year performance record. Because of how significant the change of mutual funds was going to be for participants, the Committee asked that a City mailing be sent to all participants, with input on the content by the Committee. This City mailing supplemented the mailing made by Nationwide that was more of a legal disclosure document. Although the City absorbed the cost of the 2021 mailing in the Human Resources Department budget, staff indicated that to conduct such a mailing again would require Committee funds of about \$7,000.

In CY 2025 the Health Reimbursement Arrangement plans transitioned from MissionSquare to Nationwide. At the March 19, 2025, Committee meeting, members recommended a communication plan that included one letter and one postcard to be sent to participants. The estimated cost of these two mailings was \$10,000, which was included in the adopted CY 2025 budget, although only \$5,845 was spent.

At the June 18, 2025, meeting, Committee members discussed whether to replace the Vanguard suite of Target Date funds with the Vanguard suite of Collective Investment Trust funds. Although no recommendation has been made related to a change of Target Date funds, an amount of \$3,400 was included in the CY 2025 budget to mail a postcard to participants with a link to detailed materials hosted on the City's website, supplemented by emails to active employees and other participants. It is recommended that this amount be increased to \$5,000 and be included in the CY 2026 budget to be available if the Committee approves this change.

Because there is anticipated to be a Request for Proposals (RFP) process in CYs 2027 and 2028 for the plan administrator and record-keeper for all the plans now administered by Nationwide as a result of their contract expiring in September 2028, the service provider could change in 2028. If a change takes place, it would be prudent to prepare and send two City mailings to plan participants advising them of the change. As such, \$12,000 is budgeted for this purpose. The budget beginning in CY 2026 includes the amount of \$4,000 that would be repeated in CY 2027 and CY 2028 to fully fund the \$12,000 estimated cost. The previously budgeted amount of \$3,400 for a mailing related to the Target Date funds is increased to \$5,000 and is moved to CY 2026 in case the Committee decides to change to the Collective Investment Trust funds. The proposed budget for CY 2026 reflects the \$5,000 for a possible mailing on the Target Date funds plus \$4,000 for one-third the cost of a mailing on a possible change of plan administrators.

Fiduciary liability insurance

At the Committee's December 2021 meeting, the Hyas Group consultant stated that any agency with over \$250 million in total assets in their plans should have fiduciary liability insurance in place to protect those City employees and Committee members who have fiduciary obligations over the plans. The City's plans have exceeded this threshold since at least 2016 when Nationwide's contracts began.

The County of San Mateo, whose plans are similar in total assets, has budgeted about \$20,000 per year for such a policy. The premium for the City of Anaheim three years ago was \$30,000, paid for by the city, with plan assets at that time at \$654 million. The County of Sacramento spent \$77,000 three years ago with plan assets at \$1.42 billion.

Without knowing the cost of fiduciary liability insurance, it is difficult to determine whether the Administrative Allowance Account could support its share of such an expenditure on an ongoing basis. Staff is working with the City's insurance broker to determine what the cost might be. This topic may return to the Committee at a future date with more information and cost estimates.

Deposit into reserve for next RFPs

To allow the annual budgets to be more understandable and transparent to the reader, a new expense line item was added last year, called "Deposit into Reserve for Next RFPs." This line item shows how much is being added to the Reserve for Next Requests For Proposals so that when it is time to make a payment to the company that will assist the City with the RFP process, there will be adequate funds available. Because it is a best practice generally to conduct an RFP process every five years, one-fifth of the estimated cost of the RFP process should be budgeted each year so that the entire amount is available every five years.

However, adding this line item into the Expenses category last year when no actual expense was being made caused an incorrect presentation of fund balances. The budgets presented in Attachments 5 and 6 show this line item moved from the Expenses category to the Ending Fund Balance category, and then it is only shown for information purposes without causing any adjustment to calculations. The treatment and movement of this line item caused a need to restate actual results for all prior years, the effect of which was to increase the size of the Unrestricted Fund Balance.

Because the contract with Fiduciary Consulting requires them to conduct the next RFP process in CYs 2027 and 2028 at no additional cost, there is no need to add to the Reserve for Next RFPs at this time. However, because there already is \$24,000 in the Reserve, and \$8,000 was budgeted in CY 2026 to be added to the Reserve, it is recommended that the additions to the Reserve continue, as is more fully explained in the next paragraph.

Reserve for Next Requests For Proposals

The balance in the Reserve for Next RFPs at the end of CY 2022 was \$47,000, which represents two years of \$17,500 budgeted for the next plan administrator and record-keeper RFP, plus two years of \$6,000 budgeted for the investment consultant RFP. After the Committee decided at the March 2023 meeting to conduct only one RFP that year at a cost of \$15,000, the \$47,000 was much more than was needed to hold in reserve. The amount for this reserve account at the end of CY 2023 was first reduced to \$15,000, representing the amount actually needed for the RFP for the HRA plans. The excess funds were moved to the Reserve for Unanticipated Expenses. Added to the \$15,000 was \$8,000, which is one-fifth of the \$40,000 estimated to be the cost for the next RFP for plan administrator and record-keeper that was to be conducted in CY 2027 and 2028. Then the amount of \$7,500 was subtracted because the first installment of the CY 2023 RFP was paid in 2023. The final amount in this reserve at the end of CY 2023 was \$15,500.

In CY 2024 the amount of \$8,000 was added to the reserve as the second one-fifth of the \$40,000, with that same amount being proposed for CYs 2025 and 2026 and continuing for the fifth year in CY 2027 to ensure a total of \$40,000 is available in CYs 2027 and 2028.

When the Committee selected Fiduciary Consulting for a five-year contract beginning early in 2026, the need to pay an additional cost for an RFP for plan administrator and record-keeper in CYs 2027 and 2028 was eliminated because Fiduciary Consulting agreed to perform this task without additional compensation.

It is projected that the cost to conduct the next RFP would be \$50,000, and that half of that amount would be paid in CY 2032 and the remaining half in CY 2033, beyond the time period contemplated in this report. If \$50,000 is spent to conduct the RFP, at least half that amount needs to be available in CY 2032. Currently there is \$24,000 in the Reserve for Next RFPs. It is recommended that \$8,000 be added to this reserve in CYs 2026 and 2027, and that \$5,000 be added in CYs 2028 and 2029. No additional amounts would be needed until the \$50,000 is started to be spent in CY 2032. Once spending of the \$50,000 begins, annual additions to the Reserve for Next RFPs would be required over five years to replenish the reserve.

Projections into the future show that the Reserve for Next Requests For Proposals (RFPs) will be fully funded assuming that the projections for the cost of such RFPs are accurate.

Reserve for Unanticipated Expenses

When the budget was first adopted in 2021, a Reserve for Unanticipated Expenses did not exist. Instead, the amount of \$4,400 was approved for a combination of miscellaneous expenses and unanticipated expenses in CY 2021 and CY 2022, increasing to \$10,000 in CY 2023 and CY 2024. Now that the reserve account has been adopted, any surplus funds over the amount needed for the next RFPs are placed into the Reserve for Unanticipated Expenses up to the maximum of 50% of annual budgeted expenses, so these two prior line items were consolidated into one and renamed slightly.

The Reserve for Unanticipated Expenses is projected to be funded at the desired level of 50% of annual budgeted expenses for the next eight years.

Action Needed on Unrestricted Fund Balance

The Unrestricted Fund Balance line item has been part of the discussion of the annual budget since the Committee recommended to City Council changes to the Fee and Expense Policy Statement on September 14, 2022. At that time, the Unrestricted Fund Balance was defined as “any amount in the Administrative Allowance Account beyond what is needed to fund annual operating expenses and the two reserves. Ideally, the Unrestricted Fund Balance will be minimally positive.” Because of cautious spending by the Committee, an aggressive effort to keep the cost of plan contractors low, and higher interest earnings, the Unrestricted Fund Balance is much more than minimally positive. At the end of CY 2026, the Unrestricted Fund Balance is expected to be nearly \$118,000, and at the end of CY 2027 it is expected to be more than \$136,000.

The Fee and Expense Policy Statement was written to address the unintentional high balance in the Unrestricted Fund Balance. According to the Policy Statement, “An excessively positive unrestricted fund balance may be reduced by temporarily suspending the collection of or reducing the amount of the monthly explicit asset fee for a duration of time as recommended by the Committee.”

Each month, \$1.50 is deducted from the account of all participants in the voluntary 457(b) plan, equaling \$18.00 per year. This fee generates about \$7,667 each month or \$92,000 per year. The Committee could request that at a future Committee meeting the topic of suspending or reducing this fee for a period of time be placed on the agenda for a thorough discussion.

Caution must be exercised that the fee not be suspended or reduced for too long, because at this moment there is no easy mechanism for increasing the fee beyond the \$1.50 should the need arise in the future.

One prerequisite that must be fulfilled before any suspension or reduction of the fee can take place is that each of the unions that signed the Letter of Understanding (LOU) implementing the fee must agree to amend or waive language in their labor agreement. This is because the language in each labor agreement is very specific that “Each participant in the Plan shall contribute an administrative fee of one dollar and fifty cents (\$1.50) per month from their plan balance to the Plan’s administrative allowance account.”

When the final language of the LOU was being negotiated, the unions asked that the language be more flexible such that the fee could be reduced and increased by the Committee up to a maximum of \$18.00 per year. The specific language recommended by the unions was “all participants in the City’s voluntary 457(b) deferred compensation plan shall pay an additional flat fee of up to \$18.00 per year. The City’s Defined Contribution Plans Committee may implement increases or decreases to the amount of the fee in the future up to the maximum of \$18.00 per year.” However, Labor Relations did not accept this language, thus the language that was presented to the unions for signature was the very specific language that now is in every labor agreement and the Unrepresented Resolution.

Another option the Committee may consider is to recommend a change to the requirement in the Fee and Expense Policy Statement for the Reserve for Unanticipated Expenses. Currently the requirement is that this reserve hold 50% of the current calendar year’s budgeted expenses. Prior to adopting the 50% standard, the staff report was written to recommend a higher standard of 75%. Some committees of other public plans in California have a reserve equal to one or two years (100% or 200%) of a typical annual operating budget. The Committee may wish to review the standard. Increasing the standard to 75% would add about \$18,000-\$20,000 to the amount in this reserve, and it would reduce the amount in the Unrestricted Fund Balance by the same amount. Concurrent with any change to the standard would need to be an amendment to the Fee and Expense Policy Statement.

Decisions for the Committee to Consider

1. Should action be taken to reduce the amount of funds in the Unrestricted Fund Balance, and what action would that be?
2. Are there specific projects what should be undertaken to be paid for by the line item known as “participant education and events,” or should these funds be redirected elsewhere?
3. Should funds continue to be added to the Reserve for Next RFPs until the anticipated amount is fully funded, even though the first expense won’t occur until CY 2032?
4. Should the Reserve for Unanticipated Expenses continue to be funded at 50% of annual budgeted expenses, or should the percentage change?

**City of Sacramento
Administrative Allowance Account
All Transactions
Attachment 3**

Amount	Transaction	Date	Description	Additional Description	Cumulative Balance
\$0.00			Opening balance		\$0.00
\$14,340.92	Income earned	04/09/2021	1Q21 Plan Revenue		\$14,340.92
\$8,000.00	Income earned	05/06/2021	SLA Penalty	Missed Service Level Agreement	\$22,340.92
(\$12,500.00)	Payment	05/07/2021	Hyas	Quarterly payment Q2	\$9,840.92
(\$8,333.33)	Payment	05/12/2021	Hyas	Quarterly payment Q1 prorated for first two months	\$1,507.59
\$21,514.27	Income earned	07/14/2021	2Q21 Plan Revenue		\$23,021.86
(\$12,500.00)	Payment	08/05/2021	Hyas	Quarterly payment Q3	\$10,521.86
(\$600.00)	Payment	08/26/2021	NAGDCA	NAGDCA annual member dues	\$9,921.86
(\$400.00)	Payment	08/31/2021	NAGDCA	NAGDCA conf reg virtual Levison/Bader	\$9,521.86
\$21,763.33	Income earned	10/11/2021	3Q21 Plan Revenue		\$31,285.19
(\$12,500.00)	Payment	11/03/2021	Hyas	Quarterly payment Q4	\$18,785.19
\$0.97	Interest earned	12/31/2021	2021 Plan Revenue	Cumulative total for the year	\$18,786.16
\$21,832.62	Income earned	02/03/2022	4Q21 Plan Revenue		\$40,618.78
(\$12,500.00)	Payment	02/10/2022	Hyas	Quarterly payment Q1	\$28,118.78
\$21,936.60	Income earned	04/21/2022	1Q22 Plan Revenue		\$50,055.38
(\$12,500.00)	Payment	05/12/2022	Hyas	Quarterly payment Q2	\$37,555.38
\$22,018.50	Income earned	07/14/2022	2Q22 Plan Revenue		\$59,573.88
(\$12,500.00)	Payment	08/09/2022	Hyas	Quarterly payment Q3	\$47,073.88
(\$1,102.96)	Payment	08/24/2022	Mick Boyd	NAGDCA conference travel reimbursement	\$45,970.92
\$22,215.12	Income earned	10/12/2022	3Q22 Plan Revenue		\$68,186.04
(\$1,763.88)	Payment	10/27/2022	Murray Levison	NAGDCA conference travel reimbursement	\$66,422.16
(\$12,500.00)	Payment	10/28/2022	Hyas	Quarterly payment Q4	\$53,922.16
(\$175.50)	Payment	10/31/2022	Murray Levison	NAGDCA conference travel reimbursement	\$53,746.66
(\$140.02)	Payment	10/31/2022	Mick Boyd	NAGDCA conference travel reimbursement	\$53,606.64
(\$1,600.00)	Payment	10/31/2022	NAGDCA	NAGDCA conf reg Levison/Boyd/Bader - \$200 is la	\$52,006.64
\$784.35	Interest earned	12/31/2022	2022 Plan Revenue	Cumulative total for the year	\$52,790.99

**City of Sacramento
Administrative Allowance Account
All Transactions
Attachment 3**

Amount	Transaction	Date	Description	Additional Description	Cumulative Balance
\$22,333.75	Income earned	01/27/2023	4Q22 Plan Revenue		\$75,124.74
(\$12,500.00)	Payment	02/08/2023	Hyas	Quarterly payment Q1	\$62,624.74
\$22,346.41	Income earned	04/11/2023	1Q23 Plan Revenue		\$84,971.15
(\$12,500.00)	Payment	05/12/2023	Hyas	Quarterly payment Q2	\$72,471.15
(\$600.00)	Payment	05/30/2023	NAGDCA	NAGDCA annual member dues	\$71,871.15
(\$2,800.00)	Payment	07/06/2023	NAGDCA	NAGDCA conf reg Harland/Hetzer/Hoekstra/Levison	\$69,071.15
(\$250.00)	Payment	07/06/2023	NAGDCA	NAGDCA conf reg Bader	\$68,821.15
\$22,500.16	Income earned	07/19/2023	2Q23 Plan Revenue		\$91,321.31
(\$12,500.00)	Payment	08/22/2023	Hyas	Quarterly payment Q3	\$78,821.31
\$22,680.79	Income earned	10/19/2023	3Q23 Plan Revenue		\$101,502.10
(\$12,500.00)	Payment	11/06/2023	Hyas	Quarterly payment Q4	\$89,002.10
(\$3,277.35)	Payment	11/10/2023	Unknown	NAGDCA conference travel reimbursement	\$85,724.75
(\$7,500.00)	Payment	11/29/2023	Hyas	For HRA RFP	\$78,224.75
(\$154.69)	Payment	11/30/2023	Brad Hoekstra	NAGDCA conference travel reimbursement	\$78,070.06
(\$1,127.06)	Payment	12/27/2023	Murray Levison	NAGDCA conference travel reimbursement	\$76,943.00
\$3,834.54	Interest earned	12/31/2023	2023 Plan Revenue	Cumulative total for the year	\$80,777.54
(\$600.00)	Payment	01/18/2024	NAGDCA	NAGDCA annual member dues	\$80,177.54
\$22,794.63	Income earned	01/24/2024	4Q23 Plan Revenue		\$102,972.17
(\$12,500.00)	Payment	03/15/2024	Hyas	Quarterly payment Q1	\$90,472.17
\$22,672.50	Income earned	04/25/2024	1Q24 Plan Revenue		\$113,144.67
(\$20,000.00)	Payment	06/13/2024	Hyas	Quarterly payment Q2 plus \$7,500 for HRA RFP	\$93,144.67
\$22,707.96	Income earned	07/08/2024	2Q24 Plan Revenue		\$115,852.63
\$22,738.38	Income earned	10/09/2024	3Q24 Plan Revenue		\$138,591.01
(\$840.90)	Payment	10/10/2024	Sandy Hetzer	NAGDCA conference travel reimbursement	\$137,750.11
(\$1,410.75)	Payment	11/20/2024	Brad Hoekstra	NAGDCA conference travel reimbursement	\$136,339.36
(\$1,175.44)	Payment	11/20/2024	Murray Levison	NAGDCA conference travel reimbursement	\$135,163.92
(\$600.00)	Payment	12/17/2024	NAGDCA	NAGDCA annual member dues	\$134,563.92
\$5,795.58	Interest earned	12/31/2024	2024 Plan Revenue	Cumulative total for the year	\$140,359.50

**City of Sacramento
Administrative Allowance Account
All Transactions
Attachment 3**

Amount	Transaction	Date	Description	Additional Description	Cumulative Balance
(\$12,500.00)	Payment	01/08/2025	Fiduciary Consulting	Quarterly payment Q3	\$127,859.50
\$22,813.76	Income earned	01/16/2025	4Q24 Plan Revenue		\$150,673.26
(\$12,500.00)	Payment	02/12/2025	Fiduciary Consulting	Quarterly payment Q4	\$138,173.26
(\$3,500.00)	Payment	03/07/2025	NAGDCA	NAGDCA conf reg Harland/Hetzer/Hoekstra/Levison/Tunson	\$134,673.26
(\$2,973.82)	Payment	03/10/2025	Harland and Tunson	NAGDCA conference travel reimbursement	\$131,699.44
\$22,819.31	Income earned	04/08/2025	1Q25 Plan Revenue		\$154,518.75
(\$12,500.00)	Payment	04/29/2025	Fiduciary Consulting	Quarterly payment Q1	\$142,018.75
\$22,892.90	Income earned	06/17/2025	2Q25 Plan Revenue		\$164,911.65
(\$3,000.00)	Payment	06/23/2025	NAGDCA	NAGDCA Conf reg Gardella/Hoekstra/Levison/Tunson	\$161,911.65
(\$12,500.00)	Payment	08/18/2025	Fiduciary Consulting	Quarterly payment Q2	\$149,411.65
\$750.00	Refund of paymen	08/21/2025	Admin Allowance Ac	Refund due to NAGDCA conf cancellation Tunson	\$150,161.65
\$22,954.85	Income earned	10/21/2025	3Q25 Plan Revenue		\$173,116.50
(\$5,845.37)	Payment	11/25/2025	City of Sacramento	Reimb for participant mailing HRA plan changes	\$167,271.13
(\$1,785.22)	Payment	11/25/2025	Jeremy Gardella	NAGDCA conference travel reimbursement	\$165,485.91
(\$1,464.08)	Payment	12/05/2025	Brad Hoekstra	NAGDCA conference travel reimbursement	\$164,021.83
(\$600.00)	Payment	12/16/2025	NAGDCA	NAGDCA annual member dues	\$163,421.83
\$5,954.91	Interest earned	12/31/2025	2025 Plan Revenue	Cumulative total for the year	\$169,376.74

Attachment 4

CITY OF SACRAMENTO

457(b) DEFERRED COMPENSATION, 401(a) DEFINED CONTRIBUTION, and HEALTH REIMBURSEMENT ARRANGEMENT (HRA) PLANS

Recommended by the Committee for adoption by City Council on September 14, 2022
FEE AND EXPENSE POLICY STATEMENT

Purpose

The purpose of the Fee and Expense Policy Statement is to describe the fees that are assessed to participants of the City of Sacramento's 457(b) Deferred Compensation Plan, 401(a) Defined Contribution Plans, and Health Reimbursement Arrangement (HRA) Plans (collectively "Plans"), describe the expenses that may be paid from these fees, and describe the process used to pay certain expenses. This document is reviewed at least annually by the City of Sacramento Defined Contribution Plans Committee (Committee).

Fees

The agreements entered into between the Plan Sponsor and the Plan Administration Service Provider (Recordkeeper) of the 457(b) and 401(a) plans state that participants shall pay an explicit asset fee as negotiated between the parties and calculated as a percentage of the participants' assets in the Plans. This fee is retained by the Plan Recordkeeper to pay for its services to the Plans.

The agreements entered into between the Plan Sponsor and the Recordkeeper of the HRA plans, also known as Retire Health Savings Accounts, state that participants shall pay a fee as negotiated between the parties. This fee is retained by the Plan Recordkeeper to pay for its services to the Plans.

Participants in the 457(b) Plan shall pay an additional fee as negotiated by the City's recognized employee organizations and approved by City Council. This fee is used by the Committee as described in this Policy Statement solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries. This fee is held in an unallocated trust assets account maintained by the Plan Recordkeeper called the Administrative Allowance Account.

Each of the companies offering mutual funds available to participants assesses its own fee to cover the administrative costs of managing its fund. This fee is known as the expense ratio and is disclosed in the prospectus of each fund, available on the website of the Plan Recordkeeper. The performance of the mutual fund is reported net of fees, meaning the administrative fees are taken out before the fund performance is calculated.

Administrative Allowance Account

Payment of Expenses

All expenses incidental to the administration or protection of the Plans, and the management of the assets of the Plans, shall be paid from the assets of the Plans or by the Plan participants; unless the Plan Sponsor chooses to pay such expenses directly.

Expenses may be paid or reimbursed from the Administrative Allowance Account only upon the review and approval of the Committee. The Committee's approval will only be given for expenses incurred in a manner consistent with applicable law, including, but not limited to, the Sacramento City Charter, City Code, California Constitution, California Government Code, and other City of Sacramento procurement and purchasing policies, as applicable.

Qualified Administrative Allowance Account Expenses

Qualified expenses that may be paid from the Administrative Allowance Account include:

- (a) Ongoing Plan administrative expenses, such as legal, auditing, annual reporting, and similar administrative expenses;
- (b) Investment advisory, investment management, administrative investment or service fees and expenses;
- (c) Costs incurred in preparing, printing, and distributing plan-related documents and other Participant communication materials;
- (d) Expenses to provide investment assistance and education to Participants;
- (e) Costs for providing on-going education, including the costs of attending seminars and conferences, for members of the Committee, fiduciaries, and City staff with respect to the Plans as necessary or appropriate to assist in the discharge of their responsibilities to the Plans; and
- (f) Costs for conducting a Request for Proposals (RFP) process for companies providing services to the Plans.

Administrative Allowance Account Budget, Reserves, and Fund Balance

Budgeting for Operating Expenses

The Committee shall adopt a multi-year budget that allows for proper planning for revenues and expenses several years into the future, particularly as it relates to approved expenses that are not intended to be made every year.

Reserves

The Committee shall maintain two reserves to pay for 1) future Requests for Proposals and 2) unanticipated expenses.

1. Reserve for Next Requests for Proposals
A best practice is to conduct a Request for Proposals (RFPs) process approximately every five years for Plan recordkeeper services and investment consulting services. Consistent with the Committee's adopted budget, an amount should be accumulated year by year and held in reserve to cover any expenses related to issuing RFPs for recordkeeping services or investment consultant services. Upon conclusion of the RFP process and after all related invoices have been paid, this reserve should be replenished as soon as practicable, depending on subsequent years' revenues and expenses.
2. Reserve for Unanticipated Expenses
To accommodate unanticipated expenses, expense increases, and revenue decreases, a reserve for unanticipated expenses should be accumulated year by year and held in reserve. The amount of this reserve should be 50% of the current calendar year's budgeted expenses. If the balance falls below 50%, the reserve should be replenished as soon as practicable, depending on subsequent years' revenues and expenses.

Unrestricted Fund Balance

The unrestricted fund balance is any amount in the Administrative Allowance Account beyond what is needed to fund annual operating expenses and the two reserves. Ideally, the unrestricted fund balance will be minimally positive. An excessively positive unrestricted fund balance may be reduced by temporarily suspending the collection of or reducing the amount of the monthly explicit asset fee for a duration of time as recommended by the Committee. A negative unrestricted fund balance means that budgeted expenses are not fully funded. This may require the accumulation of funds over several years, the reduction of operating expenses, or the increase of revenues.

Amendment

This Fee and Expense Policy may be amended by recommendation of the Committee and approval of the Sacramento City Council.

ATTACHMENT 5

**CITY OF SACRAMENTO DEFINED CONTRIBUTION PLANS COMMITTEE
BUDGETS, ACTUALS, FUND BALANCES (a)**

	APPROVED CY 2021	ACTUAL CY 2021	APPROVED CY 2022	ACTUAL CY 2022	APPROVED CY 2023	ACTUAL CY 2023	APPROVED CY 2024	ACTUAL CY 2024
SOURCE OF FUNDS								
Beginning Fund Balance - January 1								
Reserve for Next Requests For Proposals		0.00		18,786.16	0.00	47,000.00	0.00	15,500.00
Reserve for Unanticipated Expenses (b)		0.00		0.00	0.00	5,790.99	0.00	32,854.55
Unrestricted Fund Balance (c)		0.00		0.00	0.00	0.00	0.00	32,422.99
BEGINNING FUND BALANCE, TOTAL	0.00	0.00	0.00	18,786.16	0.00	52,790.99	0.00	80,777.54
REVENUES								
Administrative Allowance Account (d)	86,000.00	57,618.52	86,000.00	88,002.84	86,000.00	89,861.11	86,000.00	90,913.47
Interest earned on Administrative Allowance Account		0.97		784.35		3,834.54		5,795.58
Penalty for not meeting Service Level Agreements		8,000.00						
REVENUES, TOTAL	86,000.00	65,619.49	86,000.00	88,787.19	86,000.00	93,695.65	86,000.00	96,709.05
SOURCE OF FUNDS, TOTAL	86,000.00	65,619.49	86,000.00	107,573.35	86,000.00	146,486.64	86,000.00	177,486.59
USE OF FUNDS								
EXPENSES								
Independent investment consultant	50,000.00	45,833.33	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	25,000.00
Payment for plan administrator & record-keeper RFP	17,500.00		17,500.00		7,000.00	7,500.00	7,000.00	7,500.00
Payment for investment consultant RFP	6,000.00		6,000.00		6,000.00		6,000.00	0.00
Conferences and other trainings	7,500.00	400.00	7,500.00	4,782.36	8,400.00	7,609.10	8,400.00	3,427.09
NAGDCA membership dues	600.00	600.00	600.00	0.00	600.00	600.00	600.00	1,200.00
Participant education and events					4,000.00		4,000.00	0.00
Committee mailing about any plan changes								
Fiduciary liability insurance								
Unanticipated expenses	4,400.00		4,400.00		10,000.00		10,000.00	
EXPENSES, TOTAL	86,000.00	46,833.33	86,000.00	54,782.36	86,000.00	65,709.10	86,000.00	37,127.09
ANNUAL SURPLUS (DEFICIT)	0.00	18,786.16	0.00	34,004.83	0.00	27,986.55	0.00	59,581.96
Ending Fund Balance - December 31								
<i>Deposit into Reserve for Next RFPs - for info only</i>						8,000.00		8,000.00
Reserve for Next Requests For Proposals		18,786.16		47,000.00	0.00	15,500.00	0.00	16,000.00
Reserve for Unanticipated Expenses (b)		0.00		5,790.99	0.00	32,854.55	0.00	18,563.54
<i>Percent of budgeted expenses available in reserve</i>		0.0%		10.6%		50.0%		50.0%
Unrestricted Fund Balance (c)		0.00		0.00	0.00	32,422.99	0.00	105,795.96
ENDING FUND BALANCE	0.00	18,786.16	0.00	52,790.99	0.00	80,777.54	0.00	140,359.50
USE OF FUNDS, TOTAL	86,000.00	65,619.49	86,000.00	107,573.35	86,000.00	146,486.64	86,000.00	177,486.59

Notes

- (a) Actual revenues and expenses occur with dollars and cents. For purposes of transparency and to avoid improper rounding, the numbers shown in this chart are shown with dollars and cents.
- (b) The goal in the Fee and Expense Policy is to have available in reserve 50% of each year's annual budgeted expenses.
- (c) The goal in the Fee and Expense Policy is to keep this number minimally positive.
- (d) A fee of \$1.50 per month is charged to all 457(b) plan participants, with the funds held by Nationwide in an Administrative Allowance Account.

ATTACHMENT 5

**CITY OF SACRAMENTO DEFINED CONTRIBUTION PLAN
BUDGETS, ACTUALS, FUND BALANCES (a)**

SOURCE OF FUNDS	APPROVED CY 2025	ACTUAL CY 2025	APPROVED CY 2026	AMENDED CY 2026	PROPOSED CY 2027	PROJECTED CY 2028	PROJECTED CY 2029
Beginning Fund Balance - January 1							
Reserve for Next Requests For Proposals	16,000.00	16,000.00	24,000.00	24,000.00	32,000.00	40,000.00	45,000.00
Reserve for Unanticipated Expenses (b)	18,563.54	18,563.54	48,487.00	34,209.00	39,233.50	36,850.00	36,850.00
Unrestricted Fund Balance (c)	105,795.96	105,795.96	74,898.50	111,167.74	117,796.24	136,829.74	156,709.74
BEGINNING FUND BALANCE, TOTAL	140,359.50	140,359.50	147,385.50	169,376.74	189,029.74	213,679.74	238,559.74
REVENUES							
Administrative Allowance Account (d)	91,500.00	91,480.82	91,700.00	92,120.00	92,350.00	92,580.00	92,810.00
Interest earned on Administrative Allowance Account	4,500.00	5,954.91	4,500.00	6,000.00	6,000.00	6,000.00	6,000.00
Penalty for not meeting Service Level Agreements							
REVENUES, TOTAL	96,000.00	97,435.73	96,200.00	98,120.00	98,350.00	98,580.00	98,810.00
SOURCE OF FUNDS, TOTAL	236,359.50	237,795.23	243,585.50	267,496.74	287,379.74	312,259.74	337,369.74
USE OF FUNDS							
EXPENSES							
Independent investment consultant	50,000.00	50,000.00	59,166.67	50,000.00	50,000.00	50,000.00	50,000.00
Payment for plan administrator & record-keeper RFP	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payment for investment consultant RFP	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Conferences and other trainings	18,474.00	11,973.12	12,000.00	13,867.00	14,000.00	14,000.00	15,500.00
NAGDCA membership dues	2,100.00	600.00	700.00	600.00	700.00	700.00	700.00
Participant education and events	5,000.00	0.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Committee mailing about any plan changes	13,400.00	5,845.37	4,000.00	9,000.00	4,000.00	4,000.00	4,000.00
Fiduciary liability insurance							
Unanticipated expenses							
EXPENSES, TOTAL	88,974.00	68,418.49	80,866.67	78,467.00	73,700.00	73,700.00	75,200.00
ANNUAL SURPLUS (DEFICIT)	7,026.00	29,017.24	15,333.33	19,653.00	24,650.00	24,880.00	23,610.00
Ending Fund Balance - December 31							
<i>Deposit into Reserve for Next RFPs - for info only</i>	<i>8,000.00</i>	<i>8,000.00</i>	<i>8,000.00</i>	<i>8,000.00</i>	<i>8,000.00</i>	<i>5,000.00</i>	<i>5,000.00</i>
Reserve for Next Requests For Proposals	24,000.00	24,000.00	32,000.00	32,000.00	40,000.00	45,000.00	50,000.00
Reserve for Unanticipated Expenses (b)	48,487.00	34,209.00	44,433.00	39,233.50	36,850.00	36,850.00	37,600.00
<i>Percent of budgeted expenses available in reserve</i>	<i>54.5%</i>	<i>50.0%</i>	<i>54.9%</i>	<i>50.0%</i>	<i>50.0%</i>	<i>50.0%</i>	<i>50.0%</i>
Unrestricted Fund Balance (c)	74,898.50	111,167.74	86,285.83	117,796.24	136,829.74	156,709.74	174,569.74
ENDING FUND BALANCE	147,385.50	169,376.74	162,718.83	189,029.74	213,679.74	238,559.74	262,169.74
USE OF FUNDS, TOTAL	236,359.50	237,795.23	243,585.50	267,496.74	287,379.74	312,259.74	337,369.74

ATTACHMENT 6

**CITY OF SACRAMENTO DEFINED CONTRIBUTION PLANS COMMITTEE
BUDGETS, ACTUALS, FUND BALANCES (a)**

	APPROVED CY 2021	ACTUAL CY 2021	APPROVED CY 2022	ACTUAL CY 2022	APPROVED CY 2023	ACTUAL CY 2023	APPROVED CY 2024	ACTUAL CY 2024
REVENUES								
Administrative Allowance Account (d)	86,000.00	57,618.52	86,000.00	88,002.84	86,000.00	89,861.11	86,000.00	90,913.47
Interest earned on Administrative Allowance Account		0.97		784.35		3,834.54		5,795.58
Penalty for not meeting Service Level Agreements		8,000.00						
REVENUES, TOTAL	86,000.00	65,619.49	86,000.00	88,787.19	86,000.00	93,695.65	86,000.00	96,709.05
EXPENSES								
Independent investment consultant	50,000.00	45,833.33	50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	25,000.00
Payment for plan administrator & record-keeper RFP	17,500.00		17,500.00		7,000.00	7,500.00	7,000.00	7,500.00
Payment for investment consultant RFP	6,000.00		6,000.00		6,000.00		6,000.00	0.00
Conferences and other trainings	7,500.00	400.00	7,500.00	4,782.36	8,400.00	7,609.10	8,400.00	3,427.09
NAGDCA membership dues	600.00	600.00	600.00	0.00	600.00	600.00	600.00	1,200.00
Participant education and events					4,000.00		4,000.00	0.00
Committee mailing about any plan changes								
Fiduciary liability insurance								
Unanticipated expenses	4,400.00		4,400.00		10,000.00		10,000.00	
EXPENSES, TOTAL	86,000.00	46,833.33	86,000.00	54,782.36	86,000.00	65,709.10	86,000.00	37,127.09
ANNUAL SURPLUS (DEFICIT)	0.00	18,786.16	0.00	34,004.83	0.00	27,986.55	0.00	59,581.96

Notes

- (a) Actual revenues and expenses occur with dollars and cents. For purposes of transparency and to avoid improper rounding, the numbers shown in this chart are shown with dollars and cents.
- (d) A fee of \$1.50 per month is charged to all 457(b) plan participants, with the funds held by Nationwide in an Administrative Allowance Account.

ATTACHMENT 6

**CITY OF SACRAMENTO DEFINED CONTRIBUTION PLAN
BUDGETS, ACTUALS, FUND BALANCES (a)**

	APPROVED CY 2025	ACTUAL CY 2025	APPROVED CY 2026	AMENDED CY 2026	PROPOSED CY 2027	PROJECTED CY 2028	PROJECTED CY 2029
REVENUES							
Administrative Allowance Account (d)	91,500.00	91,480.82	91,700.00	92,120.00	92,350.00	92,580.00	92,810.00
Interest earned on Administrative Allowance Account	4,500.00	5,954.91	4,500.00	6,000.00	6,000.00	6,000.00	6,000.00
Penalty for not meeting Service Level Agreements							
REVENUES, TOTAL	96,000.00	97,435.73	96,200.00	98,120.00	98,350.00	98,580.00	98,810.00
EXPENSES							
Independent investment consultant	50,000.00	50,000.00	59,166.67	50,000.00	50,000.00	50,000.00	50,000.00
Payment for plan administrator & record-keeper RFP	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Payment for investment consultant RFP	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Conferences and other trainings	18,474.00	11,973.12	12,000.00	13,867.00	14,000.00	14,000.00	15,500.00
NAGDCA membership dues	2,100.00	600.00	700.00	600.00	700.00	700.00	700.00
Participant education and events	5,000.00	0.00	5,000.00	5,000.00	5,000.00	5,000.00	5,000.00
Committee mailing about any plan changes	13,400.00	5,845.37	4,000.00	9,000.00	4,000.00	4,000.00	4,000.00
Fiduciary liability insurance							
Unanticipated expenses							
EXPENSES, TOTAL	88,974.00	68,418.49	80,866.67	78,467.00	73,700.00	73,700.00	75,200.00
ANNUAL SURPLUS (DEFICIT)	7,026.00	29,017.24	15,333.33	19,653.00	24,650.00	24,880.00	23,610.00