


COUNCIL COMMUNICATION

	Number:	23-535	Meeting:	December 4, 2023
	Agenda Item:	23	Roll Call:	23-1697
	Submitted by:	James R. Wells, Human Resources Director		

AGENDA HEADING:

Approving exception to request for proposal (RFP) process for good cause and approving administrative services agreement with Nationwide Retirement Solutions for administration of the City's 457 and 401(a) deferred compensation plans.

SYNOPSIS:

The City of Des Moines selected Nationwide Retirement Solutions as its exclusive retirement plan provider for administration of its 457 and 401(a) deferred compensation plans effective January 1, 2017. This agreement will expire December 31, 2023, and the Deferred Compensation Committee is recommending approving the exception to the City's RFP process for good cause and approving the agreement with Nationwide for 10 years expiring December 31, 2033.

FISCAL IMPACT: NONE

ADDITIONAL INFORMATION:

- In July 2016, the City issued a competitive RFP to provide exclusive administrative services for the deferred compensation 457 and 401(a) plans. Previously, employees chose from one (1) of multiple providers to manage their deferred compensation account with varying fees and investment menus. A total of seven (7) companies submitted proposals.
- The deferred compensation committee recommended Nationwide Retirement Solutions be awarded the exclusive provider of the deferred compensation plans. Nationwide submitted the lowest cost proposal and offered the highest level of dedicated on-site financial services to employees. At its October 24, 2016 meeting, City Council approved the agreement with Nationwide expiring December 31, 2023.
- The benefits of moving assets to a single recordkeeper have been realized by all deferred compensation participants. In the first year of consolidation, over \$800,000 in administrative fees were saved by participants and total plan fees have declined by more than 70% since the consolidation. Participants are now utilizing institutionally priced investment options with more than 60% of participants in one of the low-cost, index-based investments with fees as low as 0.03%. Every investment option within the plan is meeting or exceeding the performance criteria outlined in the deferred compensation committee's Investment Policy Statement. Plan design has been enhanced by adding new features to include a 457 Roth deferral option and a Self-Directed

Brokerage Account that were not previously available to participants. A significant increase in financial resources have been made available to participants to assist them in making informed financial and retirement decisions.

- The current market for deferred compensation providers specifically for governmental plans continues to decrease in part to either mergers and acquisitions or providers no longer possessing the resources to administer governmental deferred compensation plans. Considering the decline in the number of qualified providers combined with the service disruption that would occur with moving over \$240 million in participant retirement assets to a new recordkeeper, the deferred compensation committee recommends exception to the RFP process for good cause.
- Nationwide has agreed to reduce its per participant fee from \$35 per year to \$29 per year with a 10-year contract. Administration and investment fees are paid by the participant. Nationwide has guaranteed high service levels for plan participants including 500 individual consultations annually via a combination of virtual and on-site meetings and 24 group workshops annually conducted on-site or virtually by webinar. By continuing the partnership with Nationwide, participants will not experience a disruption in service. Nationwide has insights and knowledge of the City's deferred compensation 457 and 401(a) plans and has developed relationships with employees over the last seven (7) years.

PREVIOUS COUNCIL ACTION(S):

Date: October 24, 2016

Roll Call Number: [16-1836](#)

Action: [Agreement](#) with Nationwide as the City's exclusive deferred compensation provider. ([Council Communication No. 16-603](#)) Moved by Coleman to adopt. Motion Carried 7-0.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE

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