



## Legislation Text

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**File #:** 190920., **Version:** 1

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### **Update to the Administrative Service Agreement with ICMA Retirement Corporation to Administer the City's Deferred Compensation and Defined Contribution Qualified Retirement Plans (401a). (B)**

This item requests that the City Commission approve the administrative services agreement with ICMA Retirement Corporation

The ICMA Retirement Corporation (ICMA-RC) has been the administrator of the City's 457 Deferred Compensation Program and its three Qualified Defined Benefit Plans under section 401 of the Internal Revenue Code (IRC) for many years. Over the past two years the City and ICMA-RC have been discussing ways that enhanced services could be provided while looking at alternative fee structures to benefit the participants. As a result of those discussions, ICMA-RC has provided an updated Administrative Services Agreement that accomplishes both.

First, the new agreement will immediately lower the fees members pay to 3.5 basis points or .00035% of the account balance. This fee represents the lowest fee in the State for a program with plan assets under management for a program of our size. The benefit to participants is that it will reduce administrative fees thus allowing for more available assets to invest to help fund those members retirement.

In addition, the agreement will provide additional retirement planning services such as Guided Pathways, a road map to retirement planning, and optional Managed Accounts that will allow members to allocate all or portions of their assets to a more actively managed investment.

This agreement is a win/win for members, it will reduce costs and increase services for those who participate. ICMA-RC has been a valuable partner in providing both access to supplemental retirement options to our employees and the necessary educational tools to effectively plan for retirement.

No employer fiscal impact, fees are paid from participants assets. The new fee structure will lower the cost of participation for our employees.

The City Commission: 1) Approve the Administrative Services Agreement with ICMA-RC; 2) Authorize the City Manager to execute the agreement subject to approval of the City Attorney as to form and legality.