



City of Santa Ana
20 Civic Center Plaza, Santa Ana, CA 92701
Staff Report
August 29, 2023

TOPIC: Amend Agreement for Plan and Investment Advisory Services Pertaining to the 457 Deferred Compensation Plan

AGENDA TITLE

Amend Agreement with Benefit Financial Services Group, LLC (BFSG) for Plan and Investment Advisory Services Pertaining to the 457 Deferred Compensation Plan to Add Participant Planning and Consulting Services at No Additional Cost

RECOMMENDED ACTION

Authorize the City Manager to execute the first amendment to the agreement with Benefit Financial Services Group, LLC to provide Participant Planning and Consulting Services at no additional cost, subject to non-substantive changes approved by the City Manager and City Attorney.

DISCUSSION

On November 21, 2018, at the conclusion of a competitive bidding process, the City Council awarded a three-year agreement, with the provision for two-year contract extensions, to BFSG to provide plan and investment advisory services pertaining to the 457 Deferred Compensation Plan. The City has exercised the contract extensions and the current contract expires on December 31, 2024. City staff anticipates releasing an RFP for similar services before the existing agreement expires.

The City of Santa Ana offers full-time employees a 457 Deferred Compensation Plan ("plan" or "457 plan"), which was established in 1973, with the adoption of City Resolution 7-21, along with a corresponding US Internal Revenue Service approval. The 457 Deferred Compensation Plan is a voluntary supplemental retirement savings program that allows employees to make contributions on a pre-tax basis. Each calendar year, employees can choose to contribute to the Plan up to an amount established by the Internal Revenue Service. The City does not contribute any funds on the employees' behalf.

BFSG has proven to be reliable and highly knowledgeable in assisting with 457 plan administration. As of March 31, 2023, the Plan holds \$132.5 million in Plan Assets for 1,350 participants. BFSG has provided assistance in plan administration, investment advisory, and communication services during the term of the contract. BFSG is

prepared to offer Financial Planning and Consulting services to plan participants at no additional cost. If the recommendation is approved, plan participants would have the option to elect to obtain such services from BFSG. As a registered investment advisor, BFSG is an independent fiduciary firm that is legally bound to have a fundamental obligation to act in the best interests of their clients and to provide investment advice in their client's best interest. These additional services, if elected by plan participants, could be an added benefit when planning for retirement and investment decisions. For these reasons, staff recommends amending the agreement with BFSG to add Participant Planning and Consulting Services.

FISCAL IMPACT

There is no fiscal impact associated with this action.

EXHIBIT(S)

1. First Amendment to Agreement
2. BFSG Financial Planning and Consulting Agreement

Submitted By: Kathryn Downs, FMSA Executive Director

Approved By: Kristine Ridge, City Manager