



457(b) Deferred Compensation Plan Improvements-Board Employees

Exciting enhancement in 457(b) Plan Provider for Board Employees participating in a 457(b) Deferred Compensation Plan

SUMMARY:

We are changing to a single 457(b) Plan Provider, Voya Financial®, during 2019. **This change will offer more enhanced services and extensive on-site support at a generally significantly lower cost to our employees, which means more of your money will go toward your retirement savings.** This change means we will be ending the existing contracts with all our current 457(b) Plan Providers (Nationwide, Fidelity, MassMutual, and ICMA-RC) in 2019 once the installment of Voya Financial® is complete. You will retain your account with your current 457(b) Plan Provider until the transition date (projected for July 2019), at which point your account will be automatically transferred to Voya Financial®. **You do not need to do anything.** The transition to Voya Financial® is a very detailed process, but we and Voya Financial® will be communicating to our plan participants throughout this process. We are excited to be moving in this direction because it will create better opportunities for you as you ***“Pay Yourself First”*** and plan for your retirement.

BACKGROUND:

- The Board currently has four 457(b) plan providers (Fidelity, MassMutual, Nationwide, and ICMA-RC), that employees can choose to invest with. **The Board has a fiduciary responsibility to ensure that the plan(s) we offer our employees is/are highly effective, equitable and transparent.**
- EHB sought the help of an independent retirement plan consultant, Montgomery Retirement Plan Advisors, to review the plans’ investments, costs, and employee services currently being provided by the four plan providers. What we found was the following:
 - Lack of transparent fees for employees and variance of fees across providers and funds.
 - Less than desired onsite service support for employees from providers.
 - Lower performing fund line ups for employees to invest.
 - Need for marketing enhancements to help employees with investments.
- Based on our initial research and recommendation from our independent consultant, **we found that offering a single high-quality 457(b) plan provider would significantly lower costs for employees and enhance communications and on-site employee services.** We’ve learned that the national trend among other cities and counties is overwhelmingly toward hiring just one 457(b) plan provider for these reasons.
- We then conducted a Request for Proposal (RFP) to identify a single 457(b) plan provider and received nine competitive responses. All nine responders proposed offering significantly lower costs and extensive on-site employee services if they were selected to be the sole 457(b) plan provider.
- The RFP selection committee conducted in-person interviews with three finalists and selected **Voya Financial®** as our new plan provider.





EXPECTED RESULTS:

- Key benefits the new single 457(b) Plan Provider will provide include:
 - Significant fee-related cost savings for plan participants.
 - Highly-rated investment funds selected from well-known mutual fund families such as, but not limited to, Fidelity, Vanguard, T. Rowe Price, and American Funds.
 - Ongoing selection and monitoring of the investments by Montgomery Retirement Plan Advisors to ensure that employees are only offered carefully screened and high performing investment funds.
 - Regular on-site employee support and financial training from Voya Financial® 457(b) representatives.

NEXT STEPS:

- The transition to Voya Financial® is a complex process, but we expect the transition to occur in July 2019. We will communicate with you about specific dates as we get closer to the transition.
- **Over the next few months you will receive a series of updates and Voya Financial® information, and you will be invited to attend employee meetings to learn about the new program. In the meantime, your 457(b) account remains the same. There is no action needed at this time.**
- **Transition of Accounts:**
 - No accounts or payroll contributions will be directed to Voya Financial® until the effective transition date, which is expected in mid-July. Your account will stay with your current provider (Fidelity, MassMutual, Nationwide, or ICMA-RC) until that time.
 - There will be a period of approximately 1 week where fund changes cannot happen on the current platforms, entitled “blackout period”, while the vendors are transferring the funds and account allocations. **We will communicate that with you ahead of time.**
 - Your current 457(b) account will automatically transfer to Voya Financial® on the established transition date. However, before this happens, you will have the opportunity to meet with Voya Financial® representatives to learn more about the product offering and how to access your personalized investment dashboards.
 - **Your current investments will be mapped and transferred to similar funds offered in the new Voya Financial® fund menu (e.g. current bond fund to new bond fund) or to a suitable alternative if no similar fund is available. You will receive detailed information from Voya regarding this mapping process prior to the funds moving to Voya.**

This is an exciting next step for our employees investing in their retirement and we encourage you to reach out to us at Employee Health Benefits with any questions.

