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COUNTY DEPARTMENT AGENDA REQUEST

Department/Division: Human Resources

Department Head: Connie Boehnke

Presenter, if needed: Allen McCullough

Preferred Meeting Date: Thursday, April 9, 2009

Wording for the Agenda:

Consideration of a recommendation by the Retirement Study Committee that the Association of County Commissioners of Georgia/ Government Employee Benefits Corporation of Georgia be the designated vendor to provide a defined benefit retirement plan for Fayette County employees.

Background/History/Details:

In August, 2006, the Board of Commissioners asked the County Administrator to establish a committee to review the County's existing employee retirement plan benefit. The Committee has met regularly to evaluate the existing retirement benefit and to develop a recommendation for amendments/improvements to the benefit. In March, the Committee made a recommendation to the Board of Commissioners for a vendor to manage the existing defined contribution and deferred compensation plans and the Board approved the recommendation. At the April 1 BOC meeting, the Committee made a recommendation for a vendor to provide the defined benefit element of the benefit, which the Board had approved to add on December 5, 2007. The vendor recommended to provide the defined benefit retirement plan is Government Employee Benefits Corporation of Georgia, known as GEBCorp.

What action are you seeking from the Board of Commissioners?

If there is no further information needed by the Board of Commissioners, the Board can vote to accept or decline the recommendation of the Retirement Study Committee that GEBCorp be selected as the provider for a defined benefit retirement plan for County employees.

If this item requires funding, please describe:

Has this issue come before the Commissioners in the past? Yes

If so, when? Wednesday, March 4, 2009

Do you need audio-visual for the presentation? Yes

Back-up Material Submitted? Yes

STAFF USE ONLY

Approved by Finance? Yes

Reviewed by Legal? Yes

Approved by Purchasing? Yes

Approved by Administrative Staff? No

Staff Notes

Administrator's Approval Yes

Confirmed Meeting Date Thursday, April 9, 2009

- ○ Recognition/ Presentation
- ○ Public Hearing
- ◉ Old Business
- ○ New Business
- ○ Consent
- ○ Report
- ○ Other

Fayette County
GEORGIA

Where Quality Is A Lifestyle

To: Board of Commissioners
Jack Krakeel, County Administrator

From: Retirement Study Committee: Allen McCullough, Connie Boehnke, Linda Jones, Mary Holland, Toni Jo Howard, Lewis Patterson, Lori Smith, Pete Frisina, and Tony Parrott

Date: March 27, 2009

Subject: Vendor Recommendation for Defined Benefit Retirement Plan

It is the unanimous recommendation of the Fayette County Retirement Study Committee to contract with the Association County Commissioners of Georgia (ACCG) Defined Benefit Program, which is administered through Governmental Employee Benefits Corporation, (ACCG-GEBCorp), for a defined benefit retirement plan.

The Association County Commissioners of Georgia is a professional organization founded in 1914 which serves as an advocacy group on behalf of counties throughout the state. Among other responsibilities, this organization monitors legislation affecting counties, provides training to county officials, and works to promote consistency in the administration of county government services throughout Georgia. One of its offerings is to provide an array of member services tailored to meet the specific needs and requirements of local governments, often different from those of private sector organizations. Included in these services are technical assistance programs, several types of insurance, employee benefit programs, financing instruments, and professional development programs. Member counties are eligible to purchase these services through ACCG.

After an objective review of the services available through multiple employer defined benefit provider programs, the committee felt the County could benefit from certain aspects that are not available through conventional retirement plan vendors. The three most compelling reasons to go with a multiple employer defined benefit provider such as ACCG-GEBCorp are:

- Strength in numbers. Lower asset management fees are made possible due to the pool structure afforded through participation from the majority of Georgia counties. As a result, the large size of the pool assets also allows for better diversification of investments.

- All inclusive services. ACCG-GEBCorp provides all necessary services without the need to sub out certain components. Actuarial, administrative, fiduciary and legal services will all be included through Fayette County's participation in the program.

• Transfer of Liability. Through a contractual agreement, there will be a transfer of fiduciary responsibility from the County to ACCG-GEBCorp.

Additionally, below is the committee's assessment of ACCG-GEBCorp on each of the listed criteria:

• Quality of Investment – A board of trustees utilizes an independent investment consultant who monitors investment managers, assists in the maintenance of an investment policy to which the investment managers must contractually agree, and assists in the review of new or replacement investment managers. All investments conform to Georgia law and the investment policy guidelines.

• Knowledge, Experience and Depth of Proposing Firm – ACCG-GEBCorp is the leading provider of defined benefit plan administration to local governments in Georgia. The ACCG-GEBCorp defined benefit program services 98 Georgia counties and various sub-units which collectively comprise about 80% of all county defined benefit plans in the state. The Defined Benefit Retirement Program offered by ACCG-GEBCorp has been in existence since 1968.

• Fees and Expenses – The administrative fees are all inclusive for everything from plan document creation to annual benefit statements to benefit payment distributions and are based on a declining scale of covered payroll.

• Customer Service – ACCG-GEBCorp utilizes group meetings to educate employees about plan provisions and the optional buyback of past service. ACCG-GEBCorp representatives will be available to discuss annual defined benefit plan statements with employees, and on an as needed basis for group presentations and individual meetings. Since ACCG-GEBCorp also administers defined contribution plans, their representatives will be able to discuss with employees how the defined benefit plan fits in with the County's other plans. In their Atlanta office, ACCG-GEBCorp has adequate staff dedicated to data management, plan calculations and telephone customer service. Employees will have access to account information via a secure website that also allows "what if" benefit projections for those who want to do benefit estimates at different future retirement dates. Fayette County will be partnering with an organization that it and other Georgia counties own and manage. We will know all the decision makers needed to address any issues.

• Vendor Stability – With almost 100 years of providing service to Georgia counties, ACCG has a history of providing programs for the long term. GEBCorp was purchased by ACCG in 2008 with its only function being to provide retirement related services and products. Member counties are intimately involved in all major program and policy decisions.

• Plan Design - The defined benefit plan will provide employees with a fixed monthly benefit payment for at least their lifetime. Plan details are attached.

In conclusion, the Retirement Study Committee believes that the services offered by ACCG-GEBCorp will best serve both the employees and Fayette County Government for the future. The committee would like to thank the Board for your patience in affording us the extra time to thoroughly review and analyze the plethora of data which was presented during this very intensive and challenging process. We sincerely feel that the end result will provide an essential and much needed long term benefit for those who choose to become career employees of Fayette County.

Defined Benefit Plan

- The defined benefit plan will begin July 1, 2009, and will be administered by ACCG-GEBCorp.
- Benefit Formula: 1.5% X average monthly compensation X credited years of service (not to exceed 30 years) = monthly benefit for life after retirement. (The average monthly compensation is calculated by averaging the highest 60 months of compensation out of the most recent 120 months of credited service.)
- Normal retirement age will be 65. Public safety employees will be allowed to retire without penalty as early as age 55 with a minimum of 25 years of service.
- Employees are fully vested after completing 5 years of vesting service. Service prior to the original effective date of the plan shall be included as vesting service, but not as credited years of service.
- Employees will be given the opportunity to purchase the actuarial equivalence of their past credited service, while not required to do so.
- Employees can designate post survivor retirement benefits in accordance with and subject to the provisions of the plan.
- Elected officials and employees who are eligible to participate in one or more other publicly provided retirement plans will be excluded in accordance with and subject to the provisions of the plan. This exclusion does not apply to non-employer plans established for peace officers and firefighters.
- Based on actuarial estimates, the annual plan cost for the county this fiscal year will be 3.8% of covered payroll.
- Employees will make a mandatory contribution of 2.5% of their base earnings beginning July 1, 2009 (if approved by the Board of Commissioners).

Defined Contribution/Deferred Compensation Plan

- Effective July 1, 2009, the defined contribution 401(a) and deferred compensation (457) plans will be administered by Mass Mutual/AMRet.
- Beginning July 1, 2009, the county will make matching contributions to the 401(a) account equal to ½% of each 1% of the eligible employee's voluntary contributions to their 457 plan, not to exceed 2.5% of the employee's base earnings. The county matching contribution may be reviewed annually and adjusted accordingly to insure that the county's total contribution to the Defined Benefit and Defined Contribution Plans does not exceed 6.3% of payroll. In the event higher contribution levels are required, any additional amounts will be shared equally by the employer and the employee.
- Employee deferred compensation contributions are immediately vested at 100%.
- Employer 401(a) contributions are fully vested after completing 5 years of service.
- Effective July 1, 2009, the county will no longer make a percentage of base pay contribution to the 401(a) plan except for those employees currently participating in the plan **and** who are excluded from the defined benefit plan in accordance with and subject to the provisions of the plan.
- Also, effective July 1, 2009, the county will discontinue matching contributions to the 401(a) account equal to ½% of each 1% of the employee's voluntary contributions to their 457 plan, not to exceed 4% of the employee's base earnings except for those employees currently participating in the plan **and** who are excluded from the defined benefit plan in accordance with and subject to the provisions of the plan.