

# City of Pasadena 457 Deferred Compensation Plan Changes

Participant Q&A – April 2012

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# Agenda

- Introduction and Discussion of Process
- Summary of Enhancements
- New Fee Structure
- Investment Menu
- Important Dates
- Questions



## Introduction

- Oversight Committee Comments
- Process Summary
- Hyas Group Comments



## Plan Enhancements

- More robust education and communication program
- Improved website and account access tools
- Expanded menu of investment options
- Implementation of new investment and administrative fee structure



### Indirect Administration Fee v. Direct Fee

### **CURRENT INDIRECT FEE EXAMPLE:**

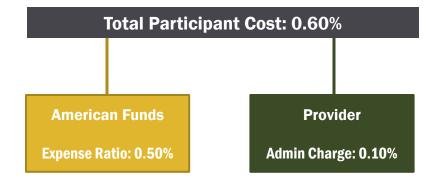
American Funds Euro Pacific Growth R4

# Total Participant Cost: 0.85% American Funds Expense Ratio: 0.85% Provider Revenue Share: 0.35%

American Funds rebates 0.35% of their expense ratio in the form of revenue share to the provider for administration expenses.

### **NEW DIRECT FEE EXAMPLE:**

American Funds Euro Pacific Growth R6





# **New Investment Menu**

### **TBD-To be determined**

Fund	o be determined	Ticker	Expense Ratio	Admin Fee
Fixed Income	Custom Stable Value	-	0.20%	0.10%
	Vanguard Prime Money Market Inv	VMMXX	0.20%	0.10%
	DFA Inflation-Protected Securities I	DIPSX	0.13%	0.10%
	Blackrock US Bond Index	-	0.04%	0.10%
	MetWest Total Return Bond Plan	MWTSX	0.40%	0.10%
Large Cap	Becker Value Equity Institutional	BVEIX	0.69%	0.10%
	BlackRock Equity Index	-	0.02%	0.10%
	MFS Growth R5	TBD	0.69%	0.10%
Mid Cap	Artisan Mid Cap Value Institutional	APHQX	1.07%	0.10%
	BlackRock Mid Cap Index	-	0.03%	0.10%
	Munder Mid Cap Core Growth R6	TBD	0.89%	0.10%
Small Cap	Munder Veracity Small Cap Value R6	TBD	1.00%	0.10%
	BlackRock Russell 2000 Index	-	0.03%	0.10%
	Vanguard Small Cap Growth Index Instl	VSGIX	0.08%	0.10%
Foreign	Oppenheimer Global I	OGLIX	0.71%	0.10%
	DFA International Value I	DFIVX	0.45%	0.10%
	Vanguard Total Intl Stock Index Signal	VTSGX	0.18%	0.10%
	American Funds EuroPacific Gr R6	RERGX	0.50%	0.10%
	MFS International Discovery R5	TBD	1.04%	0.10%

Fund		Ticker	Expense Ratio	Admin Fee
Asset Allocation	Vanguard Target Retirement Income Inv	VTINX	0.17%	0.10%
	Vanguard Target Retirement 2015 Inv	VTXVX	0.17%	0.10%
	Vanguard Target Retirement 2020 Inv	VTWNX	0.17%	0.10%
	Vanguard Target Retirement 2025 Inv	VTTVX	0.18%	0.10%
	Vanguard Target Retirement 2030 Inv	VTHRX	0.18%	0.10%
	Vanguard Target Retirement 2035 Inv	VTTHX	0.19%	0.10%
	Vanguard Target Retirement 2040 Inv	VFORX	0.19%	0.10%
	Vanguard Target Retirement 2045 Inv	VTIVX	0.19%	0.10%
	Vanguard Target Retirement 2050 Inv	VFIFX	0.19%	0.10%
	Vanguard Target Retirement 2055 Inv	VFFVX	0.19%	0.10%
	Self Directed Brokerage	N/A	N/A	0.10%



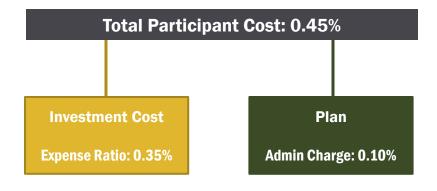
### **Average Cost as a % of Assets**

### **CURRENT INDIRECT FEE EXAMPLE:**

# Investment Cost Investment Cost Expense Ratio: 0.75% The Hartford Revenue Share: 0.23%

On average, funds rebated approx 0.23% of their expense ratio in the form of revenue share to The Hartford for administration expenses.

### **NEW DIRECT FEE EXAMPLE:**



Total cost should be reduced by about 40% on average.



# **Important Dates**

- June 25, 2012 Blackout period begins
- July 2, 2012 All assets transferred to Great-West
- July 13, 2012 Blackout lifted
- October 2012 First quarterly statement from Great-West mailed



# Questions

