
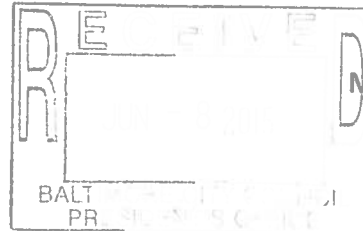


<b>FROM</b>	NAME & TITLE	Henry J. Raymond Director of Finance <i>HJR</i>	CITY of BALTIMORE <b>MEMO</b>	
	AGENCY NAME & ADDRESS	Department of Finance Room 454, City Hall (396-4940)		
	SUBJECT	City Council Bill 15- <del>0291R</del> <i>0219R</i> Informational Hearing Changes to the City of Baltimore Deferred Compensation Plan		

**TO**

The Honorable President  
And Members of the Baltimore City Council  
100 Holliday Street  
Baltimore, MD 21202



DATE:

May 1, 2015

The Department of Finance has reviewed City Council Bill 15-0291(R) *Informational Hearing – Changes to the City of Baltimore Deferred Compensation Plan*, which requests that the Retirement Savings Plan of the City of Baltimore Board of Trustees, the Department of Finance, the Employees’ Retirement System, and the Labor Commissioner report to the City Council on the enhancements to the City’s Deferred Compensation Plan (DCP).

***Comments and Analysis***

The Department of Finance has no purview over the DCP, as the Retirement Savings Plan of the City of Baltimore (RSP) Board of Trustees is responsible for the administration and operation of the DCP. However, the Chairman of the RSP Board of Trustees is the Director of Finance as required in Council Bill 13-0247 that established the RSP. As a result, Department of Finance staff assisted with planning the outreach efforts and were present to assist at the majority of the 29 seminars that have been conducted since February 3, 2015. By the time the first round of seminars are concluded in early May nearly 1,000 City employees will have attended a seminar. It is important to note these seminars were conducted at 13 different locations throughout the City, including the AFSCME union hall on Bush Street, Back River Wastewater Treatment Facility, the Central Fleet Garage, the FOP lodge #3, the Public Safety Training Center, and the Convention Center.

The Department of Finance is overwhelmingly supportive of the enhancements the RSP Board of Trustees decided – after considerable deliberation and analysis – to make to the DCP. In addition, the Department of Finance is of the opinion that the efforts taken to engage DCP participants and City employees throughout the process have been extraordinary. All staff in the Department of Finance has been encouraged to attend one of the seminars and to take it a step further and schedule a one-on-one account review with the local retirement plan counselors.

The Department of Finance would like to note that one key benefit to employees is the fee charged to participants for utilizing the Managed Accounts service was reduced by 30%. This represents a significant reduction in fees and enables DCP participants to access the same type of investment advice and retirement planning offered by retail financial institutions that

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provide investment advice and retirement planning but at a fraction of what retail institutions would charge for similar services. The table below reflects the annual fee with the 30% reduction for participation in the Managed Account service:

<b>Participant Account Balance</b>	<b>Annual Managed Account Fee</b>
First \$100,000 of account balance	0.40%
Next \$150,000, up to \$250,000 account balance	0.30%
Next \$150,000, up to \$400,000 account balance	0.20%
Amounts in excess of \$400,000	0.10%

In summary, the Department of Finance is very supportive of the enhancements that are being made to the DCP and the efforts made to engage City employees to help them plan for retirement.