

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS  
OF THE COUNTY OF SAN BERNARDINO  
AND RECORD OF ACTION**

October 6, 2020

**FROM**

**DIANE RUNDLES, Director, Human Resources Department**

**SUBJECT**

Approve amendment to Administrative Services Agreement between the County of San Bernardino and Voya Retirement Insurance and Annuity Company to restructure participant administrative fee collection and reimbursement.

**RECOMMENDATION(S)**

1. Approve **Amendment No. 4 to Agreement No. 14-954** between the County of San Bernardino and Voya Retirement Insurance and Annuity Company as the provider for administration, investment, and recordkeeping services for the voluntary retirement plans and the retirement medical trust plan amending the following in the plan sub-agreement:
  - a. Administrative Services Agreement between the County of San Bernardino and Voya Retirement Insurance and Annuity Company and Voya Financial Partners, LLC, (collectively, Voya) for the County of San Bernardino Defined Contribution Plans (DC ASA) to restructure administrative fee collection from participants by removing the asset based fee collection language and move to collecting a flat dollar fee in the amount of \$126,250 quarterly on a pro-rata basis across all plan assets based on participant account balances.

(Presenter: Diane Rundles, Director, 387-5570)

**COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES**

**Improve County Government Operations.**

**Operate in a Fiscally-Responsible and Business-Like Manner.**

**FINANCIAL IMPACT**

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). Costs associated with recordkeeping services provided by Voya are paid for by plan participants. The DC ASA requires that Voya reimburse the County for the plans' reasonable and necessary administrative expenses.

**BACKGROUND INFORMATION**

Approval of this item authorizes an amendment to the DC ASA (referred to as Voya Contract or Administrative Services Agreement) with the current contracted service provider, Voya, for the County's 401(k) Defined Contribution, 401(a) Defined Contribution, 457(b) Deferred Compensation, PST Deferred Compensation and the Retirement Medical Trust (RMT) plans (collectively, the Plans).

Voya currently reimburses the County for reasonable administrative expenses as set forth in Section 3.01 and Schedule J of the Administrative Services Agreement. Under the current

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structure Voya collects an asset based fee (5 basis points) and reimburses the County a flat dollar quarterly amount of \$126,250 (\$505,000/annually). The asset based fee collected by Voya constantly changes from quarter to quarter based on stock market fluctuations and it is unlikely that it will ever equate to exactly \$126,250 per quarter.

The Defined Contribution (DC) Committee is an advisory committee to the Plan Administrator (Human Resources Division Chief, Employee Benefits and Services Division) and the County Board of Supervisors. The DC Committee meets regularly on a quarterly basis, or more frequently if required, to perform a variety of duties including, but not limited to: reviewing the Plans investment performance and governance documents, receiving fiduciary trainings and discussing legislative updates. It consists of nine members from the County, associated agencies, and labor organizations including: the Auditor-Controller/Treasurer/Tax Collector, San Bernardino County Employees' Retirement Association, County Administrative Office, Human Resources, Teamsters Local 1932, Sheriff's Employees' Benefit Association and other individuals appointed by the County's Chief Executive Officer.

On May 20, 2020, the County's defined contribution consultant, Hyas Group, LLC (Hyas) provided a detailed report of the asset based administrative fees collected by Voya since the start of the most current Voya contract in 2015. The DC Committee reviewed the report which noted an over collection of \$301,334 due back to County participants. The amount is a result of excess fees collected for the County's Plans from January 2015 through March 2020. Per the Plans' Fee and Expense Policy Statement, the excess revenue "shall be allocated to plan participants based on their pro-rata share of the Plans' assets." In August 2020, Voya distributed \$324,697 (an additional over collection of \$23,363 occurred from April 2020 to June 2020) in excess fees collected as a credit to participants across all Plans.

In an attempt to neutralize this discrepancy from occurring in the future, the DC Committee unanimously recommended for approval by the Board of Supervisors to amend the current administrative fee collection process from asset based (5 basis points) and fixed dollar amount (\$505,000/annually) to the fixed dollar amount only (\$505,000/annually) which equates to \$126,250 quarterly. Additionally, Voya has agreed that in the best interest of participants it can implement this change retroactively effective July 1, 2020, pending approval from the Board of Supervisors.

**PROCUREMENT**

Not applicable

**REVIEW BY OTHERS**

This item has been reviewed by County Counsel (Jolena Grider, Deputy County Counsel, 387-3088) on September 11, 2020; Finance (Jessica Trillo, Administrative Analyst, 387-4222) on September 16, 2020; and County Finance and Administration (Robert Saldana, Deputy Executive Officer, 387-5423) September 21, 2020.

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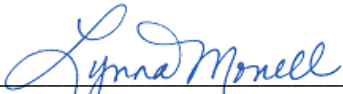
Record of Action of the Board of Supervisors  
County of San Bernardino

**APPROVED (CONSENT CALENDAR)**

Moved: Curt Hagman Seconded: Robert A. Lovingood

Ayes: Robert A. Lovingood, Janice Rutherford, Dawn Rowe, Curt Hagman, Josie Gonzales

Lynna Monell, CLERK OF THE BOARD

BY   
DATED: October 6, 2020



cc: HR - Coughlin w/agree  
Contractor - C/O HR w/agree  
File - w/agree

CCM 10/20/2020