



County of San Mateo

Inter-Departmental Correspondence

Department: HUMAN RESOURCES

File #: 21-193

Board Meeting Date: 3/9/2021

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors
From: Rocio Kiryczun, Director of Human Resources
Subject: Agreement with MassMutual Mutual Life Insurance Company to provide recordkeeping services for the County's Deferred Compensation Program

RECOMMENDATION:

Adopt a resolution waiving the request for proposal process and authorizing a two-year extension to the current agreement with MassMutual Mutual Life Insurance Company to provide recordkeeping services for the County's deferred compensation program for the term of March 21, 2021, to March 21, 2023, for an amount not to exceed \$550,000.

BACKGROUND:

By resolution, the County's deferred compensation program is governed by the Deferred Compensation Advisory Committee (DCAC), the nine-member committee with fiduciary responsibility for the program and its assets. Under the direction of the County's Deferred Compensation Advisory Committee, Human Resources conducted a request for proposals (RFP) in 2015 for recordkeeping services. That RFP resulted in a six-year agreement with MassMutual, approved by the Board of Supervisors on November 17, 2015. The term of that current agreement is March 21, 2016, through March 21, 2021.

DISCUSSION:

Over the course of 2020, the DCAC discussed the upcoming expiration of the current agreement with MassMutual. The DCAC's options were 1) to conduct the next RFP, 2) to extend the current agreement under the same terms and conditions, or 3) to renegotiate the current agreement with concessions for areas in which the DCAC sought better performance. At its meeting of November 5, 2020, the DCAC directed staff to pursue option 2-extend the current agreement under the same terms and conditions. The challenge with option 1 was that the DCAC's agreement with its investment consultant needed to be renewed at the same time, and that same resource is the lead for the RFP process. Option 3 was deemed unnecessary based on input from a subcommittee that felt MassMutual continues to meet contractually-obligated performance metrics that the DCAC monitors annually.

Between now and March 21, 2023, the DCAC and staff will focus on managing and monitoring MassMutual's recent acquisition by Empower Retirement-ensuring that program performance is maintained throughout the transition-and will embark on the next request for proposals process beginning in late 2021.

Note that payments for MassMutual's recordkeeping services are made directly from participants' accounts; payments are not costs to the County. The deferred compensation program assets of \$556 million (as of September 30, 2020) comes primarily from participant contributions. (While a minimal percentage of assets are from County contributions, all assets belong to participants upon satisfaction of vesting requirements.) The payments from participants' accounts to MassMutual are made at the rate of 3.5 basis points (0.035%) per year. Assuming the current assets do not change between now and March 21, 2023, participant payments to MassMutual would be \$194,000 annually (\$556 million x 0.00035).

The resolution authorizes the Director of Human Resources or designee to execute contract amendments that modify the County's maximum fiscal obligation under the proposed agreement by no more than \$25,000 and/or modify the term and/or services as long as the modified term or services is/are within the current or revised fiscal provisions.

The agreement and resolution have been reviewed and approved by County Counsel as to form.

PERFORMANCE MEASURE(S):

Measure	CY 2020 Actual	CY 2021 Projected	FY2022 Projected
Response Time of Participant Call Center	85% of calls answered within 80 seconds	85% of calls answered within 80 seconds	85% of calls answered within 80 seconds
Timeliness of Participant Statements	100% of statements mailed 10 business days of quarter-end	100% of statements mailed 10 business days of quarter-end	100% of statements mailed 10 business days of quarter-end

FISCAL IMPACT:

The term of the extension is from March 21, 2021, to March 21, 2023. The entire cost for the agreement will be paid through participants' deferred compensation accounts.