



Membership Update April 2019

This year has started off in high gear. In addition to responding to member questions and concerns, and meeting with City staff on changes to policies and classifications, your Board has been busy working on new ideas and projects to provide better outreach to members. Here are some of the projects we are currently working on to better serve you:

UNIT 10 DIRECTOR VACANCY

Applications from eligible members to fill the vacant position were solicited, and your Board hopes to interview and appoint a new Unit 10 Director on April 17.

FLSA AUDIT

SCXEA Board members have begun meeting with the City on the results of a Fair Labor Standards Act (FLSA) audit that was conducted by the City. In May 2016 the City contracted with a law firm to determine whether the City was in compliance with federal law that generally requires employees be paid overtime in certain instances unless the employees are determined to be exempt from the FLSA, in which case they are paid a regular salary. Employees in affected classifications were interviewed in the summer of 2017. More information will be provided to you in the future.

EMPLOYEE REPRESENTATIVES

Your Board is excited to announce that two retired City employees, and former SCXEA members, have agreed to join our team as Employee Representatives. They will receive training and will be available to support members in a variety of situations when you may want a supportive person guiding you or sitting with you, including at fact-finding meetings that could lead to discipline. The Representatives will help ensure that all our members get the support you need, when you need it. A huge thanks to Marc Robles and Paul Freeman for answering our call. Your Board members will continue to be your initial point of contact and will bring an Employee Representative into your case when necessary.

NEW WEB SITE

We are pleased to announce that SCXEA is getting a virtual facelift. Look out for a new and improved web site coming soon. The web site will be a hub for you to follow all SCXEA happenings. A huge "thank you" to Board Secretary Kim Rhodes for making our web site dreams come true. If you would like to volunteer to assist Kim, please contact her directly at Secretary@SCXEA.org.

MEMBERSHIP GROWTH

Membership in SCXEA continues to grow, as do the number of employees represented by SCXEA. For example, in September 2016, SCXEA represented 629 employees, of whom 232 were members. Today SCXEA represents 690 employees, of whom 326 are members. Based on authorized FTE staffing in the FY2018/19 proposed budget,

SCXEA is the third-largest City union, behind only Stationary Engineers Local 39 and the Sacramento Police Officers Association.

FLEXIBLE WORK HOURS

Are you confused? Your SCXEA Board is working with Human Resources to develop a Frequently Asked Questions document about the new Flexible Work Schedule section of your labor agreement (see Section 10.10 of the agreement [here](#)). Hopefully by working with the City to distribute clarifying information to you and your supervisors, this new optional benefit for Units 01 and 14 can be applied fairly and uniformly.

BOARD MEETINGS

Come see your Board of Directors in action. Your Board generally meets at noon on the first and third Wednesday of every month in New City Hall, Room 1104 (the Closed Session room just outside the Council Chamber). We love to have our members join us. You can share concerns, ask questions, or just sit back and see how it all works.

ARE YOU READY TO STEP UP?

Have you ever thought about joining your SCXEA Board of Directors? It's a great way to support your fellow members and other employees, feel involved, and learn about the City organization from a different perspective. Elections for eight of the nine positions on your Board (all of the Board positions listed below except At-Large Director A) will be held in September. A formal notice about the election schedule will be sent to you beginning in July with informal notices before that. Think about it and reach out to one of your Board members to learn more!

CALPERS TRAINING ON UNDERSTANDING YOUR RETIREMENT PLAN

CalPERS regularly offers online and in-person training to help you understand your retirement plan. Whether you are new to public employment, getting ready to retire, or anywhere in between, it's a good idea to regularly review the training options. Go to the Member Education portion of the CalPERS website (click [here](#)) to see what's being offered. Visit the CalPERS Network (click [here](#)) to view past web events and educational videos on retirement and CalPERS benefits. You can subscribe to the Member Education Bulletin (click [here](#)) to receive emails from CalPERS regarding upcoming educational opportunities.

DEFINED CONTRIBUTION PLANS COMMITTEE AND POSSIBLE FEE INCREASE

As a result of insistence by the City's labor unions, City Council approved a new formal committee to provide oversight to the City's various defined contribution plans (457b and 401a plans administered by Nationwide, and Retiree Health Savings Accounts administered by ICMA-RC). The Committee is considering modest increases to fees to be able to hire expert advisors. The attached document provides more information.

MEMBER REPRESENTATION RIGHTS

If you are asked to attend a meeting which you reasonably believe may result in disciplinary action, or which may result in decisions regarding reasonable accommodations or any adverse actions regarding your job, you may have the right to union representation. Follow these guidelines:

- You should ask the purpose of the meeting.
- If you want representation, you must specifically request it and should do so as early as possible.
- If you are denied representation, you should immediately request to speak to your Unit Director.
- If you decide to attend a meeting without representation and do participate, let your Unit Director know what happened.

Thank you for your continued public service and for your membership in SCXEA.

Heather Hoekstra
President

Board of Directors 2018-2019

If you have questions, concerns, need representation, or just want to say “Hey,” please feel free to contact a member of your Board. Each representation Unit has a Unit Director and there are two At-Large Directors who can assist members from any Unit. Please don’t hesitate to reach out.

President – Heather Hoekstra, Program Analyst, Youth, Parks, & Community Enrichment, 808-5691
Vice-President – Kateshia Knox, Senior Personnel Analyst, Human Resources, 808-7660
Secretary – Kimberly Rhodes, Administrative Analyst, Youth, Parks, & Community Enrichment, 808-6316
Treasurer – Melissa Bickel, Senior Deputy City Attorney, City Attorney, 808-8802
Unit 01 Director – Kathy Rogan, Senior Deputy City Attorney, City Attorney, 808-2018
Unit 10 Director – vacant
Unit 14 Director – Jenci Smith, Administrative Analyst, Fire, 808-6703
At-Large Director A – Tessa St. John, Program Manager, Finance, 808-4847
At-Large Director B – Chris Thoma, Program Analyst, Public Works, 808-4833

City of Sacramento Defined Contribution Plans Committee -- April 14, 2019

- The City of Sacramento has been offering a voluntary 457 deferred compensation or defined contribution plan since 1975. ICMA-RC administered the plan until 2016, when Nationwide took over administration of the 457 and 401a plans following a Request For Proposal process in which labor unions participated.
- Plan administrators make their money by charging fees to participants. In 1992 ICMA-RC was charging participants annually an \$18 fee plus 90 basis points (0.009 or 0.9%). By 2015 ICMA-RC was charging a sliding scale fee of about 5 basis points (0.0005 or 0.05%) annually. The basis points fees were never shown on your ICMA-RC quarterly statements. Instead, the rates of return of the funds you were invested in were reduced to account for the fee.
- Nationwide charges participants 3 basis points (0.0003 or 0.03%) annually. One-twelfth of the fee is assessed on the last day of each month and is shown on your quarterly statements as “explicit asset fee.”
- Although considered an industry best practice, it wasn’t until 2017 that the City agreed to requests by the City’s labor unions to create a committee to provide guidance and oversight to the City’s defined contribution plans. Governing documents were developed and City Council approved the committee in 2018, and public meetings of the Defined Contribution Plans Committee began in 2019. There are 7 seats on the Committee and each seat has a Primary Member and can have an Alternate Member:
 - City Manager or designee
 - City Treasurer or designee
 - Director of Human Resources or designee
 - Representative of exempt employees
 - Representative of non-exempt employees
 - Representative of public safety employees
 - Representative of retirees
- Early on it became clear that the Committee would need the expertise of an outside consultant to provide professional advice about which funds to include in the portfolio available to you, evaluate the level of customer service and education being provided to you by Nationwide, and recommend opportunities to keep fees low and encourage employees and retirees to maximize their investments. For example, the consultant hired solely to help create the governing documents made one recommendation that saved participants \$100,000 annually. The estimated annual cost of such a consultant is about \$60,000-\$80,000.
- To provide funds to pay for the consultant and other services the Committee thinks is necessary, the Committee is considering two options to increase fees paid by participants.
- One option is to increase the 3 basis points to 4.5 to 4.75 basis points. At \$500 million invested with Nationwide, the increased fee would raise \$75,000-\$87,500 each year. For a participant with a combined \$50,000 invested with Nationwide, the annual fee would increase from \$15 to \$22.50-\$23.75. For a participant with \$500,000 invested, the annual fee would increase from \$150.00 to \$225.00-\$237.50.
- The other option is to charge a flat fee to every participant, with the possibility of having a reduced fee for those with small fund balances. An annual fee per participant of \$20-\$30 is being considered.
- Once the Committee agrees on the fee increase, negotiations must occur with all labor unions. Only if all labor unions agree will a recommendation go to City Council to adopt the change.
- The committee will consider the fee increase at its next regular meeting on July 17 at 10:00 A.M. in the hearing room in Historic City Hall, 915 I Street.
- Separately, in 2019 Nationwide reduced fees by 5 basis points for their ProAccount service, for which Wilshire Associates professionally manages your investments at a group level. More than 25% of plan participants use ProAccount. A participant with a combined \$50,000 invested is saving \$25 per year. A participant with a combined \$500,000 invested is saving \$250 per year.
- If you have questions about the work of the Committee, you may attend and speak at Committee meetings and/or contact your representatives to the Committee. To view Defined Contribution Plans Committee meeting agendas and minutes and listen to meeting audio recordings, go to www.cityofsacramento.org/Clerk/Legislative-Bodies/Boards-and-Commissions/Defined-Contribution-Plans-Committee.

Exempt employees representatives to the Defined Contribution Plans Committee:

Primary Member – Janice Conerly-Coleman, JConerly-Coleman@cityofsacramento.org

Alternate Member – Kateshia Knox, VicePresident@SCXEA.org

(over)

Hypothetical examples of possible fee increase options:

401a + 457 PLANS		Current Annual Admin Fee	Possible Annual Admin Fee	Possible Annual Fee Increase	Possible Annual Admin Fee	Possible Annual Fee Increase
Amount invested		3 basis points on holdings	4.75 basis points on holdings	+ 1.75 basis points	Varied flat fee for 5,000 participants	+ Varied flat fee
Fee		0.000300	0.000475	0.000175	varied	varied
Individual Participants	\$ 1,000	\$ 0.30	\$ 0.48	\$ 0.18	\$ -	\$ -
	\$ 5,000	\$ 1.50	\$ 2.38	\$ 0.88	\$ -	\$ -
	\$ 20,000	\$ 6.00	\$ 9.50	\$ 3.50	\$ -	\$ -
	\$ 30,000	\$ 9.00	\$ 14.25	\$ 5.25	\$ 30.00	\$ 30.00
	\$ 50,000	\$ 15.00	\$ 23.75	\$ 8.75	\$ 30.00	\$ 30.00
	\$ 75,000	\$ 22.50	\$ 35.63	\$ 13.13	\$ 30.00	\$ 30.00
	\$ 100,000	\$ 30.00	\$ 47.50	\$ 17.50	\$ 30.00	\$ 30.00
	\$ 150,000	\$ 45.00	\$ 71.25	\$ 26.25	\$ 30.00	\$ 30.00
	\$ 250,000	\$ 75.00	\$ 118.75	\$ 43.75	\$ 30.00	\$ 30.00
	\$ 500,000	\$ 150.00	\$ 237.50	\$ 87.50	\$ 30.00	\$ 30.00
\$ 1,000,000	\$ 300.00	\$ 475.00	\$ 175.00	\$ 30.00	\$ 30.00	
Entire Plan	\$440,000,000	\$132,000.00	\$209,000.00	\$77,000.00	\$ 90,000.00	\$ 90,000.00
	\$500,000,000	\$150,000.00	\$237,500.00	\$87,500.00	\$ 90,000.00	\$ 90,000.00

401a + 457 PLANS		Current Annual Admin Fee	Possible Annual Admin Fee	Possible Annual Fee Increase	Possible Annual Admin Fee	Possible Annual Fee Increase
Amount invested		3 basis points on holdings	4.5 basis points on holdings	+ 1.5 basis points	Varied flat fee for 5,000 participants	+ Varied flat fee
Fee		0.000300	0.00045	0.00015	varied	varied
Individual Participants	\$ 1,000	\$ 0.30	\$ 0.45	\$ 0.15	\$ 5.00	\$ 5.00
	\$ 5,000	\$ 1.50	\$ 2.25	\$ 0.75	\$ 5.00	\$ 5.00
	\$ 20,000	\$ 6.00	\$ 9.00	\$ 3.00	\$ 5.00	\$ 5.00
	\$ 30,000	\$ 9.00	\$ 13.50	\$ 4.50	\$ 25.00	\$ 25.00
	\$ 50,000	\$ 15.00	\$ 22.50	\$ 7.50	\$ 25.00	\$ 25.00
	\$ 75,000	\$ 22.50	\$ 33.75	\$ 11.25	\$ 25.00	\$ 25.00
	\$ 100,000	\$ 30.00	\$ 45.00	\$ 15.00	\$ 25.00	\$ 25.00
	\$ 150,000	\$ 45.00	\$ 67.50	\$ 22.50	\$ 25.00	\$ 25.00
	\$ 250,000	\$ 75.00	\$ 112.50	\$ 37.50	\$ 25.00	\$ 25.00
	\$ 500,000	\$ 150.00	\$ 225.00	\$ 75.00	\$ 25.00	\$ 25.00
\$ 1,000,000	\$ 300.00	\$ 450.00	\$ 150.00	\$ 25.00	\$ 25.00	
Entire Plan	\$440,000,000	\$132,000.00	\$198,000.00	\$66,000.00	\$ 85,000.00	\$ 85,000.00
	\$500,000,000	\$150,000.00	\$225,000.00	\$75,000.00	\$ 85,000.00	\$ 85,000.00