



National Association of Government
Defined Contribution Administrators, Inc.

two thousand thirteen FACT SHEET

ABOUT NAGDCA

The National Association of Government Defined Contribution Administrators, Inc. (NAGDCA) is a non-profit 501(c)(6) organization comprised of state and local government administrators and private sector companies that service and support defined contribution/deferred compensation plans for public employees nationwide.

Founded in 1980, NAGDCA's members represent defined contribution plans from almost all state governments and more than 140 local governments. In addition, more than 410 industry members representing over 88 private sector companies are actively involved. These industry members are significantly involved in the government retirement savings industry and represent various insurance companies, mutual fund sponsors, investment management firms, recordkeepers, communication service providers, and consultants. Over 600 delegates attend NAGDCA annual conferences.

The defined contribution plans that NAGDCA members represent are often supplemental plans that complement a primary retirement benefit provided by the government entity. These plans allow their participants to save pre-tax dollars to ensure a financially secure retirement. NAGDCA provides information and a support network to assist its members in the design and maintenance of this important employee benefit.

Administration of Governmental Defined Contribution Plans

Governmental defined contribution plans have a variety of administrative formats. A plan's structure is often mandated by state statutes or municipal ordinances. Some are overseen or managed by officials of the government's retirement system, the treasury department, personnel/benefits department, and/or a separate governing board. The administration of these plans, including plan enrollment, recordkeeping, benefit disbursements and cash management, may be performed by the government internally or outsourced to companies specializing in these functions. Additionally, many of these plans contract with private companies that manage plan investments. In most cases, the administrative costs for these plans is shouldered by the participants and beneficiaries.

The typical investment menu for a NAGDCA member plan may include a combination of mutual funds, insurance annuity contracts, and institutionally managed investment funds.

SERVICES AND RESOURCES

NAGDCA Leadership: Quoted in publications such as *CNN Money*, *Pensions & Investments*, and *Kiplinger's Personal Finance Magazine*, NAGDCA's Executive Board members are sought-after resources that provide both association and plan perspective:

- **President:** Tom Mueller, Chief Accountant, Sanitation Districts of L.A. County, California
- **Vice President:** Eric Sanderson, DC Plan Manager, Ohio Public Employees Retirement System (OPERS)
- **Secretary/Treasurer:** Ralph Marsh, Chairman, City of Houston, Texas
- **Member-at-Large:** Polly Scott, Communications and Deferred Compensation Manager, State of Wyoming
- **Member-at-Large:** Steven Montagna, Assistant Division Chief, City of Los Angeles, California
- **Industry President:** Alex Hannah, Vice President, Marketing Communications & Education, ICMA-RC
- **Past President:** Julia Durand, Director, California State Teachers' Retirement System
- **Industry Observer:** Roderick Crane, Senior Director, Government & Religious Markets, TIAACREF



Comprehensive NAGDCA Publications: From the Surveys of Defined Contribution Plans, where NAGDCA is able to offer colleagues vital statistics on the defined contribution industry, to the Clearinghouse, where you can request copies of documents from members, NAGDCA strives to be a leader in providing valuable information and training. In addition, NAGDCA publications offer the most in-depth and current information available in the deferred compensation/defined contribution arena. Members also receive quarterly newsletters and biweekly *Fast Facts* updates via NAGDCA's listserv.

NAGDCA also publishes on-line brochures covering topics of particular interest for defined contribution plan administrators. Brochures currently available include: *Government 457(b) Primer*, *Stable Value Options and Alternatives*, and *Rising to the Challenge of the New Fee Disclosure Requirements*

Legislative Representation in Washington, DC:

Through its relationship with Susan J. White and Associates, NAGDCA and its members have a voice that impacts proposed legislative changes affecting government defined contribution plans.



NAGDCA Website: www.nagdca.org is an interactive gateway to many resources regarding defined contribution plans and administration. The website features: important updates available on the homepage; a Clearinghouse of information about state and local plans across the United States; links to government and industry members' websites; IRS resource center; a searchable member directory; electronic publications; and many other resources to help members obtain current and accurate information to help with the administration of defined contribution plans.

NAGDCASTs: webcasts that allow members to participate in panel discussions and receive information from the convenience of their offices, instead of having to travel for on-site meetings. Recent NAGDCAST topics included: *Request for Proposals for Plan Administrators: How to Conduct an RFP*; *Legislative Update of DC Plans*; and *Benchmarking Government Defined Contribution Plans*.

Annual Conference: NAGDCA presents an annual conference each fall, focusing on current topics that help members learn and utilize best practices in the industry. Recent educational sessions at the annual conference included:

- *Financial Literacy and Retirement Savings*
- *403(b) Compliance*
- *Critical Questions for Fiduciaries about Guaranteed Income Products*
- *Stable Value Funds*
- *Benchmarking Your Plan*
- *Investment Innovations*
- *The Impact of Social Media in Communicating with Participants*

The annual conference provides members with significant educational and networking opportunities. The 2013 Annual Conference will be September 7-11, 2013 in Louisville, Kentucky.

NAGDCA Notes: brief reports published several times each year that review and summarize a variety of topics that impact defined contribution plans and plan administrators. Recent topics included *An Overview of Retirement Plan Fee Disclosure and Brokerage Window Basics: Things to Consider*.

The International Foundation for Retirement Education (InFRE): NAGDCA encourages plan sponsors to offer their services through individuals certified in the areas of financial planning, and retirement education and administration. In following this commitment, NAGDCA is affiliated with InFRE, an independent, non-profit organization that offers the Certified Retirement Counselor and Certified Retirement Administrator certification programs for retirement professionals in the areas of human resources and benefits, retirement plan sponsors, and financial services. Contact Kevin Seibert, Managing Director, 21622 Hanover Hills Rd., Barrington, IL 60010, 847-382-9032, kseibert@infre.org.

The First Step: For more information, contact NAGDCA Headquarters in Lexington, KY at 859-514-9161 or nagdca@AMRms.com.

NOTABLE FACTS

- NAGDCA has in the past been called to testify before the Congressional Committee on Ways and Means regarding the issue of fee disclosure and reasonableness of fees within governmental defined contribution plans. NAGDCA's full testimony can be accessed at: <http://waysandmeans.house.gov/hearings.asp?formmode=view&id=6592>.
- The trend of recent defined contribution retirement plan research appears to focus on four emerging questions and issues: (1) analyzing whether defined contribution plans will be able to provide individual participants with an adequate retirement, (2) exploring the role of company stock in 401(k) plans, (3) examining the importance of the plan's design and participants' levels of financial education on participants' decisions, and (4) measuring defined contribution plan participants' account balances, asset allocations, and current results.*
- Local and state governments are eligible to establish a 457(b) plan for their employees. This type of 457(b) covers employees of a state (including the District of Columbia), a political subdivision of a state, any agency or instrumentality of a state, or political subdivision of a state. These types of employees can include: local and state government workers, fire fighters, police personnel, and public school employees.**
- The 2012 NAGDCA Defined Contribution Plan survey had 53 responding governmental 457 plans had assets valued at nearly \$71 billion. Twenty-six state 457 plans held approximately \$50 billion of this total, while 24 local plans, 2 education and 1 transportation district 457 plans held the remaining \$21 billion. The state 457 plans with the largest asset bases are New York (\$13.5 billion); Ohio (\$8.8 billion); and Massachusetts (\$5.5 billion). The largest local plans responding to the survey are County of Los Angeles, CA (\$6.7 billion) and the City and County of San Francisco, CA (\$3.4 billion).***
- In comparison, the 2011 NAGDCA Defined Contribution Plan survey had 51 responding governmental 457 plans with assets valued at nearly \$74 billion. Twenty-seven state 457 plans held approximately \$49 billion of this total, while 23 local plans and 1 special district 457 plan held the remaining \$25 billion. The responding State 457 plans with the largest asset bases are New York (\$12.9 billion); Ohio (\$8.5 billion); and Minnesota (\$4 billion). The largest local plans responding to the survey are New York City, NY (\$11 billion); County of Los Angeles, CA (\$5.9 billion) and the City and County of San Francisco, CA (\$2 billion).***

* *Employee Benefits Research Institute*

** *457wise*

*** *2011 survey*

**** *2012 Survey*