



## MEMORANDUM

To: Mayor Timothy Woerther and City Council Members

From: Ryan S. Thomas, City Administrator

Date: March 25, 2016

Re: Employee Retirement Plan Management

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### Background

Since 1996, the ICMA Retirement Corporation has managed the Employee Retirement Plan for the City of Wildwood, for which the following concerns have been raised by employees:

1. Limited fund choices
2. High plan fees and fund expenses
3. Limited financial advisory services

Other the course of the past several months, Finance Officer Dawn Kaiser and I have interviewed multiple firms that would potentially take on the role of financial advisor and fiduciary for the administration of the City's Employee Retirement Plan, and each firm has sought competitive quotes from multiple plan platforms in an effort to provide the best possible options for the City's consideration. The following three (3) firms were interviewed for the role of financial advisor/fiduciary:

1. Cutter & Company
2. Mass Mutual Financial Group
3. Retirement Plan Advisors

### Recommendations

1. Cutter & Company is recommended to serve as financial advisor and co-fiduciary for the City's Employee Retirement Plan.
2. OneAmerica (d/b/a American United Life Insurance Company) is recommended for the retirement plan platform (record keeper), including a managed plan option through Artesys (d/b/a R. T. Jones Capital Equities Management, Inc.), and a co-fiduciary arrangement with Mesirow Financial Investment Management, Inc.

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**Reasons of Recommendation**

1. Cutter & Company has an excellent track record as a financial advisor and fiduciary, with a very reasonable fee of 0.25%, which is structured into the plan fees (paid by the employee).
2. Cutter & Company's role as fiduciary reduces liability to the City in this capacity.
3. OneAmerica was one (1) of eight (8) plan platforms considered, but offered the lowest overall fees without limiting fund choices: 0.45% average fund expense ratio + 0.09% record keeping/administration fee. Others considered by Cutter & Company were Nationwide, Lincoln, Voya, Daily Access, John Hancock, Alerus and Mutual of Omaha.
4. The overall average plan costs (including fees from both Cutter & Company and OneAmerica) total 0.88%, compared to 1.37% for the current plan (certain fund choices under the City's current plan are in excess of 2.00%).
5. Once the total managed assets exceed \$3,000,000 (it is very close now), the overall average plan costs would be further reduced to 0.79%.
6. Both Cutter & Company and OneAmerica have a local presence, and regular meetings with employees would be offered (including up to three (3) educational meetings each year, and one-on-one consultation with employees at any time).
7. For employees desiring a hands-off approach, an optional managed plan option will be made available through the firm Artesys.
8. There are no charges from the current provider, ICMA-RC, to terminate the current plan. A notice period of 60 days is required.
9. On February 25, 2016, City employees had an opportunity to meet the proposed team of new providers and are supportive of making this change.

Bill #2167 has been placed on the March 28, 2016 City Council Agenda, which would authorize the City Administrator to proceed with the execution of all necessary agreements and other documents for the migration of the plan. Once, authorized, the required 60-day termination notice to ICMA Retirement Corporation will be initiated, which would likely result in completion of the migration by June 2016.

I will be available for any questions or comments at the March 28, 2016 City Council Work Session.

RST