

# PLAN SPONSOR ACCOUNT REIMBURSEMENT GUIDELINES

## BACKGROUND

The agreement entered into between the Employer and Voya Financial (one of the Plan recordkeepers) provides for a fixed asset based fee to cover Plan expenses related to recordkeeping services. Additionally, the Plan maintains other fixed expenses related to operating and monitoring the Plan. The Plan, in turn, charges all participants an asset-based fee sufficient to cover all of the aforementioned expenses. The actual dollar amounts collected will vary due to fluctuations in overall Plan account values. As such, there may be differences between total expenses, some of which are fixed, and total revenues during any given quarter. It is also the intent of the Plan to maintain a small amount of assets on account in excess of projected quarterly and/or annual expenses. Any amounts received by the Plan shall be held in an unallocated account maintained under the Plan (the "Plan Sponsor Account"), and thereafter shall be used exclusively for the benefit of participants and their beneficiaries or to defray the reasonable expenses of administering and managing the Plan. Amounts held in the Plan Sponsor Account may be credited to one or more investment funds made available under the recordkeeping agreement, or remitted to the Employer for deposit in a segregated Employer Plan Sponsor Reimbursement Account (the "Deferred Comp Account").

The Plan also receives from Advantis Credit Union (another Plan recordkeeper) a total annual administrative expense reimbursement of .05 percent (five basis points) on the average Plan assets held with Advantis. Payments are made quarterly and funds are credited and recognized within the City's Deferred Comp Budget Account.

## GUIDELINES

Amounts held in the Plan Sponsor Account or the Deferred Comp Account shall be used exclusively for the benefit of participants and their beneficiaries, or to defray the reasonable expenses of administering and managing the Plan. To that end, and to the extent permitted by law, the Employer may be reimbursed from the Plan for any direct expenses properly and actually incurred in connection with the performance of services for the Plan.

In the event that the amounts remaining in the Plan Sponsor Account and the Deferred Comp Account are deemed to be in excess of the amount needed to defray Plan expenses, the Deferred Compensation Advisory Committee will review the following options relative to returning excess funds or reducing future expenses to participant accounts.

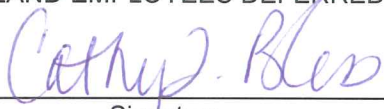
Option 1: Provide an administrative fee "rate holiday" or rate reduction:

- At least every July 1<sup>st</sup>, The Committee will review the explicit asset-based fee charged to Voya participants and determine whether the Plan Sponsor Account and the Deferred Comp Account have sufficient funds available to cover projected expenses. Sufficient funds will be determined by whether the Plan Sponsor Account and the Deferred Comp account have a combined projected surplus of at least 50% of the projected annual expenses.
- Funds in excess of the surplus could be used to offer a "rate holiday" or rate reduction whereby the explicit asset-based fee is partially or completely off-set by the funds in excess. This "rate holiday" or reduction would be applied each calendar quarter and would remain in place for a duration of time approved by the Committee.

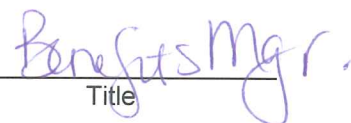
Option 2: Provide a uniform redistribution process to credit plan participant individual 457 accounts.

- At least every July 1<sup>st</sup>, the Committee will review the explicit asset-based fee charged to Voya participants and determine whether the Plan Sponsor Account and the Deferred Comp Account have sufficient funds available to cover projected expenses. Sufficient funds will be determined by whether the Plan Sponsor Account and the Deferred Comp Account have a combined projected surplus of at least 50% of the projected annual expenses.
- The amount to be reimbursed to participants will be calculated based upon each participant's pro-rata share of total plan assets under the respective, aforementioned recordkeepers. The amount available for distribution under each recordkeeper will be calculated based upon the recordkeeper's proportional share of the total revenue credits during the calculation period. The amount reimbursed will be based on participants with an account balance as of November 30<sup>th</sup> each year.
- The amount will be reimbursed on or near December 15<sup>th</sup> each year as applicable.

ADOPTED BY THE DEFERRED COMPENSATION ADVISORY COMMITTEE ON BEHALF OF THE CITY OF PORTLAND EMPLOYEES DEFERRED COMPENSATION PLAN:

  
\_\_\_\_\_  
Signature

  
\_\_\_\_\_  
Date

  
\_\_\_\_\_  
Title