

# Memo

**To:** Billy Peppers, City Manager  
**From:** Nathan Ingram  
**CC:** Lorrie Waters, HR Manager  
**Date:** April 24, 2017  
**Re:** Edward Jones (Lord Abbett) 457(b) Plan

---

Currently, the City of Canton offers its employees to participate in one of three Deferred Compensation 457 plans: administered by Newport Group, Nationwide and Edward Jones. Although please recall that all new employees that receive the employer match, participate in the Edward Jones 457 plan. This particular plan is offered through Edward Jones (the Broker) and administered by Lord Abbett.

During the summer of last year, the City was approached by Edward Jones (on behalf of Lord Abbett) and notified that Lord Abbett was increasing administration costs and may eventually discontinue servicing the City's 457(b) plan. Upon learning this, a committee was put together by the City to consider alternate options should Lord Abbett ultimately decide to stop administering this plan or should the plan become cost prohibitive. The Committee requested proposals from our current plan broker (i.e. Edward Jones), the Georgia Municipal Association (GMA - who currently administers the City's Defined Benefit Plan), and ICMA-RC (International City/County Management Association Retirement Corp.).

The Committee reviewed the proposals that we received from Edward Jones (i.e. John Hancock), GMA and ICMA. Summaries of these proposals are attached. At the time, it was unanimous by the Committee that the most prudent plan of action would be to recommend to Council that we move all of the City's 457(b) plans to ICMA-RC; considering their history in dealing with governments only, simplistic and straightforward administration, and most importantly the tools that they provide for the plan participants (i.e. online portfolio management, personal services team, fund selection, etc.). Not only would this mitigate the looming concern with the current administrator but it would also consolidate all of the City's 457 plans under one umbrella. However, considering the environment that the City was in during the second half of last year and the changes that were occurring in the employment structure of the City at that time, no action was immediately taken.

Unfortunately, we have now received word that Lord Abbett is making their decision to no longer administer the City's plan, effective immediately. We are asking that Council consider moving the City's 457(b) plans to ICMA-RC. Other options, as referenced above, include keeping the existing 457 plan structure (i.e. 3 different plans) and have John Hancock administer the plan in place of Lord Abbett, or have GMA administer all of plans

Looking at the three options above, ICMA-RC and GMA are specifically geared toward the governmental sector while Edward Jones/John Hancock is not. Consequently, there are many aspects about the ICMA-RC and GMA proposals that are attractive to government clients; team members with increased experience working with 401 & 457 plans, communications and education programs specifically tailored to governments, public sector-focused plan investment options, experience in transitioning governmental plans, etc.

GMA has over 5,000 participants and manages approximately \$80 million in assets. ICMA-RC represents over 1.2 million plan participants and \$47 billion in assets, including over \$400 million in assets from plans within Georgia. Additionally, ICMA-RC has a very robust online asset management experience that allows plan participants to review and change some plan attributes in real-time.

If Council should agree, and approves a direction to consolidate all of the City's plans into one administrator, management could ask that a representative come to a council meeting to further explain the process and answer any questions that they may have. Thank you for your time and consideration.

Respectfully,

Nathan Ingram