CHEVY CHASE VILLAGE
BOARD OF MANAGERS
MAY 12, 2014 MEETING

STAFF REPORT

TO: BOARD OF MANAGERS
FROM: SHANA R. DAVIS-COOK, VILLAGE MANAGER
DATE: 5/8/2014
SUBJECT: BOARD AUTHORIZATION TO TRANSFER THE VILLAGE'S RETIREMENT PLAN FROM THE PRINCIPAL FINANCIAL GROUP TO ICMA-RC

Background

Due to our dissatisfaction with *The Principal Financial Group*'s (Principal) administration of our existing defined contribution (retirement) plan, the Village Board has directed me to begin the process to transfer the plan to a new provider, namely, the International City/County Manager's Association Retirement Corporation (ICMA-RC), which serves as the leading retirement plan administrator for public sector agencies in the country.

In order to formally begin drafting plan documents for this transfer, ICMA-RC requires the execution of a "termination letter" for submission to the current plan provider. The letter notifies *Principal* that the Village intends to terminate our existing retirement plan, which will be transferred to ICMA-RC, and that ICMA-RC is authorized to begin obtaining documents and information pertaining to our current plan on our behalf. The letter goes on to state that the plan will not be officially terminated until *Principal* is further directed by ICMA-RC, with our authorization. Without this letter, ICMA-RC is unable to begin the transition.

Village Counsel is reviewing the form letter provided by ICMA-RC, which is attached for your reference. Although Counsel will incorporate additional language to protect the Village's interests, the letter will be sent in substantially the same form as presented in the attachment.

Request

I request Board authorization to execute the attached letter, and any other required paperwork, to begin the transition of the Village's retirement plan from *The Principal Financial Group* to the *International City/County Manager's Association Retirement Corporation.* The eventual plan documents will be resubmitted for Board action prior to execution.

Board Action Requested/Draft Motion

I move to authorize the Village Manager to execute the required paperwork to begin transitioning the Village's retirement plan from *The Principal Financial Group* to the *International City/County Manager's Association Retirement Corporation.*

Attachment
Draft "Termination Letter"

SAMPLE TERMINATION LETTER

NOTE: Please modify items in Red Font. Remaining content of letter cannot be modified without prior approval from the New Business Unit Specialist assigned.

DATE

Name
Name of Institution
Address1
Address2
City, State Zip Code

RE: Plan Name - transition to ICMA-RC

Dear Name:

This letter is to formally notify you that the Plan Name ("Plan") has selected ICMA-RC as the new provider for the 401/457 Deferred Compensation Plan, and that the Plan will be terminating all contracts with Name of Institution.

We are currently working with ICMA-RC to prepare for the transition of the Plan and will be targeting a liquidation date to be determined within the next 90 days. A representative from ICMA-RC will contact you to coordinate a mutually agreeable date for the transition. Please begin discussions with ICMA-RC regarding the transition timeline and deliverables for the project.

ICMA-RC has assigned the following Specialist for the transition:

SPECIALIST CONTACT
INFORMATION
PHONE/FAX/EMAIL

For the duration of the record keeping contract, please do not implement any changes to the current investment lineup except as directed by us. The Plan also directs that no unauthorized correspondence be sent to plan participants regarding the transition.

The Plan requests that all available indicative and financial data be provided to ICMA-RC through their secure website (to be provided). Additionally, the Plan requests a preliminary calculation of any market value adjustment or back end charges that may be assessed on any fixed Account.

We appreciate the service you have provided to the Plan and would like to thank you in advance for your assistance with an efficient transition to ICMA-RC.

Sincerely,

cc: ICMA-RC Field Representative
ICMA-RC NBU Specialist