

**PERALTA COMMUNITY COLLEGE DISTRICT  
Board of Trustees Agenda Report  
For the Trustee Meeting Date of October 25, 2011**

ITEM # 17

**ITEM TITLE:** Change third party administrative services for the tax-deferred 403(b) & 457 plans from TSA Consulting to Mid-America Plan Administrators.

**SPECIFIC BOARD ACTION REQUESTED:**

Recommend approval and adoption of Board Resolution 11/12-20 to enter into an agreement with Mid-America Plan Administrators as the District's third party administrator (TPA) for the tax-deferred plans 403(b) and 457 (b) plans.

**Item Summary**

Peralta extends the opportunity for voluntary participation in the tax deferred 403(b) Plan and 457 Plan. With increased IRS regulation, many TPAs are imposing administrative fees which are borne by either the employee or the employer.

Peralta previously utilized Great America Plan Administrators (GAPA) to ensure our regulatory compliance and distribution of employee elected deferrals. GAPA did not charge monthly service fees to Peralta.

In August 2011, GAPA was purchased by TSA Consulting; TSA and is imposing fees effective January 2012. Peralta is able to avoid administrative fees by enlisting the service of Mid-America who is the current administrator of the Accumulation Program for Part-time and Limited Service Employees (APPLE) plan. Mid-America has a history with Peralta and has agreed not to impose administrative charges for the next five years.

**Services include**

- ensuring that transactions are IRS compliant: rollovers, distributions, transfers, loans
- monitoring for maximum contribution limits
- providing common remitting services to multiple investment vendors
- ensuring that information sharing agreement, plan documents and the execution of them are IRS compliant

**SOURCE OF FUNDS (AND FISCAL/BUDGETARY IMPACT):**

NONE

**BACKGROUND/ANALYSIS:**

TPAs of tax-favored 403(b) and 457 plans are introducing or increasing service fees for the administration of these plans. Historically, Peralta does not absorb administration fees on voluntary benefit plans.

Administrative fees are expected to cover transaction services ranging from receiving deposits within the prescribed IRS limits to ensuring that distributions are IRS compliant. As tax reform affects the investment world, TPAs are passing on service charges. Fees can range from \$2/month for active participants to as much as \$3 for any and all employees whether or not they participate in the 403(b) or 457 plan.

The District has found a TPA willing to administer the plan without imposing administrative fees to the District, Mid-America.

Fees are still an issue. The \$20 annual fee, (paid monthly) will either be absorbed by the employee or absorbed by the investment company. Currently 20 investment companies out of 30 are willing to absorb the \$20/year charge.

As of the transition from GAPA to TSA in August 2011, 70% of Peralta employees are investing with companies who will absorb administrative costs. The remaining 30% will be charged the \$20 annual fee (\$1.67/month).

**ALTERNATIVES/OPTIONS:**

We have reviewed services of other providers and Mid-America is offering to provide administrative, transactional and compliance services free of charge to the District for five years.

**EVALUATION AND RECOMMENDED ACTION:**

District administration recommends approval of this cost neutral administrative change.

**OTHER DEPARTMENTS IMPACTED BY THIS ACTION (E.G. INFORMATION TECHNOLOGY):**

YES PAYROLL NO \_\_\_\_\_

**COMMENTS:**

**WHO WILL BE PRESENTING THIS ITEM AT THE BOARD MEETING? (VICE CHANCELLOR)**

Vice Chancellor Trudy Largent

(\*\*\*\*\*Board contract approval is subject to negotiation and execution by the Chancellor.)

**DOCUMENT PREPARED BY:**

Prepared by: \_\_\_\_\_ Date: \_\_\_\_\_  
Jennifer Benford Seibert

**DOCUMENT PRESENTED AND APPROVED BY:**

Presented and approved by: \_\_\_\_\_ Date: \_\_\_\_\_  
Trudy Largent, Vice Chancellor for Human Resources & Employee Relations

**FINANCE DEPARTMENT REVIEW**

\_\_\_\_\_ Finance review required \_\_\_\_\_ Finance review *not* required

If Finance review is required, determination is: \_\_\_\_\_ Approved \_\_\_\_\_ Not Approved

If not approved, please give reason: \_\_\_\_\_

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Ron Gerhard, Chief Financial Officer

**GENERAL COUNSEL (Legality and Format/adherence to Education Codes):**

\_\_\_\_\_ Legal review required \_\_\_\_\_ Legal review *not* required

If Legal review is required, determination is: \_\_\_\_\_ Approved \_\_\_\_\_ Not Approved

Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
Thuy T. Nguyen, General Counsel

**CHANCELLOR'S OFFICE APPROVAL**

Approved, and Place on Agenda \_\_\_\_\_ Not Approved, but Place on Agenda

Signature: Wise E. Allen Date: 10/20/11  
Wise E. Allen, Chancellor

**RESOLUTION NO. 11/12-20**

**PERALTA COMMUNITY COLLEGE DISTRICT BOARD RESOLUTION AUTHORIZING THE DISTRICT TO CHANGE THE THIRD PARTY ADMINISTRATOR OF EMPLOYEE 403(B) AND 457(B) PLANS FROM GREAT AMERICAN PLAN ADMINISTRATORS TO MID AMERICA**

The undersigned Secretary certifies that the following resolution 11/12-20 will be adopted by the Peralta Board of Trustees on Tuesday, October 25, 2011 and that this resolution has not been modified or rescinded as of the date this certificate is executed.

**WHEREAS**, the Peralta Community College District ("District") presently maintains for the benefits of its employees a retirement plan described in Internal Revenue Code Section 403(b) (the "403(b) Plan") and a retirement plan described in Internal Revenue Code Section 457(b) (the "457(b) Plan"); and

**WHEREAS**, the Chief Business Officer ("CBO") has determined that in light of the sale of Great America Plan Administrators (GAPA) to TSA Consulting, it is in the best interest of the employees of the District to modify the current administration and compliance provider of the 403(b) Plan and the 457(b) Plan from GAPA/TSA Consulting; and

**WHEREAS**, there has been presented to the CBO a Plan Services Agreement (the "Plan Services Agreement") with Mid America Plan Administrators ("Mid America") transferring the administration and compliance of the 403(b) Plan and the 457(b) Plan(s) from GAPA to Mid America; and

**WHEREAS**, in addition to changing the Plan Administrator, the Internal Revenue Service has promulgated regulations regarding §403(b) plans requiring all 403(b) plans to be put into writing, and the District has decided to amend and restate the 403(b) Plan to comply with the requirements of these regulations and to amend and restate the 457(b) Plan both effective October 25, 2011 using documents provided by Mid America.

**NOW, THEREFORE, BE IT RESOLVED**, that effective October 25, 2011, the Peralta Board of Trustees hereby approves and adopts the Plan Services Agreement with Mid America appointing Mid America as the new third party administrator and compliance provider of the Peralta Community College District's 403(b) Plan and the 457(b) Plan; and

**FURTHER RESOLVED**, that the appropriate employees of the District are authorized and directed to execute and implement any and all agreements and documents reasonably required to effect the change and ensure a smooth and compliant transfer and to execute any and all further documents, that in their discretion they deem necessary or appropriate for the purpose of carrying into effect the foregoing resolution.

**PASSED AND ADOPTED** by a unanimous vote of the Governing Board, unless the meeting minutes reflect otherwise, on this 25<sup>th</sup> day of October, 2011.

I, Chancellor Wise E. Allen, Secretary to the Governing Board of the Peralta Community College District of Alameda County, do hereby certify that the foregoing resolution was adopted by the Board at its regular meeting of October 25, 2011, by the above-stated vote, which Resolution is on file in the Office of said Board.

Date: \_\_\_\_\_

\_\_\_\_\_  
Wise Allen, Chancellor  
Secretary to the Board of Trustees  
PERALTA COMMUNITY COLLEGE DISTRICT