

Financial Services
Richard H. Hinds, Chief Financial Officer

SUBJECT: SELECTION AND ASSIGNMENT OF 401(k) PLAN ADMINISTRATOR

COMMITTEE: INNOVATION, EFFICIENCY & GOVERNMENTAL RELATIONS

LINK TO DISTRICT STRATEGIC PLAN: IMPROVE FINANCIAL SERVICES

The District's 401(k) plan, known as the Vista 401(k) Plan (Plan), became effective January 1, 1985. The Plan has been amended or restated in subsequent years and was most recently amended and restated January 1, 2008. Effective in 1986, governmental entities no longer had the ability to establish 401(k) plans; however, since the Plan was established prior to the law change, the Plan was grandfathered under the prior regulations.

Upon the program's inception in 1986, the District entered into an administrative agreement with Fringe Benefits Management Company (FBMC) to designate FBMC as the Plan Administrator. This agreement has been updated several times since then, with the most current update occurring simultaneously with the re-stated plan document in 2008. Provisions within this agreement permit the administrator to subcontract and/or assign responsibilities to a third party. Currently, FBMC subcontracts these services to Vista Management Company (VMC), a wholly owned subsidiary of FBMC. The other significant provision contained in every version of the agreement, except for the first agreement which was entered into in 1986, transferred the District's fiduciary liability for the 401(k) Plan to the Plan Administrator (FBMC), which is an uncommon provision. The agreement can only be terminated upon mutual agreement between FBMC and the District.

VMC/FBMC has informed the District that 401(k) Plan Administration is not a business model they are interested in moving forward. Negotiations with FBMC have proven successful to amend the District's current administrative agreement to include a termination provision whereby the Board and FBMC have the ability to cancel the existing contract with 180 days advance notice. This agenda item includes a recommendation to amend the contract accordingly.

E-67

Staff from the Office of Risk and Benefits Management, in conjunction with the Board Attorney's Office, and outside counsel with expertise in benefit taxation and retirement programs, are reviewing options with regard to fiduciary liability and Plan Administration. This review includes analyzing whether it is beneficial for Miami-Dade County Public Schools to seek competitive proposals for administrative services independently or in conjunction with the other five districts which currently comprise the Vista 401(k) program, including Pasco, Monroe, Madison, Okeechobee, and Charlotte.

It is anticipated that specific recommendations can be formulated for the future structure of the 401(k) program within the next 90 days. A subsequent agenda item will be brought back to the Board at the April, 2010 Board meeting with specific recommendations, including a timeframe for issuance of a Request For Proposal (RFP) for 401(k) Administrative Services.

RECOMMENDED: That The School Board of Miami-Dade County, Florida:

1. amend the existing contract for 401(k) administrative services with Fringe Benefits Management Company (FBMC) to include a termination provision whereby either party can terminate the contract with advanced notice of 180 days; and
2. authorize staff, in conjunction with the Board Attorney's Office and outside benefits/taxation counsel, to work on a comprehensive strategy to analyze the fiduciary liability issues of the 401(k) program as well as formulation of a Request For Proposal (RFP) for 401(k) Administrative Services, with specific recommendations to be brought back to the Board at its April, 2010 meeting.

RHH:sc