

PUBLIC HEARING

On

**PR17-828, "Contract No. CFOPD-08-C-019, CFOPD-08-C-019
Management of the 457 Deferred Compensation Plan Approval
Resolution of 2008"**

**Before the
The Committee on Workforce Development and Government
Operations
Councilmember Carol Schwartz, Chair**

**July 10, 2008, 5:00P.M.
John A. Wilson Building, Chamber**



**Testimony of
Brenda P. Mathis
Program Director for 457 Deferred Compensation Plan
Office of Finance and Treasury**

**Natwar M. Gandhi
Chief Financial Officer
Government of the District of Columbia**

Good afternoon Council member Brown and members of the committee. My name is Brenda Mathis, and I am the program director for the District's 457 and 401(a) pension plans and the D.C. College Savings Plan in the Office of Finance and Treasury. Thank you for the opportunity to present testimony regarding the SSEB's selection of ING as the recipient of the proposed contract award.

ING has been the administrator of the plan since March 2002 and has performed very well. The local ING team has executed a strong outreach program that has effectively communicated and educated employees on the benefits of saving for retirement. They have stepped up to the challenge of penetrating all District agencies to reach employees and have increased participation in the plan from 27% to 37.7% which is above the national average of 37%. We added 1,285 new participants in the fiscal year ending September 30, 2007 and during that year 1,385 participants increased their contribution levels.

Plan assets grew from \$273.8 million in 2002 to \$372.0 million as of July 9, 2008. Currently there are 13,487 participants of which 8,751 are making contributions.

In reviewing the proposals in response to current RFP (CFOPD-06-R-005), the SSEB felt that ING provided the best value to the District with twice the amount of top-rated funds in its plan than another proposer which represents a substantial difference in the quality of the plans being offered. Nine of the twelve funds were rated number one by our independent consultant, Evaluation Associates. The net returns on these funds were higher by 150 basis points, or 1.5 percentage points, compared to the next bidder.

ING has a strong and experienced local team that is familiar with the District and has penetrated many small agencies which were never included before in the education process. They have five ING representatives on site and are supported by the Regional Manager and his assistant. Most of the staff has been with us for a number of years.

Their proposed communication and education program includes two free-standing kiosks to be placed at different locations which will provide immediate answers to questions from employees. There would be no transition of assets required with only a short blackout period to employees because the new funds could be transitioned over the weekend. This also eliminates transition costs.

ING has continuously invested in technology that has and will benefit our employees. They have a state-of-the-art website that is easy to navigate with online seminars available to plan participants who are unable to attend seminars in person. They have proposed online enrollment and the ability to add/change beneficiary information.

ING has a strong administrative staff at their home office. We have had the same plan manager since the inception of our relationship with ING. He is very familiar with the Plan and provides prompt responses to inquiries, reconciles contributions and assets very accurately and assists with outside audits. The plan continuously receives a clean audit opinion from our independent auditors Thompson Cobb Bazilio and Associates.

This concludes my testimony. I am prepared to address any questions that the committee may have.