CITY OF PASADENA ★ INCORPORATED JUNE 1886 ★

Agenda Report

October 27, 2025

TO: Honorable Mayor and City Council/Deferred Compensation Plan Trustees

FROM: Finance Department

SUBJECT: **JOINT ACTION: AUTHORIZE THE DEFERRED COMPENSATION PLAN ADMINISTRATOR TO ENTER INTO A CONTRACT FOR UP TO TEN YEARS WITH EMPOWER ANNUITY INSURANCE COMPANY OF AMERICA TO PROVIDE PLAN ADMINISTRATION, INVESTMENT OPTIONS, RECORD KEEPING, AND PARTICIPANT EDUCATION SERVICES FOR THE CITY'S DEFERRED COMPENSATION (457(B) AND 401(A)) PLANS**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action in the agenda report is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA guidelines Section 15061(b)(3) "Common Sense" exemption; and

2. Authorize the Deferred Compensation Plan Administrator (Director of Finance) to enter into a contract, as a result of a competitive selection process, as specified in Section 4.08.047 of the Pasadena Municipal Code, with Empower Annuity Insurance Company of America, for a period of five years with one five-year optional extension period, to provide plan administration, investment options, record keeping, and participant education services for the City's Deferred Compensation (IRC §457(b)) and Defined Contribution (IRC §401(a)) plans. Competitive bidding is not required pursuant to City Charter Section 1002(F), contracts for professional or unique services.

BACKGROUND:

The City of Pasadena provides its employees the opportunity to participate in a deferred compensation supplemental retirement plan, IRC §457(b). Under the Plan, employees may make pre-tax or after-tax contributions of salary towards future retirement. Investments in the Plan are self-directed by participants, who may choose from a variety of asset classes. At present, there are more than 2,800 participants and total assets in the Plan exceed $400 million. In addition, the City of Pasadena provides an IRC §401(a) plan for a limited number of eligible employees.

The City Councilmembers serve as the Trustees for the Plan. In addition, an Oversight Committee consisting of three-members elected by City employees and two-members appointed by the Mayor provide ongoing monitoring along with the Director of Finance who serves as the Plan Administrator.

The City contracts with Morgan Stanley (Fiduciary Consulting Group) to serve as the Deferred Compensation Oversight Committee's independent financial advisor. In this role, Fiduciary Consulting Group conducts quarterly reviews of the investment portfolio to ensure alignment with the Plan's Investment Policy. The advisor also holds the Plan's record keeper accountable for performance, compliance, and provides strategic support in coordinating the RFP process for deferred compensation plan providers.

Following a Request for Proposals (RFP) for deferred compensation provider services in 2012, the City switched providers from The Hartford to Great-West Life & Annuity Insurance Company (Great-West). During the contract term, Great-West merged with Putnam Investments and J.P. Morgan Retirement Plan Services, to form what is now known as Empower Annuity Insurance Company of America (Empower Retirement).The current contract with Empower Retirement transitioned to a month-to-month agreement following its expiration on June 30, 2025. Prior to the expiration, the City had already released and closed a new RFP, and the evaluation of submitted proposals was underway.

On April 8, 2025, an RFP was released for deferred compensation plan providers, and seven responses were received by the May 7, 2025, submission deadline. There were 853 public views of the solicitation, and 28 businesses downloaded the RFP. No Pasadena-based businesses downloaded or responded to the RFP. The following is the list of respondents and their respective scoring:

Firm Name	Location	Score
Empower Retirement	Greenwood Village, CO	86.30
Nationwide Retirement Solutions Inc.	Columbus, OH	78.44
MissionSquare Retirement	Washington, DC	76.08
TIAA	New York, NY	75.28
Corebridge Financial	Houston, TX	73.08
Voya Financial	Windsor, CT	71.00
T. Rowe Price	Colorado Springs, CO	62.05

Each of the seven submitted proposals were evaluated on the overall strength of their respective proposals. Specifically, the proposals were evaluated based on the following "Evaluation Criteria":

- Firm strength, experience, and qualifications
- Record keeping, cyber security, and custody
- Participant services
- Plan sponsor services and support
- Investment flexibility
- Transition experience and capabilities
- Fees and expenses

As part of its regular meeting on August 5, 2025, the Deferred Compensation Oversight Committee reviewed the detailed RFP Analysis Report prepared by Fiduciary Consulting Group, the Committee's independent financial advisor. Following this review, the Committee convened a special meeting on August 27, 2025, during which it unanimously voted to recommend Empower Retirement to continue as the City's Deferred Compensation plan provider. Empower Retirement received the highest evaluation score and submitted the most comprehensive and competitive proposal for plan participants. In addition, Empower Retirement has provided stable and reliable service to the City and its plan participants over the last thirteen-years.

A complete summary of the ranked proposals is included in Attachment A.

COUNCIL POLICY CONSIDERATION:

The contract with Empower Retirement supports the City Council's strategic goals of maintaining fiscal responsibility and stability.

ENVIRONMENTAL ANALYSIS:

The proposed action is exempt from the CEQA pursuant to State CEQA Guidelines Section 15061 (b) (3), the "common sense" provision of CEQA (formerly the general rule), which applies to projects which may have the potential for causing a significant effect on the environment. The proposed action will not result in any new development or physical changes.

FISCAL IMPACT:

The annual fees related to this contract are covered by plan participants; therefore, there is no fiscal impact to the City related to the recommendation.

Respectfully Submitted,

VICKEN (VIC) ERGANIAN
Acting Director of Finance/Plan Administrator

Prepared by:

Michael Paliwoda
Chair
Deferred Compensation Oversight Committee

Approved by:

MIGUEL MÁRQUEZ
City Manager

Attachments:
Attachment A – Scoring Summary of Ranked Proposals