Deferred Compensation Plan Updates

Over the next several months the State of Delaware Deferred Compensation Plans will be transitioning to a new provider, Voya Financial. Voya is an industry leader in retirement services, and was selected through a competitive process to be a trusted partner in preparing State employees for retirement.

The selection of a new provider will be accompanied by changes to the Plans to improve the experience of existing participants and increase participation by all State employees. The Deferred Compensation Council, the body that oversees the Plans, wants to ensure that all State employees have the means to achieve true retirement readiness. Improvements designed to meet this goal include:

- Significant cost savings to participants
- Greater investment choices
- Complete fee transparency
- Full service support available in person, online and over the phone
- Simple, but powerful planning tools

In each case above, greater detail will be forthcoming as Plan design decisions are finalized. We invite you to learn more about these changes by visiting this site regularly and reviewing the frequently asked questions below.

Frequently Asked Questions

What are Deferred Compensation Plans?

Deferred Compensation Plans are voluntary retirement savings plans authorized by the IRS under code sections 457(b), 401(a) and 403(b). Participants authorize the employer to defer part of their payroll compensation to fund the plans and can withdraw such amounts, plus earnings, at a later date (i.e., during retirement). Earnings in such accounts receive preferential tax treatment, allowing for the accumulation of greater retirement assets.

Why are the Plans changing?

Plan changes are designed to provide State employees with a world-class retirement solution. The new structure for the Plans offers participants significant cost savings, greater investment choices, complete fee transparency, full service support available in person, online and over the phone, and simple, but powerful planning tools.

Do these changes affect the Pension System?
No, the Pension System (DPERS) is overseen by the Board of Pension Trustees and administered by the Office of Pension. The Deferred Compensation Council and the Office of the State Treasurer do not have any involvement with respect to the decisions made by the Board of Pension Trustees or the Office of Pension. For questions regarding DPERS, please visit http://www.delawarepensions.com/.

**When will these changes occur?**

Transition plans will be put in place over the next several months with a conversion to the new Plans scheduled for September. Ongoing communications will be provided during that time to HR managers, active participants and other stakeholders to keep them informed. If participants are required to take action, notifications will be mailed well in advance of the due date, giving them ample time to make informed decisions.

**What will happen to contributions to and investments in the Plans?**

After the conversion date, all payroll deductions will be directed to the new provider; participants will not be able to make new contributions to existing vendors after such date. In addition, all investment assets held in the 457(b) and 401(a) Plans will be migrated from the existing vendor to the new provider. In all but a few cases, investments in the 403(b) Plan will remain with the existing vendors unless participants direct such investments to be transferred to the new provider.

**Who is the new provider?**

Voya Financial is a premier retirement, investment and insurance company serving the financial needs of approximately 13 million individual and institutional customers in the United States. The vision of Voya is to be America's Retirement Company. Voya's approximately 6,700 employees are focused on executing a mission to make a secure financial future possible one person, one family and one institution at a time.

**How was the new provider selected?**

The new provider, Voya Financial, was selected pursuant to a competitive bid process (RFP) administered by the Office of the State Treasurer at the direction of the Deferred Compensation Council. In addition to Voya, eight other financial service firms responded to the RFP. Members of the Council as well as staff at the Treasurer's Office and other State agencies served on the selection committee that unanimously recommended the award to Voya Financial.

**What steps were taken during the selection process?**
The selection committee reviewed all proposals and scored them based on established goals and evaluation criteria set out in the RFP. Greatest weights were placed on improvements to the employee experience, education and outreach capabilities of the new provider and savings to participants. Selected firms were invited to interviews, and finalists were asked to demonstrate their technologies to judge improvements to the participants' experience. Last, the selection committee conducted reference checks for business relationships and evaluated the best and final proposals.

**Did the Council hire a third party consultant for advice?**

Yes, the Deferred Compensation Council engaged the services of Cammack Retirement Group, a leading third party independent retirement consulting firm with substantial experience advising public sector plan sponsors. Before the RFP was initiated, Cammack completed a needs assessment for the State, provided fiduciary and investment training to the members of the Council and benchmarked the Plans against industry best practices. Cammack also assisted and advised the Council throughout the drafting and administration of the RFP process.

**What alternatives to the new structure were evaluated?**

Two scenarios were incorporated into the RFP to gather relevant data to evaluate the merits of a single-vendor structure and a multiple-vendor structure. Both the consultant, Cammack Retirement Group, and the selection committee concluded, independently, that the implementation of a single-vendor structure was more advantageous for participants and will better foster retirement readiness for State employees. This represents no change in vendor structure for both the 457(b) and 401(a) Plans, which historically have been managed by a single vendor. Conversely, the 403(b) Plan has been administered by multiple vendors (including Voya Financial) and will be consolidated to a single vendor under the new structure.

For additional details regarding the process please review the below two documents:

- Evaluation Committee Recommendation (PDF)
- Cammack's Recommendation (PDF)

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