STAFF REPORT
REGULAR MEETING

AGENDA DATE: July 15, 2025 **DEPARTMENT:** Human Resources

TITLE:

MissionSquare Administrative Services Agreement for the City of Lake Worth Beach (FPDP) 401(a) Plan and the City of Lake Worth Beach Deferred Compensation Plan

SUMMARY:

Request for approval of an Administrative Services Agreement, effective October 1, 2025, between the City and International City Management Association Retirement Corporation doing business as MissionSquare Retirement, with respect to the City of Lake Worth Beach (FPDP) 401(a) Plan and the City of Lake Worth Beach Deferred Compensation Plan.

BACKGROUND AND JUSTIFICATION:

The City, as the sponsoring employer, established a tax-advantaged, eligible deferred compensation plan in 1980 for the benefit of eligible employees, which plan has been amended from time to time and is currently referred to as the City of Lake Worth Beach Deferred Compensation Plan ("457(b) Plan").

The City, as the sponsoring employer, also established a tax-qualified, defined contribution retirement plan in 2010 for the benefit of eligible employees, which plan has been amended from time to time and is currently referred to as the City of Lake Worth Beach (FPDP) 401(a) Plan ("401(a) Plan").

Since inception of each of the 457(b) Plan and the 401(a) Plan, International City Management Association Retirement Corporation, which now does business as MissionSquare Retirement ("MissionSquare"), has been the recordkeeper and third-party administrator for those plans.

The participants in the 401(a) Plan and 457(b) Plan direct the investment of the funds in their individual plan accounts by choosing from amongst investment options available to them on the plans' investment menus. The fees charged by MissionSquare for its recordkeeping and administrative services for the 401(a) Plan and 457(b) Plan are periodically deducted from the participants' accounts and currently may be derived, in part, from variable revenue credits produced by the investment funds in which the plans' assets are invested.

Mariner Institutional, as the City's independent investment consultant for the 401(a) Plan and 457(b) Plan, has recommended that the City implement an investment menu for the plans with better-performing and more cost-effective investment options, with a pricing structure that provides for a level annual fee of 0.33% of a participant's account assets to be paid to MissionSquare regardless of which investment options a participant selects. This is intended to (a) improve transparency regarding 401(a) Plan and 457(b) Plan administrative fees, (b) reduce the total investment and administrative fees paid by participants, (c) provide more equitable distribution of administrative fees among participants, and (d) achieve consistency with current trends and best practices in the retirement plan industry.

In order to implement the recommended investment menu and level fee structure for the 401(a) Plan and 457(b) Plan, MissionSquare requires the City to enter into a new Administrative Services Agreement with respect to the plans. The City's staff has negotiated the terms of the proposed MissionSquare Administrative Services Agreement with the assistance of legal counsel to the City.

MOTION:

Move to approve/disapprove the Administrative Services Agreement, effective October 1, 2025, with International City Management Association Retirement Corporation doing business as MissionSquare Retirement, regarding the City of Lake Worth Beach (FPDP) 401(a) Plan and the City of Lake Worth Beach Deferred Compensation Plan.

ATTACHMENT(S):

Fiscal Impact Analysis – N/A
Agreement

FISCAL IMPACT ANALYSIS

Five Year Summary of Fiscal Impact:

Fiscal Years	**2025**	**2026**	**2027**	**2028**	**2029**
Inflows/Revenues					
Appropriated (Budgeted)	0	0	0	0	0
Program Income	0	0	0	0	0
Grants	0	0	0	0	0
In Kind	0	0	0	0	0
Outflows/Expenditures					
Appropriated (Budgeted)	0	0	0	0	0
Operating	0	0	0	0	0
Capital	0	0	0	0	0
Net Fiscal Impact *(If not budgeted)*	0	0	0	0	0
No. of Addn'l Full-Time Employee Positions	0	0	0	0	0

New Appropriation (Not Budgeted) Fiscal Impact:		
	Revenue Source	Expenditure
Department		
Division		
GL Description		
GL Account Number		
Project Number		
Requested Funds		
Remaining Balance	N/A	

Contract Award - Existing Appropriation (Budgeted)	
	Expenditure
Department	
Division	
GL Description	
GL Account Number	
Project Number	
Requested Funds	
Remaining Balance	
Source of Revenue (i.e. Paygo. Current Revenue, Bond Money, Grants, etc.)	