



FEE REVIEW

NEPC 2023 DEFINED CONTRIBUTION PLAN & FEE SURVEY

METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY
457 PLAN

NOVEMBER 30, 2023

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INTRODUCTION

- **NEPC conducted our 18th annual Defined Contribution Plan Trends & Fee Survey**
 - **The full report is separated into two parts, the Plan Fee Review and the Plan Trends Review**
 - This Report comprises our review of the Metropolitan Government of Nashville And Davidson County 457 plan fees
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- **Summary of findings:**
 - Investment fees paid are below the median for similar institutional products
 - A full record keeper vendor search, request for information or other market testing may be appropriate to assess the reasonableness of plan fees relative to service levels; current contract with Voya expires on August 4, 2025.

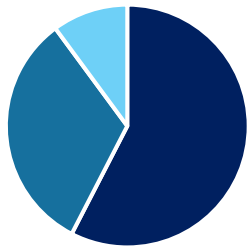
18TH ANNUAL DC PLAN TRENDS & FEES SURVEY

ABOUT OUR SURVEY



NEPC conducted its annual Defined Contribution Plan Trends & Fees Survey which examines current plan investment trends, features, and innovations across major sectors, and how these plans have evolved over the years.

240 DC Plans across **128** Clients
199 Qualified Plans and **41** NQ Plans



58% Corporate
32% Healthcare
10% Public, Not-For-Profit, Taft Hartley

\$259 BILLION in aggregate assets

2.6 MILLION participants

16 recordkeepers responded to survey

AVERAGE PLAN

\$1.5 BILLION in assets

14,704 participants

MEDIAN PLAN

\$626.8 MILLION in assets

4,729 participants

PLAN FEE REVIEW

SUMMARY OBSERVATIONS



Investment Fee Review

0.26% Weighted-Average Expense Ratio vs. **0.52%** for Morningstar Institutional Peer Group Comparison Pricing



The range of **Weighted-Average Expense Ratios** for similarly sized plans is **0.12% to 0.50%**



Recordkeeping, Trust, Custody Fee Review (Base Fees)

\$34 Annual Fee Per Account¹



The range of **Annual Fees Per Account** for similarly sized plans is **\$25 to \$65**. A vendor search is the best way to benchmark these fees.



Recordkeeping Transaction Fee Review

Certain administrative services generate itemized transaction fees



Ranges of the most common **transaction fees** are provided in this report

¹ Additional qualified Plan expenses may be charged against participant accounts. Plan level fees as displayed above are intended to record the primary fees associated with recordkeeping, trust & custody, and not the amount or portion that Plan participants may be charged. Ranges represent the upper and lower observations grouped by number of participant accounts.

INVESTMENT FEE REVIEW

DATA AS OF DECEMBER 31, 2022

[A]	[B]	[C]		[D]	[E]	[F]	[G]	[H]	[I]	[J]	[K]	[L]
		Asset Balances		Expense Ratio	Revenue Sharing	Investment Fee [D-E]	Voya Wrap Fee	Total Fee [F+G]	Universe Median	Difference [F-I]	Difference [F-I]	Peer Median
		(\$)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(\$)	✓ !
Plan Investment Options	Morningstar Universe											
Target Date Funds												
Vanguard Target Retirement Funds	Target Date Maturity (Passive)	\$40,263,112	10.6%	0.08%	0.00%	0.08%	0.11%	0.19%	0.27%	-0.19%	(\$77,611)	✓
Core Options												
Voya Fixed Plus Account III	Stable Value	\$130,106,101	34.2%	0.29%	0.00%	0.29%	0.11%	0.40%	0.54%	-0.25%	(\$325,265)	✓
PIMCO Total Return Instl	Intermediate Core-Plus Bond	\$6,612,579	1.7%	0.46%	0.00%	0.46%	0.11%	0.57%	0.50%	-0.04%	(\$2,645)	✓
PIMCO Dynamic Bond Instl	Nontraditional Bond	\$1,341,157	0.4%	0.81%	0.00%	0.81%	0.11%	0.92%	0.81%	0.00%	\$0	✓
Principal Diversified Real Asset Instl	Global Allocation	\$847,762	0.2%	0.83%	0.10%	0.73%	0.11%	0.84%	0.91%	-0.18%	(\$1,526)	✓
Dodge & Cox Stock I	Large Value	\$16,808,898	4.4%	0.51%	0.10%	0.41%	0.11%	0.52%	0.73%	-0.32%	(\$53,788)	✓
Vanguard Institutional Index I	Large Blend Index	\$33,368,324	8.8%	0.03%	0.00%	0.03%	0.11%	0.14%	0.20%	-0.17%	(\$56,726)	✓
Vanguard PRIMECAP Adm	Large Blend	\$77,799,690	20.5%	0.31%	0.00%	0.31%	0.11%	0.42%	0.72%	-0.41%	(\$318,979)	✓
Vanguard Mid Cap Index Institutional	Mid-Cap Blend Index	\$40,242,128	10.6%	0.04%	0.00%	0.04%	0.11%	0.15%	0.24%	-0.20%	(\$81,490)	✓
Segall Bryant & Hamill Small Cap Core I	Small Blend	\$10,661,741	2.8%	0.99%	0.10%	0.89%	0.11%	1.00%	0.93%	-0.04%	(\$4,265)	✓
Dodge & Cox International Stock I	Foreign Large Value	\$1,989,902	0.5%	0.62%	0.10%	0.52%	0.11%	0.63%	0.88%	-0.36%	(\$7,164)	✓
Vanguard Total Intl Stock Index Admiral	Foreign Large Blend Index	\$2,065,616	0.5%	0.11%	0.00%	0.11%	0.11%	0.22%	0.27%	-0.16%	(\$3,202)	✓
American Funds Capital World Gr&Inc R6	Global Large-Stock Blend	\$13,232,944	3.5%	0.42%	0.00%	0.42%	0.11%	0.53%	0.90%	-0.48%	(\$63,518)	✓
Nuveen Real Estate Securities R6	Real Estate	\$4,039,186	1.1%	0.83%	0.00%	0.83%	0.11%	0.94%	0.90%	-0.07%	(\$2,827)	✓
TD Ameritrade - Brokerage	Brokerage	\$585,089	0.2%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	\$0	✓
Summary Total		\$379,964,227	100%	0.27%	0.01%	0.26%	0.11%	0.37%	0.52%	-0.26%	(\$999,007)	✓

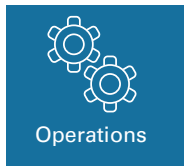


Morningstar universe median fees are as of 12/31/22 and are updated on an annual basis. Morningstar universe includes both institutional and retirement shares.

RECORDKEEPING, TRUST, CUSTODY FEE REVIEW

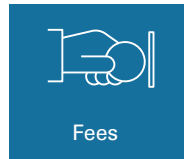
Primary service provider relationships are recorded below. Benchmarking is recommended through record keeper vendor searches, requests for information or other market testing on a periodic basis.

Plan Service Providers



Service	Provider	Contract Date	Contract Term	Benchmarking
Recordkeeping	Voya	9/5/2017	8 years	Best practice is to rebid contracts every 5 years or at contract expiry.
Trust/Custody	Voya	9/5/2017	8 years	
Managed Accounts	Not Offered	N/A	N/A	

Plan Level Base Fees



Service	Fee Model	Contracted Annual Fee Per Account*	Estimated Annual Fee Per Account	CPI Inflator (Y/N)
Recordkeeping	Fixed %	0.07%	\$ 34.31	N
Trust/Custody	Included	-	-	N/A
Estimated Total			\$ 34.31	
<i>Participants w/Accounts</i>				
7,751				
<i>Direct Charges Against Accounts</i>		<i>Frequency</i>		
N/A		N/A		
<i>Revenue Sharing</i>				
Excess revenue is returned to participant accounts via fee levelization				
<i>Annual PERA RK Administrative Allowance</i>				
\$30,397				

About Estimates: Estimated Annual Fee per Account is calculated for Bundled Fee Models. It is a point in time estimate of annual revenue sharing receipts, net of any Plan expense reimbursement, divided by participants w/accounts. Trust/custody is estimated by annualizing recent invoices.

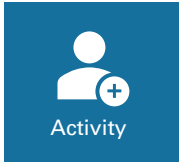
*Basis point fee after additional admin expenses (contracted fee is 0.11%)

RECORDKEEPING, TRUST, CUSTODY FEE REVIEW

Certain fees and expenses that may be charged against participant transactions are recorded and benchmarked below.

Administrative Transaction Fees

Benchmarking



Service	Contracted Fee	Low	Mode	High
New loans	N/A	\$15	\$50	\$125
Annual loan maintenance	N/A	\$15	\$0	\$50
In-service withdrawals	N/A	\$15	\$0	\$50
Other distributions	See Below*	\$10	\$0	\$50
Brokerage account establishment	\$0	\$50	\$0	\$50
Annual brokerage account maintenance	\$50	\$35	\$0	\$100

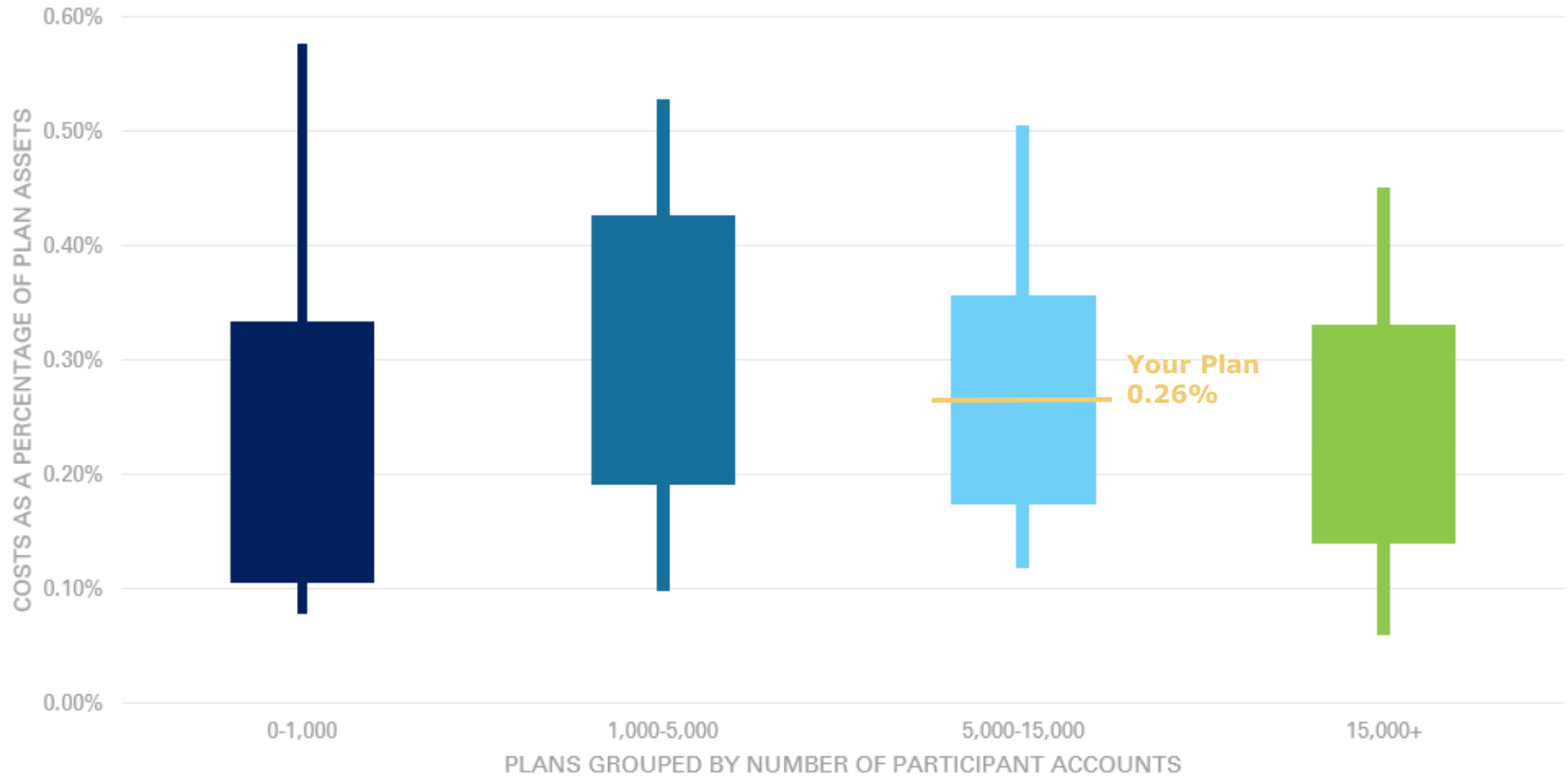
*Other Distributions:

- Participant-Initiated Wire, per occurrence: \$50.00 Deducted from participant account
- Overnight Mail, per occurrence: \$50.00 Deducted from participant account
- Stop Payment, per occurrence: \$50.00 Deducted from participant account

The list above is not intended to be comprehensive, but rather identify the more frequent transactions. Your service relationship may have additional fees for services, such as with hardship approvals, QDROs, brokerage trading fees, etc. Benchmarking is sourced from NEPC's service provider database which includes standard pricing from 16 providers. Low benchmark pricing represents the lowest, non-zero fee for the represented service. Mode represents the most common fee.

INVESTMENT FEE REVIEW

BENCHMARKING ASSET-WEIGHTED EXPENSE RATIOS

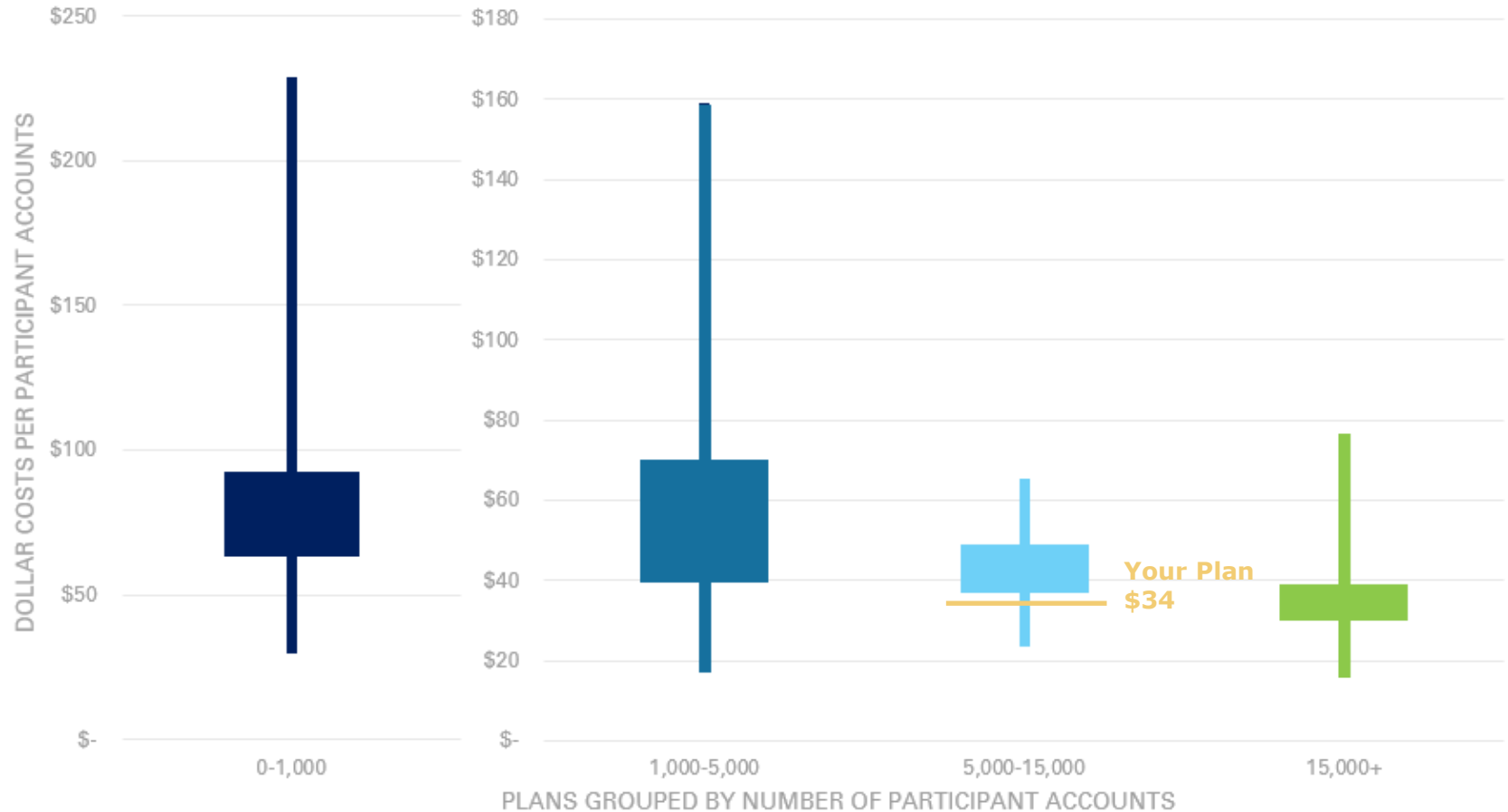


Each box plot provides a visual display of asset-weighted expense ratios by plan size, according to NEPC's 2023 Defined Contribution Plan & Fee Survey which includes 240 defined contribution and deferred compensation plans. Investment options, asset balances, and expense ratios were gathered from participating plans, with NEPC calculating the asset-weighted expense ratio including professional management advice program fees (managed accounts). The box of the plot is a rectangle which encloses half of the sample (the 25th to 75th percentiles). The whiskers extend to the upper and lower observations.



RECORDKEEPING, TRUST, CUSTODY FEE REVIEW

BENCHMARKING BASE FEES

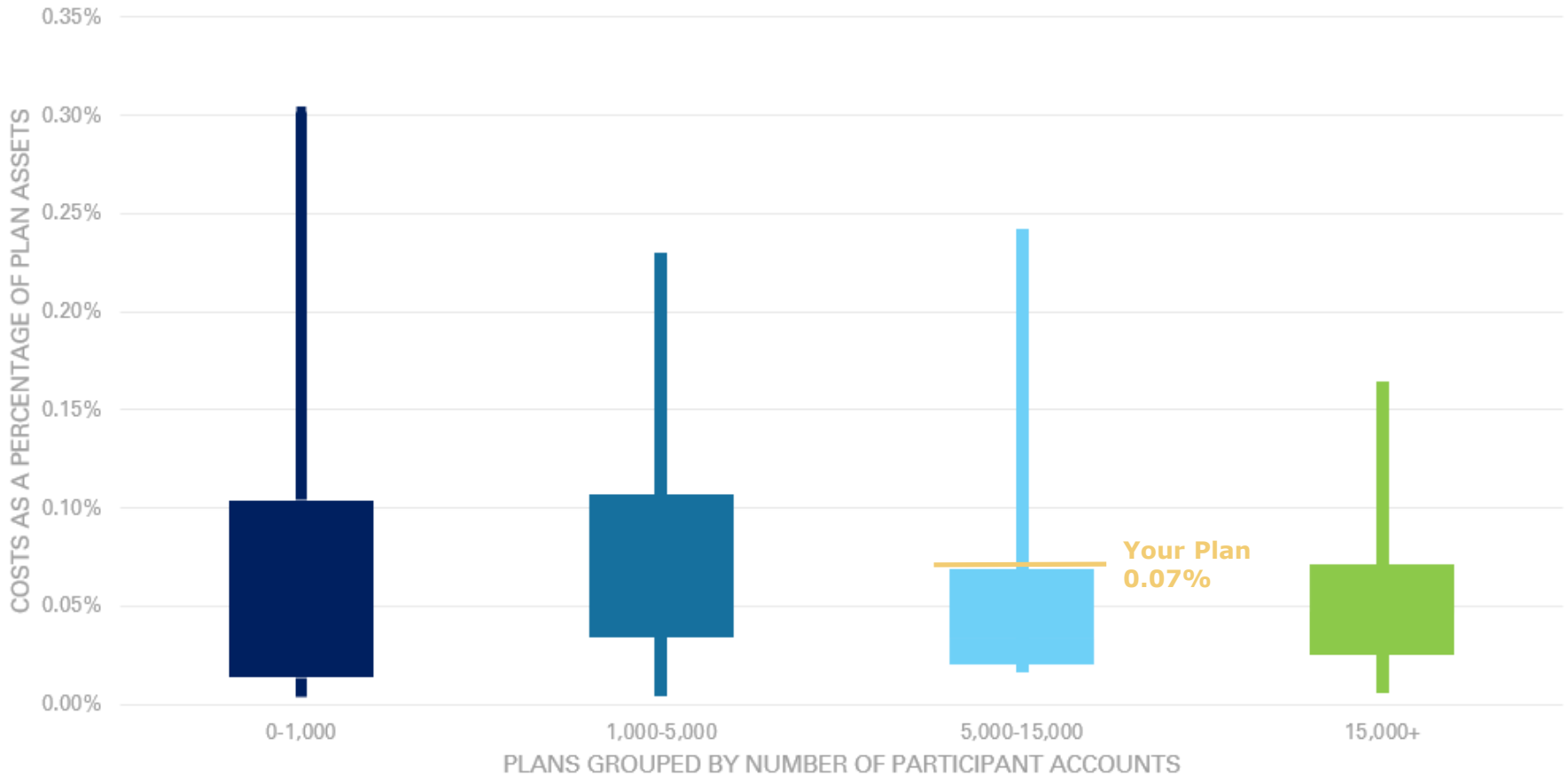


Each box plot provides a visual display of record keeping, trust and custody costs by plan size, according to NEPC's 2023 Defined Contribution Plan & Fee Survey which includes 240 defined contribution and deferred compensation plans. Fees were gathered from participating plans' service providers and recast in a uniform format. Professional management advice program fees are not included. The data represents broadly what plans pay and not how they pay. The box of the plot is a rectangle which encloses half of the sample (the 25th to 75th percentiles). The whiskers extend to the upper and lower observations.



RECORDKEEPING, TRUST, CUSTODY FEE REVIEW

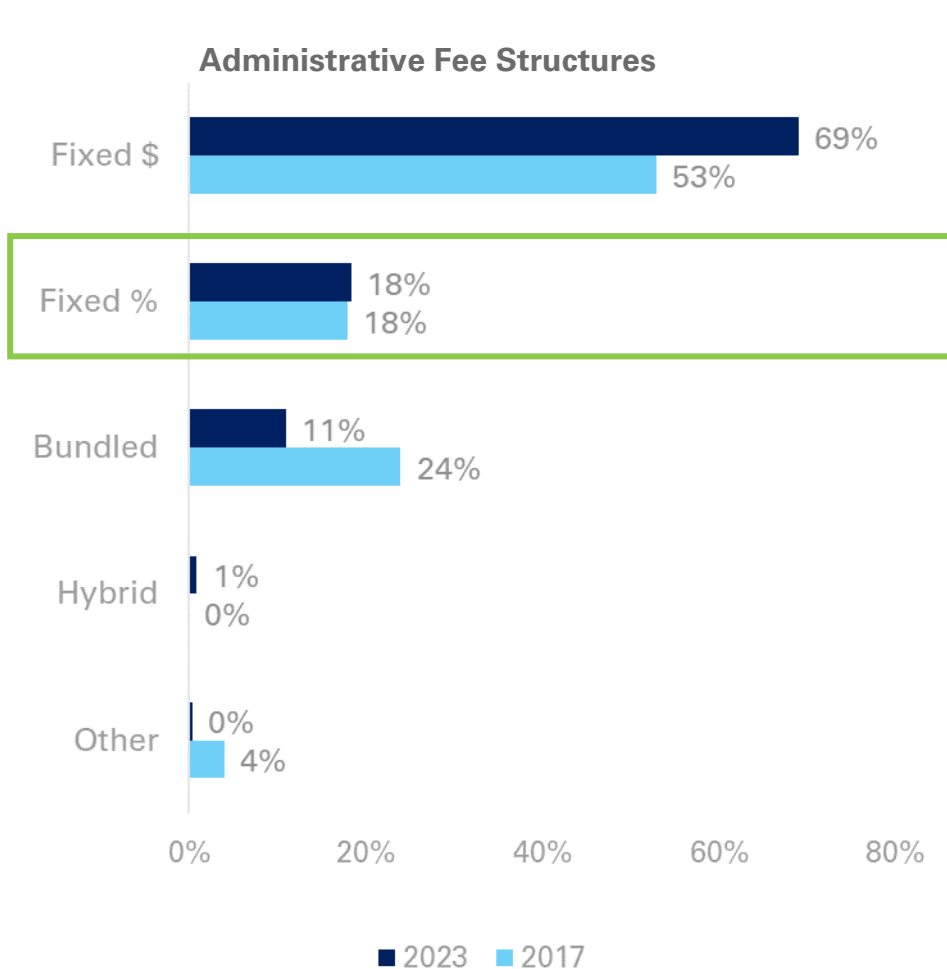
BENCHMARKING BASE FEES AS A PERCENTAGE OF PLAN ASSETS



Each box plot provides a visual display of record keeping, trust and custody costs by plan size, according to NEPC's 2023 Defined Contribution Plan & Fee Survey which includes 240 defined contribution and deferred compensation plans. Fees were gathered from participating plans' service providers and recast in a uniform format. The data represents broadly what plans pay and not how they pay. The box of the plot is a rectangle which encloses half of the sample, with an end at each quartile.



ADMIN FEE STRUCTURE REVIEW



¹ Fixed \$ is a flat dollar amount per account, Fixed % is a fixed percentage of account assets, Bundled is where all fees are paid by revenue sharing, Hybrid is any combination of the prior listed structures, and other is non of the listed structures above.

PROCESS METHODOLOGY & DISCLOSURES

NEPC DEFINED CONTRIBUTION PLAN TRENDS & FEES SURVEY

The U.S. Department of Labor has advised that fees and expenses are only one of the factors to consider in choosing investments or service arrangements.

The overall NEPC universe, like any compilation of data, will show some plans having fees above the median and some below. Having fees above a median is not indicative of imprudence. There are many reasons why a certain plan's administrative or investment fees might exceed peer group medians, and any individual plan's fees should be assessed based on the services rendered and the plan's needs.

The data provided in this report reflect the experience of the respondents to our survey during a given period of time. These data may or may not be indicative of the experience of the defined contribution plan market as a whole, during that period or any other period.

This report is not a substitute for, if and when appropriate, a full record keeper vendor search, request for information or other market testing, and it is not intended to indicate whether or not a given plan offers the lowest-cost share class and/or most appropriate investment vehicle under all circumstances relevant to that specific plan. Even the lowest-cost share class available may not result in an optimal arrangement for any given plan, or even the lowest overall cost to a plan; each plan's individual circumstances might counsel for a different arrangement.

Some of the information presented herein has been obtained from external sources NEPC believes to be reliable. While NEPC has exercised reasonable professional care in preparing this content, we cannot guarantee the accuracy of all source information contained within.

The opinions presented herein represent the good faith views of NEPC as of the publication date and are subject to change at any time.



PROCESS METHODOLOGY & DISCLOSURES

INVESTMENT FEE REVIEW

NEPC records and benchmarks the expense ratios of plan investment options, capturing the administrative fee credits/revenue sharing, if any, disclosed by the recordkeeper.

Expense ratios are sourced from Morningstar, the investment manager(s) directly, and/or the recordkeeper and represent total annual operating expenses including any applicable waivers, caps or reimbursements. These net expense ratios may be lower than the gross expense ratios reported to participants.

We generally compare the expense ratios, net of revenue sharing if any, to the median fee rate for institutional and retirement share class investment products available in Morningstar. Revenue sharing is removed as these comparison universes also generally do not include it.

Investment fee reviews are intended to benchmark the reasonableness of fees relative to comparable offerings. It may be reasonable to pay an above-median fee for a strategy if justified by performance, quality, distinct objective or investment process, or other reasons.

ERISA does not require that plans use the lowest cost share classes or investment vehicles. ERISA requires that decisions be made prudently, with care, and in the exclusive interest of plan participants.



PROCESS METHODOLOGY & DISCLOSURES

RECORDKEEPING, TRUST, CUSTODY FEE REVIEW

Plan recordkeeping & administration services are contracted for in multi-year agreements, typically owned by the employer. All plans are not created equal. Higher (or lower) record keeping fees are a function of plan size and complexity, and the package of services the plan sponsor has contracted for.

Changing recordkeeping & administrative service providers is a resource-intensive project. Charging plan participants and beneficiaries the cost of these services and not putting them out to bid on a periodic basis has been a common allegation of fiduciary breach in class action lawsuits filed against plan sponsors and fiduciaries.

NEPC's benchmarking of plan recordkeeping & administrative services may reference the service provider, contract date, and key terms of the agreement where available. Importantly, we believe best practice is to conduct record keeper vendor searches, request for information or other market testing on a regular basis.

NEPC uses as a data source the recordkeeper's 408(b)(2) disclosure, the 404(a)(5) participant fee disclosure, and requests for information issued to recordkeepers. We do not use IRS Form 5500 annual reporting. Where custody is not included in the recordkeeping agreement, we use invoiced fees, accruals or other estimates as available.

Data as of December 31, 2022, unless otherwise noted.