



FIDELITY PERFORMANCE COMPLIANCE PROJECT

**COUNTY OF SACRAMENTO 457(b) DEFERRED
COMPENSATION PLAN
COUNTY OF SACRAMENTO 401(a) PLAN**

January 1, 2019 to December 31, 2019

**County of Sacramento 457(b) Deferred Compensation Plan
County of Sacramento 401(a) Plan
Fidelity Performance Compliance Project**

Engagement Responsibilities

The following is a summary of the procedures performed and the results and recommendations from our completion of certain procedures for County of Sacramento 457(b) Deferred Compensation Plan and County of Sacramento 401(a) Plan (collectively, the Plans) as outlined in our engagement letter and contract dated May 27, 2021 (the Contract). Please refer to the Contract for more information on the nature and limitations of this report.

We carried out each procedure listed in the Scope of Work to the Contract in this report. For each procedure, we summarized the analysis performed along with the results. We do not provide any assurance on our findings, nor do we conclude that the procedures we performed are sufficient for your purposes. If you feel our results would be different under further analysis, then it is your responsibility to inform us and request we perform additional analysis.

This report is intended only to report our findings from the procedures you requested us to perform. For each finding identified, management is responsible for assessing the level of risk, financial statement impact, and the cost for implementing change.

We would like to thank the management and staff of County of Sacramento and Fidelity Workplace Services LLC for providing requested information and their help in assisting us with the completion of the requested testing.

**County of Sacramento 457(b) Deferred Compensation Plan
County of Sacramento 401(a) Plan
Fidelity Performance Compliance Project**

Analysis Performed		Results	Recommendations
<p>Procedure: Review all Required Minimum Distribution (RMD) transactions in the Sacramento County Section 457 Plan and Sacramento County 401(a) Savings Plan, ensuring that recordkeeper issued a timely notification to the Participant that the RMD must commence; transaction began within the IRS requirements; that the withdrawal percentage is in accordance with the Uniform Life Expectancy Table; that any missed RMDs were paid upon discovery, with earnings in accordance with the IRS' Employee Plans Compliance Resolution System; and that appropriate taxation was withheld from the distribution.</p>			
1	<p>We reviewed all RMD transactions in both Plans in accordance with the procedure noted.</p>	<p>A) We noted one missed RMD in the 457 Plan due to the participant's status as terminated not being updated until May 2020. Upon discovery the participant's account was paid out in full, including earnings, in July 2020.</p> <p>B) We noted one missed RMD in the 457 Plan due to the participant not having the correct address on file. The correct address was obtained in 2021.</p> <p>No other exceptions noted as a result of our review.</p>	<p>We recommend the County work with Fidelity to ensure that all relevant participant data is complete and accurate, including such items as dates of termination and addresses. We also recommend the County work with Fidelity to pursue correction of each of the two participant's accounts noted.</p>
<p>Procedure: Review all 2019 loan transactions in the Sacramento County Section 457 Plan and Sacramento County 401(a) Savings Plan, ensuring that completed loan requests were entered into Fidelity's system within three (3) business days; the request for payment was made to the Trustee within two (2) business days of entry into Fidelity's system; that the Participant fees were charged in accordance with the contract; that no participant had more than 2 loans at any given time; participants received timely notification(s) before default; participant payments, resulting in default, were in accordance with the terms of the Plan and Agreement; and the appropriate Form 1099 was issued for the year of the default.</p>			
1	<p>We reviewed all loan transactions for the year ended December 31, 2019 for both Plans in accordance with the procedure noted.</p>	<p>A) We noted two instances where participant loans were taken, but fees were not charged. Pursuant to discussions with Fidelity, these loans were sourced from Roth contributions and Fidelity's system did not capture participant loan fees related to these Roth-sourced participant loans. The Fidelity system settings were updated during 2021 to apply fees on Roth-sourced participant loans.</p> <p>No other exceptions noted as a result of our review.</p>	<p>We recommend the County work with Fidelity to pursue correction to each of the two participant's accounts noted and to investigate whether there are additional Roth-sourced participant loans in 2020 or 2021 that require corrections.</p>