

<b>Subject</b> MTA Deferred Compensation Program	<b>Date</b> May 28, 2025
<b>Department</b> Office of the Chief Financial Officer	<b>Vendor Name</b> Empower Annuity Insurance Company
<b>Department Head Name</b> Kevin Willens, Chief Financial Officer	<b>Contract Number</b> 0000015901
<b>Department Head Signature</b>	<b>Contract Manager Name</b> Nicole LaMorte
<b>Project Manager Name</b> Nicole LaMorte	<b>Table of Contents Ref #</b>

Board Action					
Order	To	Date	Approval	Info	Other
1	Finance Committee			X	
2	MTA Board			X	

Internal Approvals			
Order	Approval	Order	Approval
1	CFO	5	DDCR
2	General Counsel		
3	Chief of Staff		
4	Chief Administrative Officer		

### **I. Purpose**

To inform the Board that the MTA Deferred Compensation Program ("Program") has completed negotiations for its third-party administrator contract. The five-year contract, with two one-year optional extensions, is based on the amount of Program assets, and is estimated to cost \$37,000,000 over the life of the contract.

### **II. Discussion**

The MTA Deferred Compensation Committee has entered into a competitively negotiated, personal services contract with Empower Annuity Insurance Company ("Empower") to provide trustee and recordkeeping services for the Program. The Program consists of the MTA's defined contribution retirement plans, qualified, respectively, under Sections 401(k) and 457 of the Internal Revenue Code. The Program is available to employees of all MTA Agencies. Total Program assets as of March 31, 2025, were approximately \$10.2B representing over 123,000 accounts. The contract will be for a period of five (5) years, commencing on or about June 1, 2025, with two optional one-year extensions. Empower's negotiated fee of 0.0485% of total Program assets is less than the previous contract for these services of 0.055%. The total estimated cost over the seven-year period, based on Program assets as of the bid date and assuming a 5% increase in Program assets per year, is approximately \$37,000,000. Further, the Program now will be entitled to recapture 50% of the "float" on uncashed checks, unclaimed property and pending contributions which, depending on interest rates, could be significant. For the plan year 2024, that recapture would have been approximately \$433,000. To continue the MTA Deferred Compensation Program, a Request for Proposals ("RFP") was issued for recordkeeping, trustee, custodial, and participant educational services for the Program. The Deferred Compensation Committee retained the services of its Investment Advisor, Mercer Investments LLC, to assist in evaluating the proposals. Three firms submitted proposals to provide the required services; the Selection Committee found Empower to be the most technically qualified and most cost-effective proposer to provide all required services.

There is substantially no direct cost to the MTA for the Deferred Compensation Program, as administrative costs for the program are paid from the revenue generated by the fees paid by the participants. Participants pay a fee of 0.10% of their total Program assets up to a maximum of \$200 per year. Empower's fee structure for these services is deemed fair and reasonable.

### **III. Impact on Funding**

The Program will pay all fees under the contract

### **IV. M/W/DBE Information**

The MTA Office of Civil Rights established a 0% D/M/WBE/SDVOB goal for this contract.