

MEMO

To: City of San Jose Deferred Compensation Advisory Committee (DCAC)

From: Hyas Group

Date: March 21, 2022

RE: Large Cap Index Fund Savings



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With the recent rally in the US stock market, assets within one particular fund within the City of San Jose's 457 Deferred Compensation Plan has increased dramatically. With this increase, the DCAC has the opportunity to move to a lower cost share class of the same fund: The Vanguard Institutional Index Fund. By moving to this new share class, 457 plan participants will be invested in the same securities. Although it is technically a different fund, the strategy is the same. The only major difference is the fee structure.

The current expense of the Vanguard Institutional Index Fund is 0.035% annually while the lower cost version charges almost half that. The annual expense ratio of the Vanguard Institutional Index Fund (Instl Plus) is 0.02%. With the difference of 0.015% and the total 457 plan assets at almost \$125 million, the annual savings across all participants is approximately \$20,000.

Fund	Assets	Expense Ratio		Difference	Annual Savings
		Current	Proposed		
Vanguard Institutional Index Instl	\$124,695,692	0.035%	0.020%	0.015%	\$18,704

Our recommendation is to move to the lower cost share class and coordinate the move with the other fund changes that have been previously approved.