



## Legislation Text

File #: 17-243, Version: 1

Approve the County's amended Deferred Compensation Plan Committee Charter, which includes the County's Internal Revenue Code 457(b) deferred compensation program, to incorporate the County's Internal Revenue Code 401(a) deferred compensation program and the Retirement Health Savings plan and to specify the composition of the Deferred Compensation Plan Committee

Published Notice Required? Yes ☐ No ☒  
Public Hearing Required? Yes ☐ No ☒

### **DEPARTMENTAL RECOMMENDATION:**

The County's Deferred Compensation Plan Committee recommends that the County amends the adopted Deferred Compensation Plan Committee Charter by incorporating the County's Internal Revenue Code 401(a) deferred compensation program and the Retirement Health Savings plan and by specifying the composition of the Deferred Compensation Plan Committee.

### **SUMMARY:**

The County's Deferred Compensation Plan Committee Charter was last amended in 2001 when the Director of Human Resources was designated as both the Plan Administrator and a member of the Committee. At present, the Charter designates the fiduciaries of the County's Internal Revenue Code 457(b) deferred compensation plan. The proposed revision of the Charter also incorporates the County's existing Internal Revenue Code 401(a) and the Retirement Health Savings plan within the Charter and specifies the committee's full membership.

### **FINANCIAL IMPACT:**

There is no cost in adopting the new Plan document.

### **DISCUSSION:**

The County's Internal Revenue Code 457 deferred compensation plan was amended by the Board of Supervisors on December 11, 2001 (Resolution 2001-262) when the Director of Human Resources was designated as the Plan Administrator and a member of the Deferred Compensation Plan Committee. Previously, the Plan document specified that the Deferred Compensation Plan Committee is comprised of the Assistant County Administrator (who serves as chair), the Treasurer/Tax Collector/County Clerk, the Auditor-Controller and two employees who are also Plan participants. The County Counsel serves as legal advisor to the Committee. The Director of Human Resources and the County Administrator are the long-standing employee participants on the Committee.

As Plan Administrator, the Director of Human Resources' responsibilities are, essentially, the day-to-day administration of the program such as enrollments, withdrawal requests, and those other ministerial tasks outside of which investment funds are offered.

As part of the Human Resources Department's contract with The Hyas Group, the Deferred Compensation Plan Committee has undertaken a methodical approach in reviewing the Deferred Compensation Committee's

charter, investment policies and guidelines, participation satisfaction of the deferred compensation program, and similar aspects of the program.

The County has an Internal Revenue Code (IRC) 457 deferred compensation plan with two record keepers (ICMA-RC and Nationwide). As of December 31, 2016, the IRC 457 deferred compensation program had \$148,168,327 held in trust for plan participants. Plan participants in the IRC 457 program may be any County employee hired into a regular/limited term position, includes those former County employees who have not withdrawn/closed their account, and beneficiaries of deceased employees.

The County also has an IRC 401(a) defined contribution plan with ICMA-RC as the record keeper. As of December 31, 2016, the IRC 401(a) defined contribution plan had \$655,913 held in trust for plan participants. Active plan participants in the IRC 401(a) plan are the County's elected officials. Inactive plan participants are the County's management employees who, based on date of hire, could have participated prior to the County's discontinuance of payroll deductions into the plan.

The County also has a Retirement Health Savings Plan, based on negotiated collective bargaining agreements, whereby upon an employee's retirement the accrued and unused sick leave is converted to cash and deposited into the employee's Retirement Health Savings Plan account. Employees who receive administrative leave have, at fiscal year-end, unused administrative leave deposited into the Retirement Health Savings Plan. As of December 31, 2016, the Retirement Health Savings Plan had \$13,133,170 held in trust for plan participants.

The amendments to the County's Deferred Compensation Plan Committee Charter are to specify the committee's membership and to incorporate the County's existing IRC 401(a) defined contribution plan and the Retirement Health Savings Plan as fiduciary responsibilities of the Committee. The Committee's membership is the Assistant County Administrator (who serves as chair), the Treasurer/Tax Collector/County Clerk, the Auditor-Controller, the Director of Human Resources and the County Administrator; the County Counsel serves as legal advisor to the Committee.

#### **ALTERNATIVES:**

The Board of Supervisors could opt to not amend the Deferred Compensation Plan Committee Charter; however, this recommendation is not recommended as it would remain unclear who serves as the County's designated fiduciary for the offered IRC 401(a) defined contribution plan or the Retirement Health Savings Plan.

#### **OTHER AGENCY INVOLVEMENT:**

The County Administrator, Assistant County Administrator, County Counsel, Auditor-Controller, Human Resources Director, and Treasurer/Tax Collector/County Clerk worked together in updating the Deferred Compensation Plan Committee Charter.

#### **CAO RECOMMENDATION:**

**APPROVE DEPARTMENTAL RECOMMENDATION**