



ACTION	TYPE OF ITEM
<input type="checkbox"/> Approved Recommendation	<input checked="" type="checkbox"/> Info/Consent
<input type="checkbox"/> Ord. No(s). _____	<input type="checkbox"/> Report
<input type="checkbox"/> Res. No(s). _____	<input type="checkbox"/> Public Hearing (Info/consent)
<input type="checkbox"/> Other _____	<input type="checkbox"/> Other _____

Prepared By: Michelle H. Téllez

Agenda Item No. I-5

Reviewed By: City Manager [Signature] City Attorney [Signature] Finance [Signature] Other (Specify) _____

DATE: January 19, 2010

TO: City Council

FROM: Michelle H. Téllez
Human Resources Director
Human Resources

SUBJECT: Section 457 Deferred Compensation Plans: New Loan Provision

RECOMMENDATION

That City Council:

1. Adopt three (3) resolutions, one for each of the City's 457 Deferred Compensation Plans, authorizing the establishment of a new loan provision under the City's 457 Deferred Compensation Plan(s) which will allow an eligible participant access to money that is not otherwise available.
2. Authorize the City Manager to execute agreements and forms for the Section 457 Deferred Compensation Plan loan program administered by ICMA-Retirement Corporation, The Hartford and Nationwide Retirement Solutions, which will allow eligible plan participants the ability to borrow funds from their Plan account balance.

DISCUSSION

The City has established 457 Deferred Compensation Plans for eligible employees that will allow participants the ability to provide for reasonable retirement security. The major advantage to the employees of establishing this new provision is to allow the employee the ability to take full advantage of the employee's 457 Deferred Compensation Plan.

In order to offer loans from a retirement plan, the Internal Revenue Code requires that the City establish written guidelines that govern the granting of loans. The purpose of these guidelines is to establish the terms and conditions under which the Employer will grant loans to participants.

Loans will be available to only active permanent full time, 3/4 time, or 1/2 time employees who contribute to the 457 Deferred Compensation Plan(s). Participants may receive only one (1) loan per calendar year and may have only one (1) outstanding loan at a time from any one of the three (3)

sponsored Plans. The minimum loan amount is \$1,000 and the maximum amount of all loans is based on an IRS formula which is the lesser of \$50,000 or, one half of the participant's account balance reduced by the current outstanding balance from all plans for that participant.

Loan repayments will be between the employee and the Plan sponsor(s) and will be made by ACH debits from the employee's designated bank account. Any processing fees will be assessed to the participant. The interest rate is locked in at the time a loan is approved and remains constant throughout the life of the loan. That portion of the participant's account balance that is equal to the amount of the loan is used as collateral for the loan.

The City has the right to set other terms and conditions as it deems necessary for loans from the plan in order to comply with any legal requirements. All terms and conditions will be administered in a uniform and non-discriminatory manner.

Staff is recommending that the new loan provisions be adopted for the 457 Deferred Compensation Plan(s) administered by Nationwide Retirement Solutions, The Hartford and ICMA-Retirement Corporation, which are established to allow employees the utmost flexibility with their financial needs.

FINANCIAL IMPACT

There is no cost to the City to adopt or administer the 457 Deferred Compensation Loan Provision, as all costs are borne by the employee.

(Brenda Glasco/bg)

Attachment #1) Resolution authorizing the establishment of new loan provision under Section 457 Deferred Compensation Retirement Plan- ICMA-Retirement Corporation, which includes as attachment 457 Plan Loan Program Implementation Packet for Employers.

#2 Resolution authorizing the establishment of new loan provision under Section 457 Deferred Compensation Retirement Plan- The Hartford.

#3 Resolution authorizing the establishment of new loan provision under Section 457 Deferred Compensation Retirement Plan- Nationwide Retirement Solutions.

Note: The Attachment #1 457 Plan Loan Program Implementation Packet for Employers has been provided to the City Council under separate cover. Copies for review are available at the Help Desk in the Library after 6:00 p.m. on Thursday prior to the Council meeting and in the City Clerk's Office after 8:00 a.m. on Monday prior to the Council meeting.

CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. _____

THE HARTFORD GROUP NUMBER 150043

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD TO ADOPT AND AUTHORIZE THE ESTABLISHMENT OF A NEW LOAN PROGRAM FOR SECTION 457 DEFERRED COMPENSATION PLAN ADMINISTERED BY THE HARTFORD

WHEREAS, the City Council of the City of Oxnard recognizes the valuable services rendered by its employees; and

WHEREAS, the City, as Employer, has established a 457 retirement plan (the "Plan") for such employees, which serves the interest of the Employer by enabling it to provide reasonable retirement security for its employees, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer has determined that permitting participants in the retirement plan to take loans from the Plan will serve these objectives;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD RESOLVES that the Plan will permit loans.

APPROVED AND ADOPTED this 26th day of January, 2010 by the following vote:

AYES:

NOES:

ABSENT:

Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:



Alan Holmberg, City Attorney

ATTACHMENT NO. 2
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CITY COUNCIL OF THE CITY OF OXNARD

RESOLUTION NO. _____

NATIONWIDE RETIREMENT SOLUTIONS GROUP NUMBER 0504 /
UA0504

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF OXNARD TO ADOPT AND AUTHORIZE THE ESTABLISHMENT OF A NEW LOAN PROGRAM FOR SECTION 457 DEFERRED COMPENSATION PLAN ADMINISTERED BY NATIONWIDE RETIREMENT SOLUTIONS

WHEREAS, the City Council of the City of Oxnard recognizes the valuable services rendered by its employees; and

WHEREAS, the City, as Employer, has established a 457 retirement plan (the "Plan") for such employees which serves the interest of the Employer by enabling it to provide reasonable retirement security for its employees, by providing increased flexibility in its personnel management system, and by assisting in the attraction and retention of competent personnel; and

WHEREAS, the Employer has determined that permitting participants in the retirement plan to take loans from the Plan will serve these objectives;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OXNARD RESOLVES that the Plan will permit loans.

APPROVED AND ADOPTED this 26th day of January, 2010 by the following vote:

AYES:

NOES:

ABSENT:

Dr. Thomas E. Holden, Mayor

ATTEST:

Daniel Martinez, City Clerk

APPROVED AS TO FORM:



Alan Holmberg, City Attorney

ATTACHMENT NO. 3
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