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To: Lemoore City Council
From: JP Prichard, Administrative Analyst
Date: July 12, 2011
Subject: 457 Deferred Compensation Plan Amendment

Item # 3G

STAFF REPORT

Background:

For several years, the City of Lemoore has offered 457 deferred compensation benefits to its employees, which allow employees to have pre-tax deductions taken from their paychecks for retirement purposes. These benefits are offered on a voluntary basis and have broad participation in all employee groups.

Due to the passage and implementation of the Small Business Jobs and Credit Act of 2010, it is now possible to make after-tax contributions to new Roth 457 plans. Similar to a Roth IRA, these allow after tax contributions to grow tax-free and avoid taxes upon distribution.

Attached for Council approval is Resolution 2011-29 which makes the changes necessary to offer Roth 457 plans through Security Benefit, one of the two deferred compensation providers used by the City of Lemoore.

Budget Impact:

None.

Recommendation:

It is recommended that the City Council adopt Resolution 2011-29 to expand voluntary benefit offerings to include Roth 457 plans through Security Benefit.