



Approve 401(a) Plan Document for MissionSquare Retirement

Consent

Prepared by: Erik Johnson

Attachments: Yes

Approved by: James Corless

Referring Committee: Policy & Innovation

1. Issue:

Approval of the adoption agreements with MissionSquare Retirement as the Plan Administrator to comply with IRS regulations.

2. Recommendation:

The Policy and Innovation Committee recommends that the board adopt a resolution to establish a 401(a) plan administered by MissionSquare Retirement and authorize the executive director or his designee to execute the agreement.

3. Background/Analysis:

SACOG uses MissionSquare Retirement (formerly ICMA-RC) as plan administrator for several plans for the benefit of its employees and retirees. The IRS requires a plan sponsor to execute an adoption agreement for each plan including a resolution from the governing body. SACOG's other 401(a) plans with MissionSquare are:

- The Voluntary 401(a) Plan is for employees who elect to either a fixed dollar or fixed percentage contribution when they start with SACOG. The elections cannot be changed and SACOG does not contribute.
- The Special Pay Plan is used to deposit Paid Time Off (PTO) in excess of accrual limits and excess PTO paid at the time of separation from employment. This is a long-standing plan that is being administratively modified to also comply with the new memorandum of understanding described below, where the threshold for PTO to go into the Special Pay Plan will be reduced from 592 hours to 450 hours on July 1, 2022, and 350 hours on July 1, 2023.
- The FICA Alternative Plan structure is used for student interns, temporary, and intermittent employees in lieu of contributions to Social Security.
- The Executive 401(a) Plan is a contract benefit funded by SACOG for the executive director.

In addition to 401(a) plans, SACOG also offers employees a voluntary 457 plan which can be used for both normal 457 and Roth 457 contributions. Employees hired after July 1, 2017, receive \$50 per month into a Retiree Health Savings Plan in exchange for lower retiree health contributions.

4. Discussion/Analysis:

In March, the board authorized the executive director to sign a five-year memorandum of understanding (MOU) with the SACOG Employees' Association, the sole bargaining unit for SACOG. One new benefit included in the MOU is a 1 percent employer contribution of salary for non-management employees in the PEPRA tier to a 401(a) plan. The executive director has executed that MOU. Establishing this new 401(a) plan is the next administrative step in establishing this benefit.

5. Fiscal Impact/Grant Information:

The total cost of the 401(a) contributions for the next fiscal year is estimated at \$27,500. This cost is already assumed in the preliminary draft budget for 2022-2023.

6. This staff report aligns with the following SACOG Work Plan Objectives: