



San Miguel Fire & Rescue

Staff Report

Date: June 10, 2020

To: Board of Directors

From: Leah Harris, Administrative Officer/Finance Officer

Subject: Amendment to Voya 457(b) Deferred Compensation Plan to Include Roth 457(b) Contribution Option

Background

The District has two Deferred Compensation Plans through CalPERS & Voya Financial and both plans are under the 457(b) Deferred Compensation Plan for Governmental Employers. Voya has an option to include a Roth 457(b) contribution plan that meets the requirements for a 457(b) Deferred Compensation Plan for governmental entities.

Discussion

The Roth option allows the employee to invest in after-tax wages instead of pre-tax wages into the plan. This allows them to take withdrawals tax-free at retirement. There are different rules for a Roth 457(b) plan and Voya has Investment Advisor Representatives that help navigate the process for our employees. District Staff do not advise any personnel regarding personal finances.

Fiscal Impact

None

Recommendation

Staff recommends that the Board adopt Resolution 20-14 to amend the Voya 457(b) Compensation Plan to include a Roth 457(b) contribution option.

Resolution 20-14

**A Resolution of the Board of Directors of
The San Miguel Consolidated Fire Protection District
Amending the Voya 457(b) Deferred Compensation Plan
to Include a Roth 457(b) Contribution Plan**

The undersigned Employer adopts the 457(b) Deferred Compensation Plan for Governmental Employers for those Employees who will qualify as Participants hereunder, to be known as the

San Miguel Consolidated FPD 457 Plan

It will be effective as of the date specified below. The Employer hereby selects the following Plan specifications:

EMPLOYER INFORMATION (Plan Section 1.11)

Name of Employer: San Miguel Consolidated FPD
Address: 2850 Via Orange Way, Spring Valley, CA 91978
Telephone Number: (619) 670-0500
Employer Identification Number: 33-0298363
Location of Employer's Principal Office: State of California

Employer Fiscal Year:

The 12-consecutive month period commencing on July 1st and ending on June 30th.

PLAN INFORMATION

Effective Date: 07/01/2020

This Adoption Agreement of the 457(b) Deferred Compensation Plan for Governmental Employers will **constitute an amendment and restatement in its entirety of a previously established 457(b) Plan of the Employer which was effective 08/01/2017. Except as specifically provided in the Plan, the effective date of this amendment and restatement is 07/01/2020.**

Plan Year (Plan Section 1.21):

The 12-consecutive month period commencing on July 1st and ending on June 30th.

ELIGIBILITY (Plan Section 2.1):

Eligible Individuals for Purposes of Participant Deferral Contributions:

All Employees

Independent Contractors

For purposes of this section, the term Eligible Individual will **not** include Independent Contractors

CONTRIBUTIONS AND ALLOCATIONS

Roth 457(b) Contributions (Plan Section 1.24)

Roth 457(b) Contributions **will** be permitted under the Plan.

Age 50 Plus Catch-Up Contributions (Plan Section 3.3):

Age 50 Plus Catch-Up Contributions **will** be permitted under the Plan.

Transfers into the Plan (Plan Section 3.7):

Transfers into the Plan from an eligible 457 plan sponsored by another governmental employer **will** be permitted.

Rollovers:

Rollover Contributions **will** be permitted under the Plan (Plan Section 3.8).

The Plan will accept the following types of non-Roth Rollover Contributions:

- 457(b) Rollovers
- Non-457(b) Rollovers

If Roth 457(b) Contributions are permitted the Plan, then the following rollover contributions will be permitted:

- Roth 457(b) Rollovers
- Roth Non-457(b) Rollovers
- Rollover of In-Plan Roth Non-457(b) Rollovers
- Rollover of In-Plan Roth 457(b) Rollovers

Normal Retirement Age (Plan Section 1.16):

The Normal Retirement Age elected by the Participant that is between:

- the earlier of the earliest retirement age under the Employer's pension plan at which the Participant immediately could receive unreduced retirement benefits or age 65; and
- age 70 ½.

NOTE 3: The Employer is not permitted to have more than one Normal Retirement Age for each Participant under all of the plans under Section 457(b) of the Code that it sponsors.

Normal Retirement Age for Police or Firefighters

The Normal Retirement Age elected by the Participant that is between:

- age 40; and
- age 70 ½.

DISTRIBUTIONS

Distribution Options (Plan Section 4.3(c)):

- Joint and survivor annuity
- Lump sum
- Immediate or deferred annuity (including life annuities and installment payment annuities)
- Systematic distribution option permitted under the Investment Product.

NOTE: Distribution options selected are available to the extent permitted by applicable law and the terms of the Investment Product.

In the event that a Participant does not elect a form of payment at the time that distributions are required to begin in accordance with Section 4.5, any benefits payable to the Participant will be made as follows:

In the form of an annuity payable over the life expectancy of the Participant that meets the requirements of Code Section 401(a)(9)

Death Benefits Payable to Beneficiary (Plan Section 4.3(d)):

Amounts payable to the Beneficiary may be elected by the Beneficiary in the following forms of benefit payment:

Same distribution options as available to the Participant

NOTE: Distribution options selected are available to the extent permitted by applicable law and the terms of the Investment Product.

In the event a Beneficiary fails to make an election as to a benefit distribution option, any benefit payable to such Beneficiary will be distributed in accordance with Code Section 401(a)(9).

Rollovers

Distribution of a Participant 457 Rollover Account and a Participant Non-457 Rollover Account (Plan Section 4.1(b)):

Amounts payable under a Participant 457 Rollover Account and a Participant Non-457 Rollover Account will be paid to a Participant upon the request of a Participant.

Unforeseeable Emergency Withdrawals (Plan Section 4.6):

Unforeseeable Emergency Withdrawals **will** be permitted under the Plan.

If Unforeseeable Emergency withdrawals are allowed by the Plan, the amount eligible for such withdrawals will consist of the Participant Deferral Account.

A Participant **may** take an Unforeseeable Emergency Withdrawal resulting from the illness or accident of a primary Beneficiary designated by the Participant.

Small Balance Distribution (Plan Section 4.7):

Small balance distributions attributable to a Participant Deferral Account **will** be permitted under the Plan.

Transfer of Amounts for Purchase of Service Credits in Governmental Retirement System (Plan Section 4.9):

Participant **will** be permitted to transfer amounts under the Plan to a governmental retirement system in order to purchase service credits.

Loans to Participants (Plan Section 4.11):

Loans will **not** be permitted under the Plan.

Distributions for Health Insurance and Long Term Care (Plan Section 4.12):

Distributions to pay for health insurance and long term care **will** be permitted under the Plan.

Approved Institution (Plan Section 1.5):

The following entites are Approved Institutions under the Plan:

- Voya Institutional Trust
- CalPERS

CERTIFICATION AND SIGNATURE

The undersigned Employer hereby represents that it is a unit of a State or local government or an agency or instrumentality of one or more units of a State or local government as described in Code Section 414(d).

This Adoption Agreement and the Plan document together constitute the Plan. The Plan is a specimen plan, not a master or prototype plan, and has not been approved by the IRS. The adoption of this Plan and related tax consequences are the responsibility of the Employer and its independent tax and legal advisors.

IN WITNESS WHEREOF, the District hereby causes this Plan to be executed on this 10th day of June, 2020.

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:

Board Secretary

Kim Raddatz, Board President