STAFF REPORT

Shasta County
Regional Transportation
Planning Agency

MEETING DATE:	**5/22/12**
SUBJECT:	**Approve Enrollment in CalPERS Deferred Compensation Program**
AGENDA ITEM:	**12-12**
STAFF CONTACT:	**Dan Little**

SUMMARY:

To continue participation in Internal Revenue Service (IRS) Section 457 deferred compensation programs, agency enrollment with one or more providers is needed. Currently, employees voluntarily participate in these programs and pay all administrative cost.

STAFF RECOMMENDATION:

It is recommended that the board direct the executive director to execute the attached California Public Employees Retirement System (CalPERS) 457 plan agreement, pursuant to Resolution No. 12-06 (attached).

DISCUSSION:

Section 457 deferred compensation plans allow agency employees to set up tax deferred savings accounts for retirement. Employee participation in these plans may be voluntary to augment retirement, or the plans may be provided to replace other mandated employer/employee retirement programs such as Social Security. The Social Security program and benefits will not be immediately available to agency staff for at least one year – or until the agency chooses to enroll in Social Security. Therefore, it is imperative that a 457 plan is available to meet IRS requirements for a qualified alternate plan.

Various 457 plan providers operate and finance their programs almost identically. The provider deducts an administrative fee of less than 1% from funds deposited in the employee's 457 account.

The CalPERS 457 plan is presently offered to RTPA staff as county employees. This action will allow for continuity of benefits as staff transitions to the independent agency.

ALTERNATIVES:

The agency may deny these 457 providers and suggest other providers. Staff examined several programs and found little to no distinguishing characteristics. Changing providers would have no impact on the agency budget because all administrative fees are deducted from the employees 457 account.

OTHER AGENCY INVOLVEMENT:

The independent RTPA board subcommittee, consisting of Chair Moty, Vice Chair Watkins, and past Chair Dickerson are scheduled to review this item May 21.

FINANCING:

There are no setup fees or ongoing costs to the agency for enrollment in Section 457 programs. Administrative fees are deducted by the provider from the employees 457 account.

Daniel S. Little, AICP, Executive Director

Attachments: Resolution No. 12-06

RESOLUTION

Shasta Regional
Transportation
Agency

RESOLUTION NUMBER:	**12-06**
SUBJECT:	**CalPERS 457 Plan**

WHEREAS, the Shasta Regional Transportation Agency desires to establish a deferred compensation plan for the benefit of its employees; and

WHEREAS, the Board of Administration (the "Board") of the California Public Employees' Retirement System ("CalPERS") has established the CalPERS Supplemental Income 457 Plan (the "CalPERS 457 Plan") which may be adopted by a governmental employer the employees of which are public employees; and

WHEREAS, the Shasta Regional Transportation Agency believes that the CalPERS 457 Plan and the investment options available thereunder will provide valuable benefits to its employees; and

WHEREAS, the Board has appointed ING to perform recordkeeping and administrative services under the CalPERS 457 Plan and to act as the Board's agent in all matters relating to the administration of the CalPERS 457 Plan

NOW, THEREFORE, BE IT RESOLVED that the Shasta Regional Transportation Agency adopts the CalPERS 457 Plan for the benefit of its employees and authorizes and directs the executive director to execute the attached adoption agreement on behalf of the Shasta Regional Transportation Agency and to provide CalPERS or any successor agent duly appointed by the Board with such information and cooperation as may be needed on an ongoing basis in the administration of the CalPERS 457 Plan. A copy of this resolution, the agreement, and any attachments thereto shall be on file in the office of the Shasta County Regional Transportation Agency.

PASSED AND ADOPTED this 22nd day of May, 2012, by the Shasta Regional Transportation Agency.

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Leonard Moty, Chair
Shasta Regional Transportation Agency

CalPERS Supplemental Income 457 Plan

New Employer Information Sheet

CalPERS

I. General Information

CalPERS ID ___________

Employer Name Shasta County Regional Transportation Agency Number of Employees 7

Employer Tax Identification Number 90-0789415 Fiscal Year End Date 06/30/12

Employer Address 1255 East Street, Suite 202
Street

Redding CA 96001
City State Zip

Payroll Contact Dan Little Email dlittle@co.shasta.ca.us Telephone 530-225-5654

Administrative Contact Dan Little Email dlittle@co.shasta.ca.us Telephone 530-225-5654

Choose one :

☑ Add CalPERS as a Plan Provider (new enrollments only)

☐ Add CalPERS as an exclusive Plan Provider and convert assets – See Section III Asset Transfer Information

II. Contribution Information

Frequency of Payroll Deductions ☐ Weekly ☑ Bi-weekly ☐ Semi Monthly ☐ Monthly

I understand a payroll contribution file will be submitted through my|CalPERS

☐ EFT Debit payment will be submitted via my|CalPERS ☐ EFT Credit payment will be submitted via my|CalPERS

☑ Check payment will be submitted with my|CalPERS Remittance Advice

Make check payable to CalPERS 457 Supplemental Income Plan and include Plan ID #, and submit by standard mail or overnight.

Please mail your documentation to one of the following addresses:

Standard Delivery: (Standard Mail)

CalPERS Supplemental Income 457 Plan
P.O. Box 942713
Sacramento, CA 94229-2713

Overnight Delivery:

CalPERS Supplemental Income 457 Plan
400 Q Street
Sacramento, CA 95811

CalPERS Supplemental Income 457 Plan

New Employer Information Sheet

CalPERS

III. Asset Transfer Information

(Complete ONLY if conducting a conversion into the CalPERS 457 Plan)

Former Plan Provider ______________________ Total number of employees ____________

Address ____
Street

____
City State Zip

Contact ______________________ Email ______________ Telephone ____________

IV. Signatures

Print Name Daniel Little Title Executive Director

Employer Signature ______________________ Date __ __/__ __/__ __

New Employer Plan Number assigned by CalPERS: 453 __ __ __

Employer Adoption Agreement

CalPERS

The employer identified below (the "Employer") adopts the CalPERS Supplemental Income 457 Plan (the "CalPERS 457 Plan" or the "Plan") for the benefit of its employees and agrees to be bound by and subject to the terms of the Plan, as it may be amended from time to time. The Employer further agrees and represents as follows:

1. The Employer is a political subdivision of the State of California and is eligible to adopt the Plan.

2. The Employer has duly adopted a resolution (copy attached) or taken such other official action as required for its lawful adoption and implementation of the Plan and has authorized the undersigned to execute this Agreement on its behalf.

3. The Employer has received and has had the opportunity to review the following documents and information:

   - The Plan document;
   - A description of the optional provisions of the Plan;
   - A description of the investment options available to Plan participants and historical performance data for those investment options;
   - A complete description of fees and expenses that will or may be charged to Plan participants including, but not limited to, investment fees and administrative expenses; and
   - The Enrollment Kit for eligible employees, which includes forms and information for employees to participate in the Plan.

<u>Contributions</u>

4. The Employer understands that its employees will have the opportunity to defer their own compensation by designating an amount or percentage to be withheld from each paycheck and contributed to the Plan on the employee's behalf.

5. The Employer understands that the Plan must be made available to all employees and agrees to offer all employees the opportunity to participate in the Plan.

6. The Employer understands that the Plan <u>cannot</u> be made available to individuals who are not the Employer's common law employees and agrees not to offer such individuals the opportunity to participate in the Plan.

7. The Employer understands that each employee's deferrals under the Plan and any other eligible deferred compensation plan maintained by the Employer are subject to certain limits imposed by the Plan and the federal tax code. The Employer agrees to limit employees' deferrals under all plans maintained by the Employer to amounts that do not exceed applicable limitations.

8. The Employer agrees to deduct deferral amounts from employees' salaries and wages in accordance with the employees' elections, to remit all amounts deducted to the Plan as soon as reasonably practicable after such amounts are withheld, and to accurately report the amounts remitted.

9. The Employer understands and agrees that all amounts deferred under the Plan shall be 100% vested and shall be deposited in the Public Employees' Deferred Compensation Fund (the "Fund"), a trust established to hold such amounts, for the exclusive benefit of participants and their beneficiaries. The Employer shall have no right to Fund assets or to sell, redeem, or otherwise liquidate Fund assets, except as provided Plan section 10.6.

Investments

10. The Employer understands and agrees that employees who defer compensation under the Plan will have the right to direct the investment of their individual Plan accounts by choosing among the investment options selected by the CalPERS Board of Administration (the "Board") and offered under the Plan. The Employer further understands and agrees that any employee who does not provide timely directions for investing his or her account will be deemed to have selected the Plan's default investment. The Plan's default investment is currently the CalPERS Target Retirement Fund designated for an employee, based on his or her expected retirement date. The Employer understands and agrees that the Board, in its sole discretion, may add, eliminate, or consolidate investment options offered under the Plan, including the Plan's default investment option.

11. The Employer further understands and agrees that certain fees are charged to Plan participants for investment and administration expenses, and that such fees will be offset against investment returns or deducted from participants' Plan accounts periodically.

Administration

12. The Employer understands and agrees that, except as specifically set forth in the Plan, the administration of the Plan and Fund is subject to the exclusive control of the Board and that the Board has the authority to retain third parties to provide investment services, record keeping, accounting, or other services for the Plan.

13. The Employer agrees to assist and cooperate in providing Plan information to employees and to follow administrative procedures established by the Board or its designee(s) from time to time.

14. The Employer has completed the attached New Employer Data Sheet, which is incorporated by reference. The Employer hereby certifies that all information provided in connection with its adoption of the Plan is true and accurate.

15. The Employer understands and agrees that the Board has retained the power and authority to amend the Plan from time to time, subject to limitations set forth in the California Government Code and the Plan. The Employer may not amend the Plan.

16. The Employer understands and agrees that its participation in the Plan may be terminated by the Employer or by the Board upon sixty (60) days advance written notice. Upon termination, all amounts held for participants will continue to be held in the Fund for the exclusive benefit of participants and their beneficiaries, except for distributions or transfers permitted under the Plan terms.

Name of Employer: Shasta County Regional Transportation Planning Agency

By: Daniel Little Title: Executive Director

Date:____________________

Accepted by CalPERS (or an agent duly appointed by the Board) on behalf of the Board of Administration of the California Public Employees' Retirement System

By:____________________ Title:____________________

Date:____________________