



City of Grand Island

Tuesday, December 16, 2008

Council Session

Item G16

**#2008-360 - Approving Adoption of Alternate 457 Deferred
Compensation Plans**

Staff Contact: David Springer

Council Agenda Memo

From: Dave Springer, Finance Director
Meeting: December 16, 2008
Subject: Adoption of Alternate 457 Deferred Compensation Plans
Item #'s: G-16
Presenter(s): Dave Springer, Finance Director

Background

The City has sponsored a deferred compensation plan since 1993, as established by Code 457 of the 1986 Internal Revenue Code. This is an optional plan city employees may elect, in addition to the mandatory 401(a) deferred compensation plan into which employees contribute 6% which the City matches. There is no city match to the 457 plan, and internal cost are minor, the setting up of an individual's account and the remittance to the provider after each payroll. The City has utilized ICMA Retirement Corporation in Washington, D.C. since 1993.

Discussion

The bulk of the City's 401k is managed by UNIFI (Ameritas) in Lincoln and the Police and Fire Department employees elected three years ago to move their 401k to Wells Fargo, managed locally. Both these firms, as well as Security Benefits in Topeka, Kansas, who provide our Healthcare Reimbursement Account, manage 457 plans. The past few years there have been numerous inquires from employees if it would be possible to have both their 401k and 457 plans with the same firm. There is no real reason not to give them a choice and no out-of-pocket cost to the City, thus, we would ask council to approve allowing those firms currently providing employee savings plans to city employees, to also be allowed to provide 457 deferred compensations plans, that election to be each employee's choice.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve

2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends approval to allow current employee savings plan providers to offer 457 plans also.

Sample Motion

Move to allow UNIFI (Ameritas), Security Benefits, and Wells Fargo companies to offer 457 deferred compensation plans to city employees, in addition to ICMA.

RESOLUTION 2008-360

WHEREAS, the Grand Island City Council, pursuant to its authority to adopt employee benefit programs, wishes to adopt plan documents to make the benefits of the UNIFI (Ameritas) Company, Security Benefit Company, and Wells Fargo Company Deferred Compensation Plans available to it's Employees (the "Plans"); and

WHEREAS, the Council wishes to take any action necessary to adopt such trust accounts, annuity contracts or custodial accounts as are necessary to establish funding vehicles with these firms affiliates for the Plan, to receive and invest contributions in such investment options as are selected by Employees participating in the Plan; and

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that:

The form of the plan documents for these firm's 457 Deferred Compensation Plans are hereby approved and adopted for the benefit of Employees of the Employer; and

FURTHER RESOLVED, that pursuant to the Plans, The Council further establishes funding accounts with these firms for receipt of the investment contributions made under the Plans, as directed by participating Employees; and

FINALLY RESOLVED, that the City Finance Director in coordination with the Human Resources Department, is hereby authorized and directed to execute the plan documents for these Plans in substantially the form presented to this council, to communicate the terms of these Plans to Employees, to designate Employees as eligible for participation in these Plans in accordance with terms of the Plans, to enter into agreements with the Plans participants for participation, including Salary Reduction Agreements, and to take such further actions as may be necessary and appropriate to implement these Plans and effectuate the terms and intent of these resolutions.

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Adopted by the City Council of the City of Grand Island, Nebraska, December 16, 2008.

Margaret Hornady, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form ☐ _____
December 12, 2008 ☐ City Attorney