

AGENDA REPORT

TO: Mayor & City Commissioners
FROM: Ken Hibl, City Manager
DATE: March 17, 2016
RE: Reinstatement of 457(b) & 401(a) Retirement Plans – Security Benefit

For the Agenda of March 21, 2016

Background. The City Commission approved a 457(b) Retirement Plan in 2005, and a 401(a) Retirement Plan offered by Security Benefit in 2011, to provide its employees the opportunity to participate in the plans if they desired to do so. We received correspondence (*extract att'd*) from Security Benefit stipulating that the Plans should be reinstated to ensure compliance with federal and state regulations and to provide its participants options that were not previously available under the Plans. The City Commission is asked to reinstate the Plans.

Note: *The Security Benefit correspondence stipulates that the Plans and Resolution should be reinstated by January 31, 2016. The City never received this correspondence and was not aware of the requirement until we received a phone call from our Security Benefit representative a couple weeks ago asking about the reinstatement documents.*

Issues & Questions Specified. Should the City Commission reinstate the 457(b) & 401(a) Retirement Plans offered by Security Benefit?

Alternatives.

1. Reinstatement of the Plans.
2. Do not reinstate the Plans.
3. Set aside decision regarding this matter to a subsequently scheduled public meeting.

Financial Impact. There is no cost to the City for reinstating the Plan.

Recommendation. I recommend that the City Commission reinstate the 457(b) & 401(a) Retirement Plans offered by Security Benefit by adoption of Resolution 2016-030 (*copy att'd*).

Attachments.

1. Security Benefit Correspondence.
2. Resolution 2016-030.



SECURITY BENEFIT®

PO Box 55976
Boston, MA 02205-5976

December 2015

Employer
Attn: Business Office
Employer Address

Re: Restatement of the PLAN NAME
PLAN NUMBER

Dear Retirement Plan Sponsor,

As your 457 and 401(a) Plan provider, Security Benefit is committed to assisting you with your responsibility to keep your Plan in compliance with all applicable regulatory guidelines. The documents governing your retirement plans currently need to be amended and restated to comply with IRS regulations.

457(b) Plans

The new plan document is fully consistent with all applicable regulations. In addition, the new plan document will not only keep your plan in compliance, but will also provide more robust and flexible plan options for you, such as allowing you to include or exclude certain classes of employees, the ability to expand distribution options, and more. The features of your current plan were mapped to the new document. Please note, there is no fee for this restatement.

Please sign the signature page of the Adoption Agreement and Resolution documents by January 31, 2016 and return to us by February 29, 2016. You may email or fax the document to:
ges.compliance@securitybenefit.com or fax 785-438-4960.

401(a) Plans

The IRS requires that plan documents be updated from time to time. All defined contribution plan documents must be restated to incorporate language and provisions from the Pension Protection Act (PPA) of 2006 and various other required amendments that took effect between 2010 and 2015. The features of your current plan were mapped to the new document. Please note, there is no fee for this restatement.

Please sign the signature page of the Adoption Agreement and Resolution documents by January 31, 2016 and return to us by February 29, 2016. You may email or fax the document to:
ges.compliance@securitybenefit.com or fax 785-438-4960.

Although the Adoption Agreement is used most often, it alone does not comprise your plan document. The Adoption Agreement works in conjunction with the Basic Plan Document in satisfying the written plan document requirement in order for plan contributions to be tax deductible. Therefore, it is very important that you retain all of these documents in your permanent files. If you have any questions, please contact Lesa Pugh at 785-438-3286 or Diane Cray at 785-438-3043.

Sincerely,

Security Benefit
Retirement Plan Operations

99-00478-94 (2015-12-02)

RESOLUTION 2016-030

AN ADOPTING RESOLUTION OF THE CLARE CITY COMMISSION AUTHORIZING ITS CITY CLERK TO EXECUTE ANY AND ALL DOCUMENTS RELATED TO THE AMENDED 457(b) AND 401(a) EMPLOYEE RETIREMENT PLANS OFFERED BY SECURITY BENEFIT.

WHEREAS, the City Commission of the City of Clare previously approved 457(b) and 401(a) Employee Retirement Plans offered by Security Benefit; and

WHEREAS, the City has been advised by Security Benefit that said Retirement Plans have been amended and should be reinstated, thereby ensuring said plans are in compliance with all new federal and state regulations and concurrently providing Plan participants all options available under said amended Plan; and

WHEREAS, the City Commission has approved the amended Plans and Trusts, said Plans having an effective date of July 1, 2015.

WHEREAS, Security Benefit has requested that the Clare City Commission designate and authorize a representative of the City to execute and deliver to the Administrator of the Plans one or more counterparts of said Plans.

NOW THEREFORE BE IT RESOLVED THAT the City Commission of the City of Clare, Michigan hereby designates Ms. Diane Lyon, its City Clerk, as its authorized representative, to execute and deliver to the Administrator of the amended 457(b) and 401(a) Plans and Trusts having an effective date of July 1, 2015, and further certify that the attached Plans delivered to said Administrator is/are true copies of said Plans & Trusts.

ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INsofar AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.

The Resolution was introduced by Commissioner _____ and supported by Commissioner _____ . The Resolution declared adopted by the following roll call vote:

YEAS:

NAYS:

ABSENT: Jean McConnell.

Resolution approved for adoption on this 21st day of March 2016.

Diane Lyon, City Clerk