

Agenda Date: January 15, 2015
Agenda Placement: Admin
Estimated Time: N/A
Continued Item: No

Board Agenda Item

TO: Air Pollution Control District Board

FROM: Dave Van Mullem, Air Pollution Control Officer

CONTACT: Kristina Costa, Supervising Accountant (961-8813)

SUBJECT: Amendment to the Santa Barbara County Air Pollution Control District's 457(b) Deferred Compensation Plan with MassMutual Financial Group to add Roth Contribution options

RECOMMENDATION:

Adopt a Resolution resulting in the following actions:

1. Authorize the Control Officer to execute the attached 457(b) Deferred Compensation Plan ("Plan") with MassMutual Financial Group amending the Plan to allow employees of the District to make Roth Contributions and Roth Rollover Contributions to the Plan, effective January 1, 2015, or soon thereafter as executed by MassMutual; and
2. Delegate authority to the Control Officer to make future administrative changes to the Plan that do not amend key contract provisions.

BACKGROUND:

MassMutual recently made an optional feature of a designated Roth account available, that can be added to an existing 457(b) retirement plan. A designated Roth account can be a meaningful benefit to a variety of participants across various ages and pay levels. Prior to January 1, 2011 governmental plans were not able to offer the Roth feature.

DISCUSSION:

At its October 20, 2011 meeting, your Board adopted Resolution No. 11-13 creating a Deferred Compensation Committee (“Committee”) to administer the District’s 457(b) deferred compensation plan. This committee consists of five voting members, including one employee from each of the three represented bargaining units and two unrepresented employees.

The Committee recently discussed adding the Roth account option to our Plan. Roth 457(b) is an optional feature that allows participants to make after-tax salary deferral contributions within the existing 457(b) plan. Designated Roth accounts accrue earnings tax-free and allow for tax-free distributions due to death, disability, or upon reaching age 70, if made after the beginning of the fifth tax year following the tax year of the first designated Roth 457(b) contribution. Unlike the Roth IRA, employees of any income level are eligible to make designated Roth 457(b) contributions. With the enactment of the Small Business Jobs and Credit Act of 2010, effective January 1, 2011, governmental 457(b) plans may allow designated Roth Contributions.

Based on the discussion and the information made available regarding the Roth option, the Committee moved to recommend that the existing Plan be amended to add this option which would allow any/all District employees who wish to start making Roth Contributions able to do so as of the execution of the amended Plan.

FINANCIAL IMPACT:

All 457(b) contributions are made by the employees, therefore there is no additional cost to the District to amend the Plan.

ATTACHMENTS:

- Resolution
- Amended 457(b) Deferred Compensation Plan

**Resolution of the Air Pollution Control District Board of the
County of Santa Barbara, State of California**

In the Matter of Delegating Authority to)	Resolution No. 15 - _____
The Air Pollution Control Officer to)	
Sign a Plan Amendment with)	
MassMutual Financial Group Regarding the)	
Addition of a Roth Contribution Option to the)	
457 (b) Deferred Compensation plan)	
_____)	

RECITALS

WHEREAS, the Board wishes to enter into an amended 457 (b) Deferred Compensation Plan ("Plan") which provides for the option of Roth Contributions and Roth Rollover Contributions be allowed into the Plan; and

WHEREAS, the Board wishes to authorize the Control Officer to execute the amended "Plan" document with MassMutual Financial Group.

NOW, THEREFORE, IT IS HEREBY RESOLVED, as follows:

1. The Board has previously approved and adopted the "Plan" to provide employees of the Santa Barbara County Air Pollution Control District ("APCD") with retirement benefits. The APCD amends the "Plan" to reflect that effective January 1, 2015, or soon thereafter as executed by MassMutual, Roth Contributions and Roth Rollover Contributions will be allowed into the plan; and
2. The Board hereby delegates authority to the Control Officer to execute the Plan amendment with MassMutual Financial Group; and
3. The Board does hereby declare the intention of the APCD to continue the Plan, but reserves the right to terminate or amend the Plan at any time; and
4. The Board hereby delegates to the Control Officer authority to make administrative changes to the "Plan" in the future that do not amend key Plan provisions that require Board approval.

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Passed and Adopted by the Air Pollution Control District Board of the County of Santa Barbara, State of California, this ____ day of _____, 2015 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

SANTA BARBARA COUNTY
AIR POLLUTION CONTROL DISTRICT

By _____
Chair

ATTEST:

LOUIS D. VAN MULLEM, JR.
Clerk of the Board

By _____
Deputy

APPROVED AS TO FORM:

MICHAEL C. GHIZZONI
Santa Barbara County Counsel

By: _____
Deputy