



CITY OF ANGELS PO Box 667, 200 Monte Verda St. Suite B, Angels Camp, CA 95222 P: (209) 736-2181

**DATE:** February 3, 2026  
**TO:** City Council  
**FROM:** Michelle Gonzalez, Finance Director  
**RE:** ADOPTION OF THE CALPERS 457 DEFERRED COMPENSATION PLAN

**RECOMMENDATION:**

Adopt a Resolution approving the City's adoption of the CalPERS 457 Deferred Compensation Plan and authorizing the Interim City Administrator to execute the CalPERS Employer Adoption Agreement and all related documents.

**BACKGROUND:**

CalPERS has established the CalPERS 457 Deferred Compensation Plan pursuant to Section 457 of the Internal Revenue Code for eligible governmental employers. The Plan is designed to provide public employees with a tax-advantaged opportunity to save for retirement through payroll deductions.

Under the Plan, participating employees may elect to defer a portion of their compensation, subject to annual limits established by federal law. All employee contributions are immediately 100 percent vested and held in trust for the exclusive benefit of participants and their beneficiaries. Employees may direct the investment of their individual accounts among investment options selected by the CalPERS Board of Administration, including age-based target retirement funds.

To participate, the City must formally adopt the Plan by resolution and execute an Employer Adoption Agreement with CalPERS.

**DISCUSSION:**

Adoption of the CalPERS 457 Plan offers several advantages:

- **Enhanced Employee Benefits:** Provides employees with an additional, voluntary retirement savings vehicle to complement pension benefits.
- **Professional Administration:** The Plan is administered by CalPERS, with recordkeeping and administrative services provided by a third-party administrator retained by CalPERS.
- **No Employer Contribution Requirement:** Participation does not require employer contributions; employees fund their own accounts through payroll deferrals.
- **Broad Eligibility:** The Plan must be made available to all City employees, ensuring equitable access.

The City's role will be limited to facilitating payroll deductions, remitting employee contributions in a timely manner, and assisting with employee communications in accordance with Plan requirements. Investment management, compliance, and overall Plan administration are handled by CalPERS.

Staff has reviewed the Employer Adoption Agreement, Model Resolution, and New Employer Information Sheet provided by CalPERS and finds the terms to be standard and appropriate for the City.

**FISCAL IMPACT:**

There is no direct fiscal impact to the City's General Fund associated with adoption of the CalPERS 457 Plan. The City is not required to make employer contributions. Any administrative costs associated with the Plan are paid by participating employees through fees deducted from their individual accounts.

Minimal staff time will be required for initial implementation and ongoing payroll processing, which can be absorbed within existing resources.

**ATTACHMENTS:**

1. Resolution No 26-24 Approving Adoption of the CalPERS 457 Deferred Compensation Plan
2. CalPERS 457 Employer Adoption Agreement
3. CalPERS 457 New Employer Information Sheet
4. CalPERS 457 Employer Loan Provision