

| Agenda Item | cover sheet

for consideration by the Apex Town Council

Item Type: CONSENT AGENDA

Meeting Date: May 25 ,2021

Item Details

Presenter(s): Mary Beth Manville, Human Resources Director

Department(s): Human Resources Director

Requested Motion

Motion to approve the adoption of the NC 457 Public Employees Deferred Compensation Plan for Town employees, effective July 1, 2021.

Approval Recommended?

Yes

Item Details

The Town currently offers a 457 deferred compensation plan through AIG, in which employees can voluntarily choose to participate and contribute pre-tax dollars each pay period. The North Carolina retirement system that sponsors our NC 401k plan also offers a 457 plan (NC 457), and the Town would like to enroll in the NC 457 plan and let it be the voluntary deferred compensation plan that is offered to employees, moving forward. There are several reasons to support this change:

- Many of the Town's new hires come from other NC municipalities that offer the NC 457 plan. Since we do not participate in the NC 457, new hires that come from those municipalities can no longer contribute to their plan. Our HR team reports that there has been an increase in requests from new hires to implement the NC 457, so that they can continue contributing.
- The NC 457 has additional benefits related to the Local Government Employees Retirement System (LGERS) pension plan. Funds from the NC 457 can be used to purchase service credit with LGERS, or be transferred to the LGERS account for a monthly distribution of payments.
- Having both the 401k & 457 through the State allows for a more streamlined experience for employees, where they can access and manage their retirement information all in one place.

At this time, only 17 employees participate in the Town's 457 plan with AIG. We would allow these employees (and anyone else who enrolls prior to the effective date of the NC 457) to continue contributing

to AIG through payroll deduction; however, after the effective date of the NC 457, all new enrollments would be with the State's NC 457 plan.

Attachments

- NC 457 Plan Adoption Agreement
- Resolution for NC 457 Adoption
- NC 457 Employer Participation Form

