



Subject: Rollover of 457(b) Plan Funds – Executive Offices

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Work Session Date: August 19, 2024

Council Meeting Date: August 19, 2024

Background/History:

Recent discussions and feedback have emphasized the need to provide flexibility for employees in managing their retirement funds. Currently, unvested employees are not permitted to roll over their 401(a) plan funds into the new GMA pension plan. Given the guidance from the Georgia Municipal Association (GMA) regarding future opportunities to buy back years of service, there is an opportunity to address this.

Additionally, clarification is needed regarding 457(b) plan funds, which are payroll-deducted contributions made by employees based on their elections.

Currently, under the City's 401(a) plan with Empower, the city matches half a percent (0.50) up to 10% of the employee's weekly contributions (essentially \$0.50 on a dollar up to 10%).

Objective:

The primary goal is to enable employees to use their retirement funds to buy back years of service under the new GMA pension plan. This decision aims to enhance employee satisfaction and retention by leveraging the benefits of the new pension plan and recognizing the nature of 457(b) contributions.

Proposal:

1. 401(a) Plan Funds:

- **Eligibility:** Only employees who are vested in their 401(a) plan will be eligible to roll over their funds into the new GMA pension plan for the purpose of buying back years of service.
- **Current Plan Details:** The City matches half a percent (0.50) up to 10% of the employee's weekly contributions (essentially \$0.50 on a dollar up to 10%).
- **Process:** Vested employees must complete a rollover request form. HR will review and process these requests, ensuring clear instructions and support.

2. 457(b) Plan Funds:

- **Eligibility:** All employees, regardless of vesting status, will be able to roll over their 457(b) plan funds into the new GMA pension plan for the purpose of buying back years of service. These funds, being payroll-deducted contributions, do not have vesting requirements.

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- **Process:** Employees must complete a rollover request form for their 457(b) funds. HR will process these requests accordingly.
3. **Benefits:**
- **For Vested Employees:** Allows vested employees to use their 401(a) funds to buy back years of service, enhancing their retirement benefits under the new pension plan.
 - **For All Employees:** Provides the opportunity to use 457(b) funds to buy back years of service, reflecting the payroll-deducted nature of these contributions.
 - **Future Opportunities:** GMA provides additional opportunities for employees to buy back years in the future, ensuring that unvested employees have alternative options.
4. **Implementation:**
- **Communication:** Inform all employees about the rollover options, including detailed information on benefits, processes, and deadlines.
 - **Support:** HR will provide assistance and answer any questions employees may have regarding the rollover process.

Financial Implications:

The decision is expected to have a minimal financial impact on the organization. Administrative costs for processing rollovers will be balanced by the increased employee satisfaction and alignment with long-term retirement planning strategies.

Recommendation:

It is recommended that the proposal to allow only vested employees to roll over their 401(a) plan funds and all employees to roll over their 457(b) plan funds into the new GMA pension plan for buying back years of service be approved. This approach supports employee retirement planning and aligns with future opportunities as outlined by GMA.

Next Steps:

1. Approval of the proposal by the relevant authority.
2. Development and distribution of communication materials to all employees.
3. Implementation of the rollover process and ongoing support.

Cost: \$ 0

Budgeted for: _____ **Yes** _____ **No**

Financial Impact:

Action Requested from Council: