



## ITEM SUMMARY

**MEETING DATE:** September 16, 2024

**FROM:** Teri Lea Beiriger, Director of Finance

**SUBJECT:** Ord. No. 2024-20 Amend the Defined Contribution Retirement Plan

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### BACKGROUND

The Retirement Plan and Trust for the General Employees of the City was established on January 1, 1996, as set forth in Section 10-149 of the City Code to include the Plan and Trust components of 401(a) Defined Contribution Plan and 457(b). Plan was re-established on October 1, 2001, Ordinance 2001-02, adding investment policy (exhibit E) and re-established on January 19, 2016, Ordinance 2016-09, to provide for 100% vesting of employer contribution for those in the bargaining unit regardless of the year of service.

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### ANALYSIS

The Retirement Plan and Trust for the General Employees non-elective contributions has not been adjusted since the establishment of the plan in 1996. In order for the City to be a competitive employer and retain employees, the staff is recommending increasing the employer contribution from 5% to 7.5%. This does not affect the 2.5% match which the City will provide if the employee contributes up to 2.5%. With the City's 2.5% the employee has the benefit of receiving 10% into the 401(a) plan. Several neighboring cities 401(a) pension plans were reviewed.

401(a) Plan				
Municipality	Employer Contribution	Match	Vested	Eligibility
Greenacres	5%	2.50%	6 years	6 months
Lake Park	7.50%	2%	5 years graded	1 year
Lantana	7.00%	2.50%	5 years cliff	90 days
North Palm Beach	15%		5 years graded	immediate
West Palm Beach	6.5% / 7.5%		immediate	6 months

Along with the increase in employer contribution, Ordinance 2024-20 allows for terminated unvested employees who are re-hired within the quarter of the term date to keep their forfeiture funds invested in the plan.

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**FINANCIAL INFORMATION**

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The difference in from 5% to 7.5% could be little over \$175,000. This is an estimate assuming all employees are vested.

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**LEGAL**

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The ordinance has been prepared in accordance with the City Code Requirements.

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**STAFF RECOMMENDATION**

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Approval of Ordinance 2024-20 Amending the General Employees Defined Contribution Retirement Plan.