



Department of Human Resources / Risk Management

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MEMORANDUM

Date: June 13, 2024

To: Assembly Human Resources Committee

Thru: Katie Koester
City Manager

From: Dallas Hargrave
Human Resources & Risk Management Director

Re: Update to CBJ Personnel Rules in proposed Resolution 3067

In 2023, the City and Borough of Juneau (CBJ) Assembly approved changes to the CBJ Personnel Rules that added 18 PR 075, Deferred Compensation Employee Benefit. The new matching employer contribution established with 18 PR 075 has been in place for one year, and we realized the need for “housekeeping” changes to improve the clarity of the language that implemented the program.

For example, we believe that including the table that was originally provided to the Assembly to explain the matching employer contribution in the personnel rules would provide better clarity to employees than the current language in the personnel rule. The proposed change is in the table below:

<i>Years of Service</i>	<i>Voluntary 457(b) Employee Contribution Eligible for Employer Match</i>	<i>Employer 50% Matching Contribution to 401(a)</i>
<i>0 – 2 years</i>	<i>up to 2% of wages</i>	<i>up to 1% match</i>
<i>2 – 5 years</i>	<i>up to 4% of wages</i>	<i>up to 2% match</i>
<i>5 -10 years</i>	<i>up to 6% of wages</i>	<i>up to 3% match</i>
<i>Over 10 years</i>	<i>up to 8% of wages</i>	<i>up to 4% match</i>

The one substantive change that is different than how the program is currently being administered relates to 18 PR 075 (b) (6). The proposed new language is below:

Those who reach the age of fifty-nine and a half (59 and ½) will automatically be vested at 100% regardless of years of service.

The original language in 18 PR 075 did not address an age in which an employee would vest automatically, regardless of years of service, so the plan designated this age as 55 years old. We are recommending the language implementing the change to age 59 ½ because this is the age of retirement in the State of Alaska Tier 4 Defined contribution retirement plan. The impact of making this change is that when this change to the personnel rule goes into effect, those who were active in the 401(a) match plan prior to the change would be “grandfathered” at age 55, and those who become active in the 401(a) match plan after the change of the personnel rule would have age 59 ½ applied.

Recommended Action

The Manager's office recommends that the Human Resources Committee recommend that the Assembly approve these changes to the CBJ Personnel Rules. Once the changes to the CBJ Personnel Rules move out of the Committee, a resolution proposing the changes to the CBJ Personnel Rules will be scheduled at the July 1, 2024 Assembly meeting on the consent agenda.