

# STAFF REPORT REGULAR MEETING

**AGENDA DATE:** November 4, 2025

**DEPARTMENT:** Human Resources

**TITLE:**

Resolution No. 66-2025 -- MissionSquare 457(b) Plan Documents Amendment

**SUMMARY:**

The resolution approves amendments to, and adopts an amended and restated governing plan document and trust agreement for, the City of Lake Worth Beach Deferred Compensation Plan and Trust, in a MissionSquare Retirement model 457 plan document, effective as of January 1, 2026.

**BACKGROUND AND JUSTIFICATION:**

The City, as the sponsoring employer, established a deferred compensation plan and trust in 1980 for the benefit of eligible employees, which plan has been amended from time to time and is currently referred to as the City of Lake Worth Beach Deferred Compensation Plan and Trust ("Plan"). The Plan is intended to be a tax-advantaged, eligible deferred compensation plan under section 457(b) of the Internal Revenue Code ("Code").

The Treasury Regulations under Code section 457(b) require a tax-advantaged, eligible deferred compensation plan to contain all material terms and conditions for benefits in a written plan document. The plan must be administered in accordance with those written terms.

Since inception of the Plan, International City Management Association Retirement Corporation, now known as MissionSquare Retirement ("MissionSquare"), has served as the administrator and document provider for the Plan.

Since inception of the Plan, MissionSquare, or its affiliate VantageTrust Company, has also administered the trust arrangement for the Plan and served as the provider of the trust agreement for the Plan.

The current version of the Plan's governing document and trust agreement are contained in a MissionSquare model 457 plan document consisting of a 2017 plan document and an embedded 2001 trust agreement.

The City has the right to amend the Plan at any time.

From time to time, it is necessary or desirable to amend the Plan in light of changes to applicable law governing retirement plans.

The federal SECURE 2.0 Act of 2022 ("SECURE 2.0"), enacted on December 29, 2022, contains certain mandatory and optional provisions applicable to the Plan.

In light of SECURE 2.0, it has been proposed that the Plan be amended, effective as of January 1, 2026, as follows:

Roth Features

A "Roth" contribution is made on an after-tax basis. As a result of paying taxes at the time of contribution, the participant's qualified withdrawals in retirement, consisting of both the principal amount of the contributions and the accrued investment earnings thereon, are tax-free.

An in-Plan Roth conversion feature allows a participant to convert prior pre-tax contributions to Roth contributions by paying taxes at the time of conversion. The amount converted, plus the future accrued investment earnings thereon, are tax-free when the participant takes a qualified withdrawal of them in retirement.

It is proposed to add a Roth contribution component and an in-Plan Roth conversion option to the Plan to allow participants more flexibility in the available tax treatment for their retirement savings. The addition of the Roth features will also allow the Plan to more easily comply with other mandatory provisions contained in SECURE 2.0.

### Super Catch-Up Contributions

The Plan currently allows eligible participants who turn age 50 or older in a Plan year to voluntarily save more for their retirement by making additional elective deferrals to the Plan from their wages, known as "catch-up contributions." The current IRS-specified limit on the dollar amount of catch-up contributions is \$7,500. The IRS adjusts this limit each year for inflation.

One of the optional changes permitted by SECURE 2.0 is to allow eligible participants who turn age 60, 61, 62, or 63 in a Plan year to voluntarily save more for their retirement by making catch-up contributions in a total amount greater than \$7,500, known as "super catch-up contributions." The current IRS computation of the super catch-up contribution limit is \$11,250 (rather than \$7,500). The IRS will also adjust this limit each year for inflation.

It is proposed that a super catch-up contribution option be added to the Plan to allow eligible participants to voluntarily save more for their retirement if they choose to do so.

### Implement Participant Deferral Elections Faster

The law prior to SECURE 2.0 specified that in some circumstances, a participant's new or amended deferral elections to the Plan could not be implemented until the first day of the month following the date the participant submitted the deferral election. SECURE 2.0 allows a participant's new or amended deferral elections to instead be implemented as soon as administratively feasible. It is proposed that this new rule be incorporated into the Plan to allow for faster implementation of participants' voluntary elections to save for their retirement.

### **MOTION:**

Motion to approve/disapprove Resolution No. 66-2025, amending the governing plan document and trust agreement for the City of Lake Worth Beach Deferred Compensation Plan and Trust, effective January 1, 2026.

### **ATTACHMENT(S):**

Fiscal Impact Analysis- N/A  
Resolution 66-2025  
Exhibit "A"