

STAFF REPORT REGULAR MEETING

AGENDA DATE: September 26, 2026

DEPARTMENT: Human Resources

TITLE:

Resolution No. 43-2026 – amending the governing plan document for the City of Lake Worth Beach (FPDP) 401(a) Plan

SUMMARY:

The resolution approves an amendment to the eligibility provisions of the governing plan document for the City of Lake Worth Beach (FPDP) 401(a) Plan, effective retroactively for the period February 1, 2017 through June 8, 2024.

BACKGROUND AND JUSTIFICATION:

The City, as the sponsoring employer, established a tax-qualified, defined contribution retirement plan in 2010 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 (FPDP) 401(a) Plan ("Plan").

During an internal review of the Plan by the City's Human Resources and Finance personnel, it was previously discovered that all criteria for eligibility to participate in the Plan was inadvertently not included in the governing Plan document for the period February 1, 2017 through June 8, 2024. The Plan was actually operated during that period in accordance with all the intended eligibility criteria. This discrepancy between the written terms of the governing Plan document and the Plan's actual operations jeopardizes the tax-qualified status of the Plan.

Under these particular circumstances, the City may cure the tax-qualification error by adopting a retroactive amendment to the Plan's governing document to align the terms of the Plan's governing document with past operations – but only if the IRS first approves of the retroactive amendment under the Voluntary Correction Program ("VCP") of the IRS Employee Plans Compliance Resolution System, described in IRS Revenue Procedure 2021-30.

Accordingly, the City made a VCP submission to the IRS to request IRS approval of a retroactive amendment to the Plan's governing document to conform the terms of the governing Plan document to past operations, effective for the period February 1, 2017 through June 8, 2024.

On August 31, 2026, the IRS issued a Compliance Statement approving the proposed retroactive Plan document amendment.

It is recommended that the City adopt the retroactive Plan document amendment now that IRS approval of the amendment has been received.

MOTION:

Motion to approve/disapprove Resolution No. 43-2026, amending the City of Lake Worth Beach (FPDP) 401(a) Plan to include retroactive eligibility provisions for the period February 1, 2017 through June 8, 2024.

ATTACHMENT(S):

Resolution No. 43-2026
Exhibit "A"
Corrective Amendment
Compliance Statement