

STAFF REPORT REGULAR MEETING

AGENDA DATE: January 6, 2026

DEPARTMENT: Human Resources

TITLE:

Resolution No. 01-2026 -- amending the governing plan document for the City of Lake Worth Beach 457(b) Deferred Compensation Plan

SUMMARY:

The resolution approves amendments to and adopts an amended and restated governing plan document supplied by Nationwide Retirement Solutions for, the City of Lake Worth Beach 457(b) Deferred Compensation Plan, effective as of January 1, 2026.

BACKGROUND AND JUSTIFICATION:

The City, via an arrangement with the United States Conference of Mayors, established a deferred compensation plan in 1989 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 457(b) Deferred Compensation Plan ("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.

Nationwide Retirement Solutions ("Nationwide") is the current administrator and document provider for the Plan.

The current version of the Plan's governing document is contained in a Nationwide-supplied model 457 plan document consisting of an Adoption Agreement dated March 3, 2021 and related Basic Plan Document.

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.

It is proposed to add a Roth contribution component 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 IRS-specified limit on the dollar amount of catch-up contributions for 2026 is \$8,000. 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 \$8,000, known as "super catch-up contributions." The IRS-specified limit for super catch-up contributions in 2026 is \$11,250 (rather than \$8,000). The IRS also adjusts 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.

The Plan is also being amended to reflect the prior change to the City's legal name.

MOTION:

Move to approve/disapprove Resolution No. 01-2026 amending the governing plan document for the City of Lake Worth Beach 457(b) Deferred Compensation Plan

ATTACHMENT(S):

Fiscal Impact Analysis – N/A
Resolution 01-2026
Exhibit A