



Administrative Report

H.14., File # 25-1625

Meeting Date: 12/2/2025

To: MAYOR AND CITY COUNCIL

From: DIANE STRICKFADEN, DIRECTOR OF HUMAN RESOURCES

TITLE

APPROVE AN AGREEMENT BETWEEN THE CITY OF REDONDO BEACH AND MISSIONSQUARE RETIREMENT FOR THE ADOPTION OF A GOVERNMENTAL TAX QUALIFIED MONEY PURCHASE PLAN (401A PLAN) FOR PUBLIC SAFETY CHIEFS UNDER SECTION 401A OF THE INTERNAL REVENUE CODE

ADOPT BY TITLE ONLY, RESOLUTION NO. CC-2512-093, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, APPROVING THE CITY OF REDONDO BEACH 401(A) PUBLIC SAFETY CHIEF PLAN (PLAN NO. 100507), APPROVING ALL PLAN DOCUMENTS NECESSARY FOR ADOPTION OF THE PLAN AND AUTHORIZING THE CITY'S PLAN ADMINISTRATOR OR DESIGNEE TO EXECUTE ALL DOCUMENTS AND TAKE ALL ACTIONS NECESSARY TO ADMINISTER THE CITY'S 401(A) AND 457(B) PLANS

EXECUTIVE SUMMARY

MissionSquare Retirement (MissionSquare) is the administrator of the City's five existing tax deferred 457(b), 401a, Roth IRA and Retirement Health Savings plans. Through MissionSquare, public employees are provided with opportunities to save for retirement via various investment options in accordance with IRS regulations. On September 16, 2025, the City Council approved an Administrative Services Agreement with MissionSquare for a new, sixth retirement plan under Section 401(a) of the Internal Revenue Code. Participation in this new plan would only be available to Police or Fire Chiefs with more than 30 years of service in the City of Redondo Beach, and it would be first effective in December 2025.

BACKGROUND

The City's contract with CalPERS allows up to one year of unused sick leave to be converted to service credit when a member retires. However, when a Police Officer reaches thirty years of service, they have already reached their maximum benefit available from CalPERS, and the conversion of unused sick leave no longer has value. In early 2025, as an employee retention tool, the City Council approved an amendment to the Management and Confidential Pay Plan that would allow a Police or Fire Chief with greater than 30 years of City service to convert accrued sick leave to cash, or deposit it on a pre-tax basis into a tax deferred retirement account. Specifically, the Council approved allowing this conversion of accrued sick leave to be structured on a graduated basis, at up to 25% each year the Chief remains employed beyond thirty-one years of employment, for up to three years.

To achieve this goal, on September 16, 2025, the City Council adopted an Administrative Services Agreement with MissionSquare to add a new 401(a) plan to the City's portfolio. The new 401(a) retirement plan would allow a Police or Fire Chief with 31 years of City service to convert unused sick leave, on the same basis as described above (25% per year over three years), and either convert it to cash, or deposit it into the new 401(a) plan up to the IRS limits.

In order to implement this new 401(a) plan, staff recommends the City Council approve the attached resolution and supporting documents, which together comprise the full Adoption Agreement for the City of Redondo Beach Public Safety Chief 401(a) plan. The attached Resolution includes the following required attachments for review and consideration of approval:

- SECURE ACT 2.0 and 1.0 Election Form,
- The required Affirmative Statement for Adopting a Section 401(a) Money Purchase Plan,
- MissionSquare Retirement Governmental Money Purchase Plan Adoption Agreement and Addendum
- MissionSquare Retirement Governmental Money Purchase Plan Trust Agreement

In addition, staff recommends the City Council approve the MissionSquare Plan Administrator to execute the various documents necessary to administer the MissionSquare retirement plans. Upon approval by the City Council, the Public Safety Chief 401(a) Adoption Agreement would become effective in December 2025.

COORDINATION

The Human Resources Department coordinated the preparation of the proposed Agreement with the City Attorney's Office.

FISCAL IMPACT

There is no additional fiscal impact associated with the change in 401a plan structure. The cost of the sick leave conversion benefit for the Police and Fire Chief positions included in the Management and Confidential Pay and Benefits Plan remains the same.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Reso - No. CC-2512-093 Approving 401(a) Public Safety Chief Plan Inclusive of the Attachments Below
 - SECURE ACT 2.0 and 1.0 Election Form
 - Affirmative Statement for Adopting a Section 401(a) Money Purchase Plan
 - MissionSquare Retirement Governmental Money Purchase Plan Adoption Agreement and Addendum
 - MissionSquare Retirement Governmental Money Purchase Plan Trust Agreement