



Administrative Report

H.7., File # 22-4918

Meeting Date: 10/4/2022

To: MAYOR AND CITY COUNCIL

From: DIANE STRICKFADEN, DIRECTOR OF HUMAN RESOURCES

TITLE

ADOPT BY TITLE ONLY RESOLUTION NO CC-2210-074, A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF REDONDO BEACH, CALIFORNIA, AMENDING THE DEFERRED COMPENSATION PLAN, PLAN NUMBER 301863 TO DECREASE THE AGE FOR AN IN SERVICE WITHDRAWAL FROM AGE 70 ½ TO 59 1/2

EXECUTIVE SUMMARY

Mission Square Retirement (formerly called ICMA-RC) is the administrator of the City's 457(b), 401a, Roth IRA, and Retirement Health Savings plans. Through Mission Square, employees are provided with opportunities for retirement savings via various investment options.

In 2019, Congress passed the "Setting Every Community Up for Retirement Enhancement Act" (the Secure Act) which modifies several retirement plan provisions. Under the Secure Act, the Internal Revenue Service now allows governmental 457(b) plans to decrease the age for in-service withdrawals from age 70 1/2 to 59 ½. An "in-service withdrawal" is one that takes place while the employee is still working for the employer.

BACKGROUND

As plan administrator, the City of Redondo Beach must adopt a resolution if it desires to amend provisions of the 457(b) plan. The purpose of the attached Resolution is to amend the City of Redondo Beach's 457(b) plan rules to decrease the in-service withdrawal age from 70 ½ to 59 ½. As noted, an "in-service withdrawal" is one that takes place while the employee is still working for the employer. Previously, participants under age 70 ½ could only withdraw funds after leaving employment, or with an IRS-designated emergency reason. This amendment will allow existing employees who attain the age of 59 ½ to obtain their funds while still remaining employed.

COORDINATION

The Human Resources Department coordinated the resolution with the City Attorney's Office.

FISCAL IMPACT

There is no fiscal impact to the City for allowing this plan amendment.

APPROVED BY:

Mike Witzansky, City Manager

ATTACHMENTS

- Reso - Amending Deferred Compensation Plan
- Exhibit A - Secure Election Form