

REGIONAL TRANSIT ISSUE PAPER

Agenda Item No.	Board Meeting Date	Open/Closed Session	Information/Action Item	Issue Date
6	08/28/17	Open	Action	8/21/17

Subject: Adopt 401(a) Plan to Help Employees Save for Retirement

ISSUE

Whether or not to adopt the 401(a) Retirement Plan and delegate authority to the General Manager/CEO to execute a 401(a) Plan in order to offer employees an additional opportunity to save for retirement.

RECOMMENDED ACTION

Adopt Resolution No. 17-08-_____, Adopting the 401(a) Retirement Plan and Delegating Authority to the General Manager/CEO to Execute Section 401(a) Plan for Providing an Option for an Alternative Retirement Plan and Directing the General Manager/CEO to Submit the Plan to the Internal Revenue Service ("IRS) to Obtain a Tax Compliant Determination Letter.

FISCAL IMPACT

There is no fiscal impact to SacRT as a result of this action as the costs of the plan will be paid by plan participants.

DISCUSSION

SacRT's current 457(b) Deferred Compensation Plan allows employees and SacRT to make contributions to a tax deferred retirement plan, subject to annual Internal Revenue Service (IRS) contribution limits. The IRS also allows SacRT to establish a 401(a) Retirement Plan (401(a) Plan) as a means of providing an additional retirement plan option. A 401(a) Plan allows for tax deferred employer contributions and/or taxable employee contributions, subject to the provisions of the 401(a) Plan and an employee's terms of employment (Contract, Labor Agreement, etc.)

Initially, the 401(a) Plan will be made available to employees with employment agreements that are authorized under the 401(a) Plan. In addition, the 401(a) Plan will be available to all full-time SacRT employees on a voluntary basis for after-tax employee contributions. The 401(a) Plan may be extended to additional SacRT employees, subject to additional Board action through revisions to Labor Agreements and any other employment contracts at a later date. In the future, the 401(a) Plan may become the primary retirement plan for new SacRT employees.

At the July 24, 2017 SacRT Board meeting, the Board authorized the General Manager/CEO to negotiate and sign a service agreement with MassMutual. That was the first step in establishing a 401(a) Plan for SacRT employees. The second step is to adopt the 401(a) Plan.

Staff recommends that the Board authorize the General Manager/CEO to execute the 401(a) Plan Document and submit it to the IRS to obtain a tax compliant Determination Letter.

Approved:

Presented:

Final 08/23/17

General Manager/CEO

Director, Human Resources

RESOLUTION NO. 17-08-_____

Adopted by the Board of Directors of the Sacramento Regional Transit District on this date:

August 28, 2017

ADOPTING THE 401(A) RETIREMENT PLAN AND DELEGATING AUTHORITY TO THE GENERAL MANAGER/CEO TO EXECUTE SECTION 401(A) PLAN FOR PROVIDING AN OPTION FOR AN ALTERNATIVE RETIREMENT PLAN AND DIRECTING THE GENERAL MANAGER/CEO TO SUBMIT THE PLAN TO THE INTERNAL REVENUE SERVICE ("IRS) TO OBTAIN A TAX COMPLIANT DETERMINATION LETTER

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO REGIONAL TRANSIT DISTRICT AS FOLLOWS:

THAT, the Board hereby adopts the 401(a) Retirement Plan; and

THAT, the Board hereby delegates authority to the General Manager/CEO to execute an Internal Revenue Code Section 401(a) plan for the purpose of allowing an additional retirement plan, and submit said Plan Document to the Internal Revenue Service to obtain a Determination Letter from the IRS certifying the 401(a) Plan's tax compliant status.

ANDREW J. MORIN, Chair

A T T E S T:

HENRY LI, Secretary

By: _____
Cindy Brooks, Assistant Secretary