



CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 06/08/04
AGENDA ITEM 3
WORK SESSION ITEM _____

TO: Mayor and City Council
FROM: Acting Director of Finance and Internal Services
SUBJECT: Update of Hayward Deferred Compensation Plan

RECOMMENDATION:

It is recommended that City Council adopt the attached resolution revising and updating the City's Deferred Compensation Plan Document.

BACKGROUND:

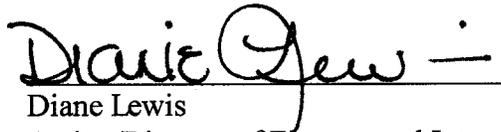
The City of Hayward Deferred Compensation Plan was first established in 1981 at the time the City withdrew from the Social Security System, and amended in 1997 in conjunction with the initial appointment of Great-West Life and Annuity Company as administrator. The Plan, established under Section 457 of the Internal Revenue Code, allows employees to establish individual retirement accounts as a substitute for Social Security. The Plan is administered by a nine member "Administrative Committee" which consists of representatives of the seven collective bargaining units, as well as two representatives appointed by the City Manager, which are the Human Resource Director and the Finance Director.

According to Internal Revenue Service regulations, the City's Deferred Compensation Program must be established and operated in accordance with a Plan document. The Plan defines the terms and conditions, and sets forth the structure under which the plan operates. Since the time the Plan document was last amended, there have been periodic changes in the legislation which regulate such plans, most notably the comprehensive changes incorporated in the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA). In mid 2003, the Internal Revenue Service published the final regulations to implement EGTRRA as it relates to governmentally sponsored plans such as the City's. Although the IRS has not yet established a deadline by which all existing documents must be amended to comply with the new regulations, changes in investments available in the City's Plan and the ability of participants to use their deferred compensation assets in conjunction with PERS benefits, make a revision necessary to implement these new programs.

The Deferred Compensation Administrative Committee recommends that the City Council approve updates to the City's plan that incorporates the comprehensive changes needed to implement the final regulations for EGTRRA as it relates to governmentally sponsored plans.

The proposed Plan Document and Adoption Agreement are on file and available for review with the City Clerk.

Recommended by:

A handwritten signature in cursive script that reads "Diane Lewis". The signature is written in black ink and is positioned above a horizontal line.

Diane Lewis
Acting Director of Finance and Internal Services
and Chair of the Administrative Committee

Approved by:

A handwritten signature in cursive script that reads "Jesús Armas". The signature is written in black ink and is positioned above a horizontal line.

Jesús Armas
City Manager

HAYWARD CITY COUNCIL

RESOLUTION NO. 04-

Introduced by Council Member _____

RESOLUTION APPROVING UPDATES TO THE CITY'S
DEFERRED COMPENSATION PLAN DOCUMENT

BE IT RESOLVED that the City Council of the City of Hayward in accordance with regulations of the Internal Revenue Service, hereby adopts the updated plan document to establish and govern the operation of the City's Deferred Compensation program, a copy of which is on file in the office of the City Clerk, and approves agreements with Great-West (the City's Deferred Compensation Plan administrator) which are necessary to implement the use of said plan document

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2004

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:

MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: _____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

City Attorney of the City Attorney

