

CITY OF JOPLIN COUNCIL AGENDA ITEM

ITEM

Resolution 2020-004 – Amending the 457 Plans to allow for participant loans and Roth investment opportunities and allowing for the temporary changes under the CARES Act

MEETING DATE

April 20, 2020

ORIGINATING DEPT

Finance

ATTACHMENTS

Resolution 2020-004; Exhibit “A” Nationwide amended 457 Plan Agreement; Exhibit “B” Nationwide Loan Procedures Form; Exhibit “C” Nationwide CARES Act election form; Exhibit “D” ICMA Loan Guidelines Agreement; Exhibit “E” ICMA Statement of Intent-Roth Provisions; Exhibit “F” ICMA CARES Act election form

REVIEWED BY

Department Head: Leslie Haase; Human Resources Director: Dave Allgood; City Attorney: Peter Edwards; City Manager: Nick Edwards

SUMMARY

This Resolution allows participant loans from the employee elective 457 plans, adds a Roth Investment Option and allows for the temporary changes under the CARES Act to ICMA and Nationwide.

BACKGROUND

City employees recently requested an amendment to the 457 plans to allow for participant loans. Under this amendment, employees will be allowed to borrow from their 457 plan without paying taxes on the loan amount. The interest is repaid to the employee’s retirement account, along with the original loan amount upon repayment. There is no administration by the City. The loan is administered by ICMA or Nationwide for a specified fee.

City employees also requested an amendment to the 457 plans to allow for a Roth post-tax investment option to the 457 plans. This will be a one-time setup in the payroll system and is common for municipalities to offer as an elective retirement option to employees to assist with attraction and retention of qualified employees.

Finally, the Coronavirus Aid, Relief, and Economic Security (CARES) Act allows for certain temporary changes to 457 plans with approval by the Employer. Qualified individuals are allowed tax-favored coronavirus-related distributions up to \$100,000.00 until December 31, 2020 from their individual 457 plan, expanded access to loans for 180 days after enactment of the law, and a waiver of the 2020 required minimum distribution.

This resolution will approve adding the option for participant loans, a Roth post-tax investment option, as well as the temporary relief options under the CARES Act.

RECOMMENDATION

Staff recommends approval of this resolution.