

Agenda
Finance and Administration Committee
West Olive Administration Building – Board Room
12220 Fillmore, West Olive, MI 49460
Tuesday, August 24, 2021
11:30 AM

Public Comment:

Consent Items:

- I. Approval of the Agenda

Action Items:

- I. [Deferred Compensation \(457\) Employer Match Cap Removal for Unclassified Employees](#)

Suggested Motion:

To approve and forward to the Board of Commissioners the restoration of the Unclassified Optional 457 Deferred Compensation Plan Employer Cap to the IRS limits effective January 1, 2022.

Discussion Items: None

Adjournment

Comments on the day's business are to be limited to three (3) minutes.

Action Request



Committee:	Finance and Administration Committee	<input type="checkbox"/>
Meeting Date:	08/24/2021	
Requesting Department:	Administrators Office	
Submitted By:	Al Vanderberg	<input type="checkbox"/>
Agenda Item:	Deferred Compensation (457) Employer Match Cap Removal for Unclassified employees	

Suggested Motion:

To approve and forward to the Board of Commissioners the restoration of the Unclassified Optional 457 Deferred Compensation Plan Employer Cap to the IRS limits effective January 1, 2022.

Summary of Request:

The Board of Commissioners established an optional 457 plan with payroll deduction to a deferred compensation plan effective January 1, 1988 for Unclassified Employees. In this plan, Ottawa County paid a 25% match of employee contributions to the 457 up to the IRS cap. In the Great Recession, staff recommended and the Board approved reducing the benefit to include a cap of \$1,000 for employer contribution match. During this time, we cut over \$12 million from the General Fund alone to keep the budget balanced. The 457 cap reduction saved \$65,000 towards it. It was intended that once we financially recovered from the Great Recession, the cap to the employer portion would be restored, up to the IRS limits. This is a valuable tool for employees to save for retirement and retirement related expenses such as health care and will continue to be a great recruitment tool to bring new talent into the organization.

This action restores something removed from the Unclassified employees and no other employee group was impacted. Each union negotiated its own participation percentage and cap, and these were unaffected during the Great Recession. Most employees have a current IRS contribution limit in 2021 of \$19,500, depending on age and retirement, there are additional catch-up provisions in the IRS rules, that may increase this amount. We currently have 101 Unclassified Employees who are maxing at the \$1,000 limit. We anticipate that based on past employee 457 investment behavior this will likely cost approximately \$100,000 initially. We will have budget savings in employee health care benefit costs in surplus of this amount therefore, the money is included in the budget.

Financial Information:

Total Cost: \$100,000.00	General Fund Cost: \$100,000.00	Included in Budget:	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
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If not included in budget, recommended funding source:

Health care savings.

Action is Related to an Activity Which Is: Mandated Non-Mandated New Activity

Action is Related to Strategic Plan:

Goal: Goal 4: To Continually Improve the County's Organization and Services.

Objective: Goal 4, Objective 3: Maintain and expand investments in the human resources and talent of the organization.

Administration: Recommended Not Recommended Without Recommendation

County Administrator:

Committee/Governing/Advisory Board Approval Date: