



Memo

To: Commissioners, First 5 Ventura County

From: Jennifer Johnson, Director of Operations (On behalf of the Administration/Finance Committee)

Date: June 16, 2016

Re: Recommendation to provide employer contributions up to 7% for employee retirement plan

Background

As part of the benefit package provided for regular employees, the Commission offers a retirement plan which allows employees to contribute a percent of their pre-tax salary, if they elect to do so. The Commission's currently offers a SIMPLE IRA retirement plan, with an employer matching contribution of up to 3% of salary. Under a SIMPLE IRA, the allowable maximum contribution for employees is \$12,500, with a "catch-up" maximum for those ages 50 and over of an additional \$3,000 (\$15,500 total).

The Administration/Finance Committee reviewed the Commission's employee retirement plan, as requested by the Commission. The Committee analyzed retirement plan options available to the Commission as a local public entity and determined that several other plans could provide for higher pre-tax levels of contributions by employees, if they elected to do so, e.g. 401(a), 457. In addition, the Committee noted that the typical employer contribution for First 5s and/or other similar organizations tended to begin at the 7% range.

The Committee also reviewed and provided input on identified vendors for administering such plans, including their fee structures, diversity of funds, and customer service tools, which staff will use in making a final vendor selection.

In the approved budget for FY 2016-17, resources were budgeted for an increased employer contribution of up to 7%. Due to plan change restrictions on the current SIMPLE IRA, any proposed changes to retirement plan(s) would not be implemented until January 1, 2017.

Recommendation

The recommendation is to increase employer contribution to a maximum of 7% and revise the "Employee Retirement Plan" section of the Employee Handbook as follows, effective 1/1/2017:

The Commission ~~has established a "SIMPLE (savings incentive match plan for employees) IRA"~~ will provide retirement plan(s) that an employee can elect to contribute a percent of their pre-tax salary towards. Under ~~this~~ these plan(s) a separate ~~IRA~~ account is established for each participant and each ~~IRA~~ account is self-directed; the employee controls their investments. The Commission will provide a 3% contribution and match an additional contributions of up to 4%, for a total of up to ~~7%~~ 73% of the employee's salary.