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**Title:** CONSIDERATION OF RESOLUTION NO. 17-058 APPROVING THE CITY OF CARSON INTERNAL REVENUE CODE SECTIONS 457 (B) AND 401 (A) PLANS INVESTMENT POLICY STATEMENT AND THE RETIREMENT PLAN INVESTMENT ADVISORY AGREEMENT BETWEEN THE CITY OF CARSON AND SHUSTER FINANCIAL GROUP AND AUTHORIZING THE CITY MANAGER AND DIRECTOR OF HUMAN RESOURCES AND RISK MANAGEMENT TO ADMINISTER THE CITY'S 457(B) AND 401(A) PLANS (CITY COUNCIL)

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. Exhibit No. 1 Reso No. 14-110, 2. Exhibit No. 2 Reso No. 17-058, 3. Exhibit No 3. Investment Policy Statement, 4. Exhibit No. 4 - Retirement Plan Investment Advisory Agreement

| Date | Ver. | Action By | Action | Result |
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**Report to Mayor and City Council**

Tuesday, April 18, 2017

Consent

**SUBJECT:**

**CONSIDERATION OF RESOLUTION NO. 17-058 APPROVING THE CITY OF CARSON INTERNAL REVENUE CODE SECTIONS 457 (B) AND 401 (A) PLANS INVESTMENT POLICY STATEMENT AND THE RETIREMENT PLAN INVESTMENT ADVISORY AGREEMENT BETWEEN THE CITY OF CARSON AND SHUSTER FINANCIAL GROUP AND AUTHORIZING THE CITY MANAGER AND DIRECTOR OF HUMAN RESOURCES AND RISK MANAGEMENT TO ADMINISTER THE CITY'S 457(B) AND 401(A) PLANS (CITY COUNCIL)**

**I. SUMMARY**

Via Resolution No. 14-110 (Exhibit No. 1), the City Council approved a contract with ING/VOYA to provide employer sponsored deferred compensation plans to City employees under Section 457(b) and Section 401(a) of the Internal Revenue Code. Shuster Financial Group (SFG) is the Investment Advisor and Consulting firm assisting the City in performing its fiduciary responsibilities with respect to the 457(b) and 401(a) plans under California law.

Staff is requesting City Council approval of Resolution No. 17-058 (Exhibit No. 2) including the City of Carson Internal Revenue Code Sections 457 (b) and 401 (a) Plans Investment Policy Statement (Exhibit No. 3) and the Retirement Plan Investment Advisory Agreement between the City of Carson and Shuster Financial Group (Exhibit No. 4) and authorizing the City Manager and/or Director of Human Resources and Risk Management to administer the City's Internal Revenue Code Sections 457(b) and 401(a) plans.

## **II. RECOMMENDATION**

WAIVE further reading and ADOPT Resolution No. 17-058, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, ADOPTING THE CITY OF CARSON INTERNAL REVENUE CODE SECTIONS 457(b) AND 401(a) PLANS INVESTMENT POLICY STATEMENT AND RETIREMENT PLAN INVESTMENT ADVISORY AGREEMENT BETWEEN THE CITY OF CARSON AND SHUSTER FINANCIAL GROUP AND AUTHORIZING THE CITY MANAGER AND DIRECTOR OF HUMAN RESOURCES AND RISK MANAGEMENT TO ADMINISTER THE CITY'S INTERNAL REVENUE CODE SECTIONS 457(b) AND 401(a) PLANS.

## **III. ALTERNATIVES**

TAKE another action the City Council deems appropriate.

## **IV. BACKGROUND**

Under Section 457(b) and 401(a) of the Internal Revenue Code, government entities may sponsor a deferred compensation plan, while meeting fiduciary responsibilities under California law, to allow employees to defer income tax on retirement savings into future years. For several years, the City provided employer sponsored deferred compensation plans under Section 457(b) and Section 401(a) of the IRC with five different firms.

Shuster Financial assisted the City with consolidating the deferred compensation plans from five different providers to a single provider, ING/VOYA. The City Council approved a contract with ING/VOYA and Effective May 1, 2015, staff finalized the conversion of the City's Internal Revenue Code Sections 457(b) and 401(a) plans ("457(b) and 401(a) plans").

Government entities that sponsor deferred compensation plans have fiduciary responsibilities to ensure the operation and investment of the public retirement plan is for the exclusive purpose of providing benefits to participants and beneficiaries. The fiduciary responsibilities are to:

- invest the assets of the plan
- administer the plan
- engage in a prudent process for making all decisions related to the operation of the plan, including decisions related to the plan's investments and related services.

Because of the complexity of the investment process responsibilities, SFG assists the City in performing its fiduciary responsibilities with respect to 457(b) and 401(a) plans under

California law. The attached “City of Carson Plans Investment Policy Statement” and “Retirement Plan Investment Advisory Agreement” outline SFG’s responsibilities. The costs relating to the services provided by SFG are built into the City’s contract with ING/VOYA and entering into the Retirement Plan Investment Advisory Agreement will not result in additional cost to the City or participants of the plans mentioned above.

Furthermore, Staff requests that the City Council authorize the City Manager and/or the Director of Human Resources and Risk Management to administer the City’s Section 457 (b) and 401(a) plans for the purpose of carrying out the City’s responsibilities under such plans.

## **V. FISCAL IMPACT**

None

## **VI. EXHIBITS**

1. Resolution No. 14-110 (pgs. 4-5)
2. Resolution No. 17-058 (pgs. 6-7)
3. Plans Investment Policy Statement (pgs. 8-18)
4. Retirement Plan Investment Advisory Agreement (pgs. 2-31)

Prepared by: Dr. Gail Dixon-McMahon, Director of Human Resources and Risk Management