



CITY OF CARSON

Legislation Text

File #: 2020-770, Version: 1

Report to Mayor and City Council

Tuesday, November 17, 2020

Consent

SUBJECT:

APPROVE CONTRACT AMENDMENT NO. 4 TO ALLOW SYSTEMATIC WITHDRAWALS AND AMEND IN-SERVICE DISTRIBUTION AGE WITH VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY AND VOYA FINANCIAL PARTNERS, LLC (CITY COUNCIL)

I. SUMMARY

On May 1, 2015, the City of Carson entered into the City of Carson Deferred Compensation Program Administrative Services Agreement ("Agreement") with Voya Retirement Insurance and Annuity Company and Voya Financial Partners, LLC to make improvements to the City of Carson's Deferred Compensation Plan and City of Carson 401 (a) Retirement Plan, Voya Plan Numbers 666972 and 666973. On December 15, 2015, the Agreement was first amended to correct certain errors with the Expense Account for Services Account. On December 3, 2019, the Agreement was further amended to reduce the administrative fee. On May 5, 2020, the Agreement was amended to reflect the changes enacted by the CARES Act related to coronavirus distributions and loans. The proposed amendment will now incorporate systematic withdrawals as well as amend the in-service distribution age to 59 ½ for the 401(a) and 457(b) plans.

II. RECOMMENDATION

WAIVE further reading and APPROVE THE VOYA ADMINISTRATIVE SERVICES CONTRACT AMENDMENT NO. 4 TO ALLOW SYSTEMATIC WITHDRAWALS AND AMEND IN-SERVICE DISTRIBUTION AGE WITH VOYA RETIREMENT INSURANCE AND ANNUITY COMPANY AND VOYA FINANCIAL PARTNERS, LLC"; AND

AUTHORIZE THE MAYOR TO EXECUTE THE AGREEMENT UPON APPROVAL AS TO FORM BY THE CITY ATTORNEY.

III. ALTERNATIVES

Take any other action deemed appropriate.

IV. BACKGROUND

On May 1, 2015, the City entered into the City of Carson Deferred Compensation Program Administrative Services Agreement with Voya Retirement Insurance and Annuity Company and Voya Financial Partners, LLC to make improvements to the City of Carson's Deferred Compensation Plan (Exhibit 1). The Agreement contains a section for Reimbursement of Plan Expenses to be withdrawn from the Expense Account for Services of Expenditures ("EASE Account"). The EASE Account is an expense account to be used to defray the reasonable expense of administering this Plan.

On December 15, 2015, the City approved Amendment No. 1 to the Agreement with Voya Retirement Insurance and Annuity Company and Voya Financial Partners, LLC correcting certain errors related the EASE Account (Exhibit 2).

On December 3, 2019, the Plan Sponsor and Contractor entered into Amendment No. 2 to the City of Carson Deferred Compensation Program Administrative Services Agreement to amend the Agreement to update certain services provided to the Plan and reflect the reduced administration fee from .33 basis points to .21 basis points (Exhibit 3).

On December 20, 2019, the President of the United States signed into law the Further Consolidated Appropriations Act, 2020 that included the Setting Every Community Up for Retirement Enhancement Act of 2019 ("Secure Act"). Included in the Secure Act is a new provision permitting in-service distributions at age 59½ for governmental 457(b) plans and pension plans.

On March 13, 2020, the President of the United States declared the ongoing coronavirus pandemic of sufficient severity and magnitude to warrant a nationwide emergency declaration. On March 27, 2020, the President of the United States signed into law the Coronavirus Aid, Relief, and Economic Security Act, or CARES Act (the "Act"). The Act includes a number of tax and distribution provisions that affect retirement plans.

On May 5, 2020, the Plan Sponsor and Contractor entered into Amendment No. 3 to the City of Carson Deferred Compensation Program Administrative Services Agreement to amend the Agreement allowing current plan participants with an existing loan to take out a new COVID-19 related loan thus having two (2) outstanding loans at a time. City Council also approved permitting limited early withdrawals and higher loan amounts from qualified retirement accounts, as enacted by the CARES Act. The CARES Act provision implemented by Voya temporarily increases the loan limit to \$100,000, thereby waiving the standard IRS limit of no higher than 50% of the account balance or \$50,000, whichever is less.

Staff is presenting Voya Administrative Services Agreement Amendment No. 4 (Exhibit 5)

to City Council for approval to amend the Agreement to allow systematic withdrawals as well as to amend the in-service distribution age from the minimum ages of 70 ½ and 65 for the 457(b) and 401(a) plan respectively to 59 ½ for both 401(a) and 457(b) plans as permitted by the Secure Act.

V. FISCAL IMPACT

There is no fiscal impact to the City. This amendment will enhance the level of service to plan participants when they reach the age requirement to withdraw funds.

VI. EXHIBITS

1. City of Carson Deferred Compensation Program Administrative Services Agreement with Voya Retirement Insurance and Annuity Company and Voya Financial Partners, LLC. (pgs. 4-53)
2. Amendment No. 1 to the City of Carson Deferred Compensation Program Administrative Services Agreement with Voya Retirement Insurance and Annuity Company and Voya Financial Partners, LLC. (pgs. 54-58)
3. Amendment No. 2 to the City of Carson Deferred Compensation Program Administrative Services Agreement with Voya Retirement Insurance and Annuity Company and Voya Financial Partners, LLC. (pgs. 59-65)
4. Amendment No. 3 to the City of Carson Deferred Compensation Program Administrative Services Agreement with Voya Retirement Insurance and Annuity Company and Voya Financial Partners, LLC. (pgs. 66-72)
4. Amendment No. 4 to the City of Carson Deferred Compensation Program Administrative Services Agreement with Voya Retirement Insurance and Annuity Company and Voya Financial Partners, LLC. (pgs. 73-79)

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