

# **City of Mission Viejo Personnel Policy**

**Subject: DEFERRED COMPENSATION PROGRAM**

**Statement of Intent:**

This Deferred Compensation Program is designed to permit Eligible Employees of the City of Mission Viejo to defer a portion of their compensation in order to provide for themselves and their beneficiaries supplemental retirement and death benefits. The City's Deferred Compensation Program ("Program") comprises two defined-contribution retirement plans, a 457(b) plan and a 401(a) plan. The plans are intended to meet the requirements for tax-favored treatment under Internal Revenue Code sections 457(b) and 401(a), respectively. If anything in this policy conflicts with the third party administrator's plan document(s), the plan document(s) shall control.

**Policy:**

1. Participation –
  - a. An employee shall be eligible to participate in this Program only if he/she is hired into a budgeted position (as described in the Authorized Position Schedule) for an indefinite period of time and scheduled to regularly work twenty (20) or more hours per week, or if he/she is elected or appointed as a member of the City Council.
  - b. Employee participation is voluntary and can be modified by the employee at set intervals established by the Human Resources Division.
  - c. Per Government Code section 36516, City Council members must involuntarily defer any eligible opt-out arrangement or balances remaining from their elected CalPERS health coverage, as defined in the Employer Contribution Schedule Personnel Policy, to a 457(b) deferred compensation account.
2. Employee Contribution –
  - a. Employee contribution minimum and maximums shall be determined by the Internal Revenue Service and shall be made to a 457(b) plan only.
  - b. A contributing employee has no immediate claim on the assets in his/her plan accounts. Instead, distributions may be made to the employee only upon reasons stated in each third party administrator's plan adoption agreement.
3. Employer Matching Contribution –
  - a. If an employee voluntarily elects to contribute towards a 457(b) deferred compensation account, the City will match those contributions dollar for dollar up to \$150 per month. This amount will not be prorated based on the

employee's full-time equivalency (FTE). The City contribution shall be made into a 401(a) account.

4. Roles and Responsibilities –

- a. The Director of Administrative Services shall serve as the coordinator for the Program, shall receive necessary reports, notices, etc. from third party administrators, shall cast on behalf of the City of Mission Viejo any required votes under the Program, and be authorized to execute documents which relate to the Program's operation, including but not limited to amendments.
- b. In an effort to meet required fiduciary responsibilities, the Director of Administrative Services shall establish a Deferred Compensation Program committee ("Committee"). The Committee shall be comprised of the Director of Administrative Services, a member of the Finance Division, and a member of the Human Resources Division. Committee meetings shall be held at least annually, but more if warranted, and publicized for eligible employees to attend.
- c. Administrative duties to carry out the Program may be assigned to appropriate divisions, departments, and third-party administrators.

**Administration:**

In accordance with City of Mission Viejo Municipal Code chapter 2.60 "Personnel System", this Personnel Policy is deemed to have a direct financial impact on the City. City Council approval is required prior to initial implementation and for any subsequent amendments.

Adopted: By City Council – November 8, 2016 – Resolution Number 16-51.

Reference: November 28, 1988 – Resolution Number 88-88  
June 28, 2016 – Resolution 16-31