



Legislation Text

File #: 19-0866, **Version:** 1

DATE: September 4, 2019

TO: Board of Mayor and Aldermen

FROM: Eric Stuckey, City Administrator
Kristine Brock, Assistant City Administrator/CFO
Kevin Townsel, Director of Human Resources

SUBJECT:

*Consideration of Resolution No. 2019-90, A Resolution to Amend the 401(a) Defined Contribution Retirement Plan in the Form of the ICMA Retirement Corporation Deferred Compensation Plan & Trust

Purpose

The purpose of this memorandum is to provide information to the Franklin Board of Mayor and Aldermen (BOMA) concerning a recommended change to the vesting period for the voluntary deferred compensation retirement plan for full time employees hired on or after January 1, 2017.

Background

The City established a voluntary Defined Contribution Plan for employees hired on or after January 1, 2017, who are also members of the State of Tennessee Consolidated Retirement System Legacy Defined Benefit Pension Plan. The voluntary plan provides an employer match of up to 2% of an employee's annual salary, provided the employer contributes an equal amount to a 457 retirement account. The purpose of the voluntary plan is to encourage employees to begin saving for retirement early in their career with the City. It was the intention at the time of adoption for the employees to be fully vested in the voluntary program at the same time as their eligibility for the employer match- at the 2-year hiring anniversary. Staff realized after adoption that the documents describe a 5-year vesting period. Resolution 2019-90 will amend the plan documents to allow for a 2-year vesting period for the voluntary program eligible for full time city employees hired on or after January 1, 2017.

Financial Impact

There is no financial impact to the City resulting from approval of this resolution.

Recommendation

Staff recommends approval.