



Legislation Text

File #: 2017-131, Version: 1

TITLE

ADOPTION OF THE NC DEFERRED COMPENSATION 457(b) PLAN

SPONSOR

John Dean, Human Resources Director

BACKGROUND

The County currently offers a 401(k) plan administered by Prudential Retirement, under the umbrella of the State of North Carolina. The County also offers a 457(b) plan, administered by International City/County Management Association (ICMA); however, the 457(b) plan administered by ICMA has a low participation rate. The plan has traditionally only been used by employees who want to roll 457(b) money from other organizations into another 457(b) plan, or by those who wish to maximize their contributions to both plans.

In addition to the 401(k) plan in which the County already participates, Prudential also administers a 457(b) plan for the State and other entities. The County is eligible to adopt the State's 457(b) Plan.

The design of the 457(b) plan may be favorable for employees who want to save money for retirement but may need to access the money at an earlier age, because 457(b) plan withdrawals are not subject to a 10% early withdrawal penalty at termination or retirement. Additionally, part-time employees and elected officials are eligible to join the plan. Due to the large size of the State's plan, participants will be able to take advantage of a more favorable fee structure for 457(b) investments.

BUDGET IMPACT

NO ADDITIONAL COUNTY FUNDS REQUIRED

REQUESTED ACTION

Authorize the County Manager to execute any and all documents required to adopt the NC

Deferred Compensation 457(b) Plan. Under this proposal, the County will still match 401(k) contributions up to a maximum of 5% for regular employees and non-sworn Law Enforcement employees (Law Enforcement employees get a statutory 5% contribution to the 401(k) plan). It is proposed that the County continue participation under the current International City/County Management Association (ICMA) 457(b) plan at this time.