



S A C O G

## SACOG Board of Directors

Item #07-7-5  
Consent

July 12, 2007

### **Adoption of the Plan Documents and Approval of ICMA-RC as Plan Administrator for the Special Pay Plan and FICA Alternative Plan**

**Issue:** To approve the transfer of administration of the Special Pay Plan and FICA Alternative Plan to ICMA-RC and the accompanying documents to implement the plan.

**Recommendation:** Because there was no quorum, the Strategic Planning Committee did not take an official vote on this item. However, it was the consensus of the members present that the Committee recommend that the Board approve ICMA-RC as the plan administrator for the Special Pay Plan and FICA Alternative Plan and the attached resolutions to implement the plan.

**Committee Action/Discussion:** SACOG has had an IRS Code section 401(a) deferred compensation plan, with two different benefit structures, that was administered by BENCOR/AIG VALIC. The Special Pay Plan is used to deposit Paid Time Off (PTO) in excess of 592 hours and PTO paid at the time of separation from employment. This plan was established pursuant to the memorandum of understanding with the Employees Association. The FICA Alternative Plan structure is used for student interns, temporary, and intermittent employees in lieu of contributions to Social Security. BENCOR/AIG VALIC notified SACOG they would no longer be able to administer the plan after June 30, and last month the Board approved the transfer of employee funds on deposit from BENCOR/AIG VALIC to ICMA-RC. Those funds were transferred on June 26, 2007.

The attached resolutions are two of the final steps required for the plan implementation. The “Pick Up Contributions” resolution is required in order to implement the terms of the 401(a) plan and maintain compliance with IRS regulations for the plan. The resolution “Establish the 401(a) Profit Sharing Plan with ICMA-RC” is the contractual arrangement with ICMA-RC establishing the plan. Also attached is the Administrative Agreement executed by the Executive Director in order to have the transferred funds invested and available for employees prior to your action this month. It was done on an emergency basis in order for ICMA-RC to initiate the plan. Staff requests that you retroactively approve the agreement.

These are the final documents needed to implement the 401(a) plan and accept deposits for the Special Pay Plan and FICA Alternative Plan.

Approved by:

Mike McKeever  
Executive Director

MM:KW:gg  
Attachments

Key Staff: Karen L. Wilcox, Director of Finance, (916) 340-6210