

THE TOWN OF FOREST HEIGHTS

RESOLUTION NO. 09-14

**A RESOLUTION TO ADOPT AND APPROVE A TOWN RETIREMENT POLICY, AND
GENERALLY RELATING TO EMPLOYEE PENSIONS AND BENEFITS.**

Introduced by: Mayor Jacqueline Goodall

WHEREAS, pursuant to Section 33-68 of the Town Charter, the Town shall have the power to do all things necessary to include its officers and employees, or any of them, within any retirement system or pension system under the terms of which they are admissible, and to pay the employer's share of the cost of any such retirement or pension system out of the general funds of the Town; and

WHEREAS, pursuant to Section 2.3 of the Town Ordinance Code, the Town Council is authorized and empowered to provide the employees of the Town with benefits, including, but not limited to, death benefits, surgical, hospitalization and other sick benefits, under group insurance plans or otherwise; and

WHEREAS, pursuant to Section 3.40 of the Employee Handbook, except where permitted by law for certain items stated therein, part time employees are not generally eligible for benefits; and

WHEREAS, the Mayor and Council finds that it is in the best interest of the Town and its employees that the current retirement plan continue to afford participants in addition to obtaining loans from their 457 Deferred Compensation Plan accounts that said employees be further allowed to request distributions from their accounts for unforeseeable emergencies subject to certain limitations.

NOW THEREFORE, BE IT RESOLVED by the Mayor and Town Council of the Town of Forest Heights that said governing body hereby elects to adopt and establish a Retirement Policy consistent with the ICMA-RC 457 Governmental Deferred Compensation Plan and Trust Document and this Resolution, and to further permit certain loans and unforeseen-emergency withdrawals pursuant to said Plan and Trust Document as provided herein below:

**THE TOWN OF FOREST HEIGHTS
RETIREMENT POLICY**

SECTION 1. RETIREMENT PLAN

The Town of Forest Heights Retirement Plan (the "Plan") is administered through the ICMA-RC (the "International City/County Management Association Retirement Corporation") and is a 457 deferred compensation plan and trust. The assets of the Plan shall be held in trust

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and invested through the Vantage Trust Company with the Town of Forest Heights serving as the Plan trustee. The employer shall assure the assets will be protected for the exclusive benefit of the plan participants and their beneficiaries and that said benefits may not be diverted to any other use.

Unless otherwise preempted by law, this Retirement Policy and the aforementioned Retirement Plan are subject to all applicable provisions found in the Town Charter, the Town Ordinance Code and the Town Employee Handbook, as amended.

SECTION 2. PLAN ADMINISTRATOR

The Town Administrator shall serve as the Plan Administrator and will receive all reports, notices, etc. from the ICMA-RC or the Vantage Trust Company. In addition, the Plan Administrator is authorized to execute all necessary agreements with the ICMA-RC incidental to the administration of the Plan provided that said agreements are subsequently delivered for Council review at a public meeting.

SECTION 3. VESTING PERIOD

The vesting period is three (3) years from the date an employee has been enrolled in the Plan by the Town Administrator. An enrolled employee who leaves the employment of the Town before he or she is vested may only receive the funds he or she individually contributed to his or her account plus any earned interest. The funds contributed by the Town shall be returned to the Town (Attention: Town Administrator).

SECTION 4. ENROLLMENT PERIOD

New employees may enroll in the retirement program or Plan on the 1st day of the month following their date of hiring, which is the same date they will qualify for health insurance and life/disability insurance. Retirement plan enrollment is through the Town Administrator and health/life/disability insurance are also through the Town Administrator. Assistance on the Retirement Plan is available through ICMA-RC Retirement Plan Specialist Cheryl Munroe. Health, life, and disability insurance assistance is available through Leitta Vaughn, Town Treasurer. The Town pays up to \$400 (i.e., per month) for each employee's health and dental insurance and the Town pays all of the cost for life and disability insurance.

SECTION 5. VANTAGE TRUST COMPANY

The Vantage Trust is a group trust established and maintained in accordance with the New Hampshire Revised Statutes Annotated Section 391:1 and Internal Revenue Service Revenue Ruling 1981-100 (1981-1 C.B. 326, 1981-13 I.R.B. 33), which provides for the comingled investment of retirement funds held by various state and local governmental units for

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their employees. ICMA-RC acts as investment advisor to the Vantage Trust Company, the trustee of the Trust.

ICMA-RC has designed and the Trust offers, a series of separate funds (the "Funds") for the investment of Plan assets as referenced in the trust's principal disclosure statement, "Making Sound Investment Decisions: a retirement investment guide." The funds are available only to public employees and only through the Trust and ICMA-RC.

In addition, ICMA-RC provides numerous other services to public employees such as investment alternatives, account maintenance, account record keeping, tax reporting, transaction processing, benefit disbursement and asset management. The ICMA-RC is an investment advisor registered as such with the U.S. Securities Exchange Commission under the Investment Act of 1940, as amended. ICMA-RC is a registered broker-dealer with the SEC (the "Securities Exchange Commission") and is a member in good standing with the Financial Regulatory Authority and the Securities Investor Protection Corporation.

SECTION 6. ADMINISTRATION FEES:

The Trust fees shall be 0.55% per annum of the amount of Plan assets invested with the Trust based on the daily average of net plan assets in the Trust. There is an annual charge of 0.15% assessed against average daily net plan assets invested in the Trust's nonproprietary trust series funds.

SECTION 7. EMERGENCY WITHDRAWALS

The employees may request an emergency withdrawal once a year from their vested funds for an amount not to exceed \$2,500 for unforeseen emergencies (i.e., supporting documents required) as long as it meets the rules for emergencies found in Sections 7.07 and 7.08 of said Plan and Trust Document, and Section 1.457-6(c) of the U.S. Treasury Regulations. Employees may not request more than the vested amount currently in their account at the time of the request. The request must be approved by the Plan Administrator and will be reviewed by ICMA-RC. Note: Vested withdrawals exceeding \$2,500 must be approved by the Mayor and Council.

SECTION 8. LOANS

Employees may only borrow funds contributed by them (or unless otherwise vested) from their account. The minimum loan is \$1,000 and they must have a vested balance of \$2,000 at the time the funds are borrowed. All loans must be paid off by payroll deductions at a rate of prime plus 0.5% and are due and payable at the time of separation or are offset by the account balance. Delinquent loans may be considered a "deemed distribution" and may be subject to taxes by the IRS.

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SECTION 9. TOWN AND EMPLOYEE CONTRIBUTIONS

The Town contributes 6% of an employee’s wages payable on a quarterly basis. These payments are a pre-tax payment which means the employee pays the taxes when he or she withdraws funds. An exception to this rule is a loan, as long as the employee remains current on the payroll deductions. All loans must be paid back on a payroll deduction basis. Employees are also encouraged to contribute a percentage based on what they feel they can afford but they are not required to contribute any amount. Obviously, employees will grow their account faster by individually contributing to their accounts.

SECTION 10. WITHDRAWALS

Employees may coordinate with ICMA-RC in setting up their payment schedule when they retire, unless they are 70 or older and still an employee, in which case they may withdraw funds on a monthly or an annual basis not to exceed the balance in their account. Former employees, who are rehired, must start over and must meet the 3 year vesting period, except when the former employee did not cash in their retirement account when they left the Town’s employment and were vested, in which case they may resume making contributions to their account as will the Town of Forest Heights.

AND BE IT FURTHER RESOLVED that the Mayor and Council hereby authorizes the Town Administrator to take any and all actions required to implement this Resolution, to complete, execute or prepare any necessary forms, administration agreements, or other documents, and to otherwise carry out the intent of the Mayor and Council as expressed herein, and that the Mayor and Council hereby further adopts and incorporates the above recitals as if they were written word for word herein;

AND BE IT FURTHER RESOLVED that this Resolution shall take effect immediately upon passage.

PASSED this 19th day of February, 2014.

APPROVED: By Resolution of the Town Council of The Town of Forest Heights, Maryland

<u>ROLL CALL VOTE</u>	<u>YEA/NAY/ABSTAIN/ABSENT</u>
GOODALL	<u>YEA</u>
KENNEDY II	<u>YEA</u>
STONER	<u>YEA</u>
BARNES	<u>YEA</u>
MUHAMMAD	<u>YEA</u>

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SMITH-BARNES

YEA

MANN

YEA

I HEREBY CERTIFY that the above Resolution No. 09-14 was passed by the required yea and nay votes of the Mayor and Council of the Town of Forest Heights on the 19th day of February, 2014.

ATTEST:

THE MAYOR AND COUNCIL OF THE
TOWN OF FOREST HEIGHTS

SIGNATURE ON FILE

SIGNATURE ON FILE

Bonita C. Anderson, Town Clerk

By: _____
Jacqueline Goodall, Mayor

SIGNATURE ON FILE

By: _____
C. Lynn Smith-Barnes, Council President

CLERK'S CERTIFICATION

I, Bonita Anderson, the duly appointed Town Clerk of The Town of Forest Heights, Maryland, do hereby certify that the foregoing is a full, true, and correct copy of a resolution of the governing body of said municipal corporation, duly and regularly called and held in all respects as required by law, and the charter, bylaws or ordinances of said Town, at the office hereof on the 19th day of February, 2014 at which meeting a majority of the Council of said municipal corporation was present and voted in favor of said resolution; and that said resolution is in full force and effect.

SIGNATURE ON FILE

Bonita C. Anderson, Town Clerk