

SANTA BARBARA COUNTY BOARD AGENDA LETTER



Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Agenda Number:
Prepared on: 5/19/06
Department Name: Treasurer-Tax Collector
Department No.: 065
Agenda Date: 6/6/06
Placement: Administrative
Estimate Time:
Continued Item: NO
If Yes, date from:

TO: Board of Supervisors

FROM: Bernice James
Treasurer-Tax Collector-Public Administrator

STAFF CONTACT: Bernice James
568-2490

SUBJECT: Deferred Compensation Plan Documents

Recommendation(s):

That the Board of Supervisors:

Approve the attached resolution that amends the deferred compensation plan document for the County's 457b plan and allows participants to borrow from their accounts.

Alignment with Board Strategic Plan:

The recommendation is primarily aligned with action required by law or by routine business necessity and with our organizational values regarding our workforce.

Executive Summary and Discussion:

On November 23, 1981, the County established a deferred compensation plan for its employees. Under the plan, employees may defer payment of a portion of their current compensation until retirement, severance from employment, death, or other designated events. Participants may direct their deferred compensation to various investment options. Deferred compensation and gains from investments in the plan are not subject to tax until withdrawn.

This plan is voluntary and available to any full-time or part-time officer, employee, elected official, or contractor enrolled in the retirement system. Extra help employees or independent contractors are not eligible to be a participant in this plan. All contributions are made by employees; the County does not provide any matching funds.

It is recommended that participants be allowed to receive loans of up to 50% of their individual account balances. The loans will be secured by the remaining balance in participant accounts. Loan repayments will be made by payroll deduction. If the employee terminates employment with the county the loan must be paid off in full or the outstanding balance will be treated as a taxable withdrawal. The term of general purpose loans will be 1-5 years. The term of primary residence loans will be 1-20 years. The loan rate will be Prime +1.

Mandates and Service Levels:

The attached resolution is in compliance with regulations and interpretations issued by the Internal Revenue Service.

Fiscal and Facilities Impacts:

None. The loans will be administered by Hartford, the County's deferred compensation provider.

Special Instructions:

Send a copy of the minute order to the Treasurer-Tax Collector-Public Administrator Department.

Concurrence:

County Counsel

Auditor-Controller

Deferred Compensation Advisory Committee: Members include Auditor-Controller, Human Resources, County Administrator, Treasurer-Tax Collector, Retirement Administrator, one representative from each of the recognized employee bargaining units, one from each of the non-represented bargaining units, and one retiree.