

## Information Item

**Date:** August 15, 2023  
**To:** Mayor, Mayor Pro Tempore, and Members of the City Council  
Ben Rowe, Assistant City Manager  
**From:** Kelly Latham, Chief Financial Officer  
Dr. Marquis Barnett, Human Resources Director

**Subject:** Information Regarding Upcoming Retirement Plan Changes

**Strategic Focus Area:** Service Excellence  
**Strategic Objective:** Maintain City's Financial Strength  
**Strategic Plan Action Item:** No  
**Key Work Item:** Yes



The City of Winston-Salem is the plan administrator for two 401(a) and two 457(b) defined contribution retirement plans available to city employees.

The City's retirement plan committee meets quarterly with our advisory services vendor to review the plan investment performance and regulatory changes.

At the September City Council Meeting, staff will bring forward the below recommended and/or required changes to the plans.

- Amend the 457b Plan to allow for Roth salary deferrals (required by Secure 2.0)
- Formalize the Retirement Plan Committee to outline the specific purpose, authority, members, and procedures of the committee (recommended)
- Update the Investment Policy Statement for the plans to guide the committee's investment decisions (recommended)
- Utilize 3<sup>rd</sup> party record keeper template plan documents to ease the administration and compliance
- Amend the 457b Plan to allow for both pre-tax and Roth salary deferrals to be made simultaneously (recommended)
- Increase the automatic cash out of small balances from \$1,000 to \$5,000 for terminated participants (amounts over \$1,000 are required by the IRS to be rolled into an outside IRA)
- Amend the 401a, Police 401a, and Police 457b Plans to permit participants to roll outside retirement account assets into the plans (457b already allows)
- Amend the 401a, Police 401a, and Police 457b Plans to allow hardship distributions (457b already allows)
- Amend the 401a and Police 401a and Police 457b to allow participants to take loans (457b allows)

