

AGENDA REPORT

To: Mayor Pat Humphrey and the Clare City Commission
From: Jeremy Howard, City Manager
Date: February 2, 2022
Regarding: Employee Retirement Program Change-Cancellation of The Standard 401(a) Plan

For the Agenda of February 7, 2022

Background. In April 2011, the City of Clare adopted a governmental 401(a) deferred compensation program to replace the 457(b) program for the participants of that section of the City's employee retirement program. The City no longer has employees (present or past) enrolled in that retirement program which is held with The Standard.

As of January, 2022, The Standard has instituted an annual fee of \$1,000 to restate and maintain the 401(a) plan.

With no employees enrolled in the program, a number of other retirement program options available to employees, and the newly instituted annual fee, it doesn't make sense to keep this retirement plan in place.

Therefore, the City Commission is asked to consider cancelling the 401(a) Retirement Plan with The Standard.

Issues & Questions Specified. Should the Clare City Commission adopt a resolution to cancel the 401(a) Retirement Plan with The Standard?

Alternatives.

1. Approve cancellation of the deferred compensation plan;
2. Do not approve cancellation of the deferred compensation plan;
3. Defer/delay decision to a subsequently scheduled City Commission meeting.

Financial Impact. The City will save \$1,000 annually with the cancellation of the 401(a) plan.

Recommendation. I recommend that the City Commission approve the cancellation of the 401(a) deferred compensation plan with The Standard by adoption of Resolution 2022-016 (*att'd*).

Attachments.

1. Resolution 2022-016.

RESOLUTION 2022-016

A RESOLUTION OF THE CLARE CITY COMMISSION APPROVING THE CANCELLATION OF THE STANDARD 401(a) RETIREMENT PLAN.

WHEREAS, the Clare City Commission initially established a 401(a) Retirement Plan for the benefit of its eligible employees on April 18, 2011; and

WHEREAS, The Standard has instituted an annual fee of \$1,000 to restate and maintain said Plan to be in compliance with IRS regulations; and

WHEREAS, no current or former employees are presently enrolled in said Plan with The Standard; and

WHEREAS, the Clare City Commission has determined that it is in the best interest of the City to cancel the 401(a) Plan with The Standard;

NOW, THEREFORE, BE IT RESOLVED, that the Clare City Commission hereby approves the termination of The Standard 401(a) Retirement Plan, effective immediately and authorizes its City Treasurer to execute all documents associated with said termination.

ALL RESOLUTIONS AND PARTS OF RESOLUTIONS INSOFAR AS THEY CONFLICT WITH THE PROVISIONS OF THIS RESOLUTION BE AND THE SAME ARE HEREBY RESCINDED.

The Resolution was introduced by Commissioner _____ and supported by Commissioner _____. The Resolution declared adopted by the following roll call vote:

YEAS:

NAYS:

ABSENT:

Resolution approved for adoption on this 7th day of February, 2022.

Diane Lyon, City Clerk