

**OFFICE OF THE CITY MANAGER
DES MOINES, IOWA**

**CITY COUNCIL COMMUNICATION 96-496
NOVEMBER 18, 1996 AGENDA**

SUBJECT:	TYPE:	SUBMITTED BY:
PLAN 60 DEFERRED COMPENSATION PLAN	◆ RESOLUTION ORDINANCE RECEIVE/FILE	ERIC A. ANDERSON CITY MANAGER

SYNOPSIS —

At the special City Council meeting held on November 6, 1996, the Committee made a recommendation that the Council discontinue the City of Des Moines Plan 60 deferred compensation plan. After further review, it is proposed that the City Council authorize a request for proposal to select a third party administrator for Plan 60, and that Plan 60 be continued with a third party administrator.

FISCAL IMPACT —

No additional cost.

RECOMMENDATION —

Approval of the recommendation to select a third party administrator for Plan 60 following a request for proposal, and continued operation of Plan 60 with a third party administrator.

BACKGROUND —

Over 20 years ago the City approved commencement of a deferred compensation program for City employees. In late 1979, the Plan 60 deferred compensation program commenced as a choice for employees who wished to participate in the deferred compensation program. The City has since provided the management of the Plan and investment of Plan funds. There are 1523 participants in Plan 60, of whom 442 are retired and 1081 are currently employed with the City. The market value of the fund as of October 31, 1996, is \$46,437,742.

For the reasons specified in City Council Communication No. 96-478, lack of staffing, increased regulation and lack of technology, the Committee established in the Plan approved by the City Council to oversee management of the deferred compensation plans recommended discontinuation of Plan 60. The Committee still believes that the City itself should not continue to manage Plan 60; but after further consideration, is of the opinion that the City Council should authorize the preparation of a request for proposal to seek a well-qualified third party administrator for Plan 60.

The interests of Plan 60 participants could be well-served by engagement of a highly qualified third party administrator. The Committee recommends that the Council approve this recommendation for a properly structured request for proposal. The proposals will be evaluated by a committee consisting of the present Deferred Compensation Committee and employees from various departments of the City, including the major employee groups of Police, Fire, Public Works, Park and Recreation, and SPM. We will also include experts from the private sector that are not involved in any of the proposals submitted.