



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

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

02-020

SYNOPSIS -

AGENDA:

JANUARY 7, 2002

Amendment of Supervisory, Professional, and Management (SPM) 401(a) Money Purchase Plan for the purpose of allowing higher employee contributions for City Manager classification.

SUBJECT:

SPM 401(A) MONEY
PURCHASE PLAN
AMENDMENT

FISCAL IMPACT -

None.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

RECOMMENDATION -

Approve SPM 401(a)-plan document by: 1) excluding the City Manager job classification from the SPM 401(a) plan; 2) approving a separate category to the 401(a) plan to include the City Manager job classification with a 4 percent employer and 10 percent employee contribution rate; and 3) authorizing the Mayor to execute the appropriate documents to effectuate the changes.

SUBMITTED BY:

TOM TURNER
HUMAN
RESOURCES
DIRECTOR

BACKGROUND -

In July 2001, the City adopted a 401(a) plan for full-time SPM employees at a mandatory 4 percent employee and employer contribution rate. In accordance with the Internal Revenue Code, the employer establishes participant eligibility and contribution rates for eligible participants and everyone who participates must contribute at the rate set forth by the plan document. The contribution rates are mandatory for all participating employees for the duration of their employment.

Employers can establish separate categories for single classifications as long as the eligibility and contribution rates are consistent for every participant within the classification. This provision allows employers to tailor plans to better meet employee needs. This 401(a) amendment creates a separate branch of the original plan and maintains all of the

provisions of the SPM plan, but provides for a higher employee contribution rate. In order to effectuate this change, the original SPM 401(a) plan must exclude the City Manager job classification and include it under a separate category, allowing for the higher employee contribution rate.
