

CITY COUNCIL  
COMMUNICATION:

03-617

**AGENDA:**

DECEMBER 22, 2003

**SUBJECT:**

SPM 401(A) MONEY  
PURCHASE PLAN  
AMENDMENT

**TYPE:**

**RESOLUTION**  
ORDINANCE  
RECEIVE/FILE

**SUBMITTED BY:**

TOM TURNER  
HUMAN RESOURCES  
DIRECTOR

ITEM \_\_\_\_\_

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

**SYNOPSIS —**

Amendment of Supervisory, Professional, and Management (SPM) 401(a) Money Purchase Plan for the purpose of allowing separation leave payouts and increased employee contributions for the classifications of Assistant Police Chief, Aviation Director, City Manager, Deputy City Manager, Fire Chief, and Public Works Director.

**FISCAL IMPACT —**

None.

**RECOMMENDATION —**

**Approve amendment to SPM 401(a)-plan document by 1) excluding the aforementioned job classifications from the current SPM 401(a)-plans, 2) approving separate categories to the 401(a) plan, and 3) authorizing the Mayor to execute the appropriate documents to effectuate the changes.**

**BACKGROUND —**

The specific classifications and their contribution rates are as follows (the City's matching contribution rate of 4% remains unchanged). All classifications require incumbents in these classes to defer the maximum amount of eligible and remaining amounts of sick and vacation leave into the 401(A) plan at separation:

- Assistant Police Chief 10%
- Aviation Director 5%
- City Manager Internal Revenue Code (IRC) 415 limit maximum
- Deputy City Manager 20%
- Fire Chief IRC 415 limit maximum
- Public Works Director IRC 415 limit maximum

In July 2001, the City adopted a 401(a) plan for full-time SPM employees at a mandatory 4% employee *and* employer contribution rate. In accordance with the IRC, 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

**CITY COUNCIL  
COMMUNICATION**

03-617

DECEMBER 22, 2003

PAGE TWO

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 separate branches 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 classifications above and include it under a separate category, allowing for the higher employee contribution rate. In January 2002, the SPM 401(a) plan was amended to include a separate City Manager classification at an employee contribution rate of 10%. That plan will be terminated and replaced by a new City Manager classification at the contribution rate listed above.

As stated above, all of these classifications allow for and require that separated incumbents defer eligible and remaining vacation and sick leave balances into the 401(a) up to the IRC 415 limits, which is \$41,000 in calendar year 2004.

No additional City funds are expended by creating these plans.

