

TOWN OF PALM BEACH

Information for Town Council Meeting on:

To: Mayor and Town Council

Via: Kirk W. Blouin, Town Manager

From: Gillian Barth, Director of People & Culture

Re: Town of Palm Beach Defined Contribution Plan (401a)
Resolution No. 051-2024

Date: May 14, 2024

STAFF RECOMMENDATION

- Staff recommends that the Town Council authorize the Town Manager to amend the MissionSquare Retirement Governmental Profit-Sharing Plan & Trust Adoption Agreement – Plan #106397 with MissionSquare as per the attached addendum memorandum.

GENERAL INFORMATION

- Management presented a proposal to the Town Council for changes to its Comprehensive Pension Plan (Defined Benefit *and* Defined Contribution), approved at its meeting of March 12, 2024.
- The Counsel subsequently approved the first reading of Ordinance #014-2024 at its meeting of April 9, 2024. This ordinance included changes to the *Defined Benefit Plan only*.
- The second reading of Ordinance #014-2024 and impact statement is being presented at the Council's meeting of May 14, 2024.
- The attached Resolution #051-2024 and Memorandum to MissionSquare represents proposed changes for the *Defined Contribution Plan* portion of the Comprehensive Pension Plan approved on March 12, 2024, and addresses the Employee Contribution/Town Match for those *new* employees (from June 1, 2024) opting for a 401a Contribution Plan option *only*.
- The employee contribution for new employees who opt into the 401a defined contribution plan will be 3% and the Town's contribution will be 10% for General employees and 16% for Public Safety employees. The contribution amounts for General and Lifeguard employees in the hybrid plan have not changed.
- The Town's contribution was calculated at normal industry standard of 80% of the value of the defined pension option.

FUNDING/FISCAL IMPACT

- The value of the full 401a Town contribution is 80% of what the equivalent value would normally be paid in a defined benefit plan. Hence, there will be no incremental financial

impact from this change to a full defined contribution option from a defined benefit option.

TOWN ATTORNEY REVIEW

These documents have been reviewed and approved for legal form and sufficiency by both Town Attorneys (Town and Pension).

AAA:gmb