



Agenda Date: 3/13/2007  
Agenda Placement: 6H

## NAPA COUNTY BOARD OF SUPERVISORS Board Agenda Letter

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**TO:** Board of Supervisors  
**FROM:** Patricia Tyrrell for Robert Westmeyer - County Counsel  
County Counsel  
**REPORT BY:** Patricia Tyrrell, Attorney IV , 259-8251  
**SUBJECT:** 401(a) Plan amendment

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### **RECOMMENDATION**

County Counsel and the Napa County Deferred Compensation Board of Control request adoption of a resolution amending section 8.05 of the County of Napa 401(a) Retirement Savings Plan to permit trustee-to-trustee transfers to PERS for the purchase of permissive service credit.

### **EXECUTIVE SUMMARY**

This amendment would allow participants in the 401(a) plan to utilize funds to purchase Additional Retirement Service Credit.

### **FISCAL IMPACT**

Is there a Fiscal Impact?                      No

### **ENVIRONMENTAL IMPACT**

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

### **BACKGROUND AND DISCUSSION**

In February 2004, the CalPERS Board approved member purchase of up to five years of Additional Retirement Service Credit (ARSC) in order to increase their monthly retirement benefit, but required that members certify

"corresponding service" when paying any portion of their ARSC purchase with after-tax funds, an installment payment plan, or an in-service, plan-to-plan transfer of pre-tax funds from a 457(b) plan because the IRS had not yet issued formal rules on purchases of permissive service credit. For uncertified portions, a 457(b) participant could purchase ARSC with a rollover of pre-tax funds and a 401(a) participant could utilize a rollover or an in-service plan-to-plan transfer of pre-tax funds, provided the plans so allowed.

As a result of recent changes in federal law by the Pension Protection Act of 2006 (H.R. 4), on November 15, 2006, the CalPERS Board rescinded the employment certification requirement for ARSC purchases made with after-tax payments (that is, lump sum and partial payments), after-tax and pre-tax installment payments, and in-service, plan-to-plan transfers from 457(b) plans.

Because of the recent change in federal law, the County's 457(b) and 401(a) plans were reviewed to determine if amendments were needed so that plan participants could purchase ARSC. It was determined that no amendment of the 457(b) was needed. However, an amendment of the 401(a) is needed.

The Deferred Compensation Board of Control reviewed the attached resolution which amends the 401(a) plan to allow ARSC purchases and recommends Board of Supervisor approval.

#### **SUPPORTING DOCUMENTS**

- A . Resolution
- B . Tracking version of resolution

CEO Recommendation: Approve

Reviewed By: Maiko Klieman