

**AGENDA
BOARD OF DIRECTORS
ROSSMOOR COMMUNITY SERVICES DISTRICT**

SPECIAL MEETING

RUSH PARK
Auditorium
3021 Blume Drive
Rossmoor, California 90720

Tuesday, August 6, 2024

7:00 p.m.

PUBLIC PARTICIPATION

Please be advised that in addition to attending the meeting in person, the public may observe the meeting live on YouTube using the following link:

<https://youtu.be/xNrQVDEhnm> The name is **Rossmoor CSD.**

This Board meeting will take place in person. Additionally, members of the public who wish to make a written comment on a specific agenda item, may submit a written comment via email to the District Secretary at RCSD@rossmoor-csd.org. Comments received by 3:00 p.m., on the date of the meeting will be provided to the Board of Directors, made available to the public, and will be a part of the meeting record.

This agenda contains a brief description of each item to be considered. Except as provided by law; no action shall be taken on any item not appearing on the agenda. To speak on an item if physically present at the meeting, complete a Speaker Request Form(s) identifying the item(s) and topic and deposit it in the speaker request box. To speak on a matter not appearing in the agenda, but under the jurisdiction of the Board of Directors, you may do so during Public Comments at the beginning of the meeting. Speaker request forms must be deposited prior to the beginning of Public Comments. When addressing the Board as a whole through the President. Comments to individual Directors or staff are not permitted. Speakers are limited to three (3) minutes per item with nine (9) minutes cumulative for the entire meeting. Supporting documentation is available for review in the Rush Park main office, 3001 Blume Drive, Rossmoor, CA 90720; 9:00 a.m. – 5:00 p.m., Monday-Friday. The Agenda is available online at: <http://www.rossmoor-csd.org>. Meetings may also be viewed on YouTube.com or by using the YouTube icon on the RCSD website and <http://www.rossmoor-csd.org>.

A. ORGANIZATION

- | | |
|-------------------------|--|
| 1. CALL TO ORDER: | 7:00 p.m. |
| 2. ROLL CALL: | Directors Barke, DeMarco, Searles and Shade
President Maynard |
| 3. PLEDGE OF ALLEGIANCE | Director Searles |

B. SPECIAL CALENDAR

1. Discussion with representatives from Nationwide Retirement Solutions regarding implementation of the Deferred Compensation Plan

C. ADJOURNMENT

It is the intention of the Rossmoor Community Services District to comply with the Americans with Disabilities Act (ADA) in all respects. If, as an attendee or a participant at this meeting, you will need special assistance beyond what is normally provided, the District will attempt to accommodate you in every reasonable manner.

Please contact the District Office at (562) 430-3707 at least forty-eight (48) hours prior to the meeting to inform us of your particular needs and to determine if accommodation is feasible. Please advise us at that time if you will need accommodations to attend or participate in meetings on a regular basis.

Pursuant to Government Code Section 54957.5, any writing that: (1) is a public record; (2) relates to an agenda item for an open session of a regular meeting of the Board of Directors; and (3) is distributed less than 72 hours prior to that meeting, will be made available for public inspection at the time the writing is distributed to the Board of Directors.

Any such writing will be available for public inspection at the District offices located at 3001 Blume Drive, Rossmoor CA 90720. In addition, any such writing may also be posted on the District's website at www.rossmoor-csd.org.

CERTIFICATION OF POSTING

I hereby certify that the attached Agenda for the August 6, 2024, 7:00 p.m. Special Meeting of the Board of Directors of the Rossmoor Community Services District was posted at least 24 hours prior to the time of the meeting.

ATTEST:



JOE MENDOZA
General Manager

Date 8/1/2024

ROSSMOOR COMMUNITY SERVICES DISTRICT

AGENDA ITEM B-1

Date: August 6, 2024

To: Honorable Board of Directors

From: General Manager Joe Mendoza

Subject: DISCUSSION WITH REPRESENTATIVES FROM NATIONWIDE RETIREMENT SOLUTIONS REGARDING IMPLEMENTATION OF THE DEFERRED COMPENSATION PLAN

RECOMMENDATION

It is recommended that the Rossmoor Community Services District (RCSD) Board of Directors review and approve a vesting schedule for the employer match portion of the 457(b) Deferred Compensation Plan.

BACKGROUND

At their regularly scheduled meeting on April 9, 2024 the Rossmoor Community Services District (RCSD) Board of Directors reviewed and approved the modification of the Deferred Compensation Program to include up to a 3% employer match on gross earnings, not including overtime. At their May 14, 2024 meeting, the RCSD Board of Directors had a first reading of proposed changes to Policy No. 2160, Deferred Compensation Program, to include language pertaining to the 3% Employer Match. Following a second reading of proposed changes to Policy No. 2160 at the July 9, 2024 meeting, the Board gave direction to schedule a meeting with the plan administrator – Nationwide Retirement Solutions, in order to gain clarity on different plan offerings and vesting options.

INFORMATION

Representatives from Nationwide Retirement Solutions will be available via Zoom to discuss the current 457(b) versus a 401(a) compensation plan and vesting options.

ATTACHMENTS

1. Fact Sheet
2. Participant Vesting and Forfeitures
3. 457(b) Plan Basics
4. Proposed changes to Policy No. 2160

Deferred Compensation Plan – Fact Sheet

1. The District can set up the 457 to allow for employer contributions and can update the plan to meet the District requirements.

Confirming the following...

- Match can be up to 3%
- Employer contributions can start within 90 days of employee hire date
- District contributions can be immediately 100% vested

Please note the following snippet from our 457 Guidebook...

*Like 401(k) and 403(b) elective deferrals, governmental 457(b) elective deferrals are subject, at the time of deferral, to any applicable FICA (Social Security and Medicare) taxes. Governmental 457(b) plans may also include employer matching and nonelective contributions. Unlike 401(k) and 403(b) plans, employer matching and nonelective contributions to the 457(b) plan are subject to applicable FICA taxes and reduce a participant's elective deferral limit when those contributions vest. **Because employer 457(b) matching and nonelective contributions to a 401(a) defined contribution plan do not reduce the 457(b) deferral limit and are not subject to FICA taxes, employers often make 457(b) matching contributions and other employer contributions to a 401(a) defined contribution plan.***

A 401(a) plan can also be set up with the District requirements mentioned above. The attached 401a request form illustrates various options on how to set up employer contributions through a 401(a).

The District can decide to utilize the 457 for match contributions, then add a 401(a) at any time.

2. Cliff Vesting - Cliff vesting is a type of vesting schedule in employment contracts that allows employees to become fully vested in their employer's benefits on a specific date, rather than gradually over time. This can apply to plans like retirement, stock options, restricted stock units, or performance shares.

PARTICIPANT VESTING AND FORFEITURES

6.01 Vesting of Contributions. A Participant's vested interest in his/her Employer Contribution Account and Matching Contribution Account is determined based on the vesting schedule elected in AA §8. A Participant is always fully vested in his/her Employer Pick-Up Contribution Account, Salary Deferral Account, After-Tax Employee Contribution Account, and Rollover Contribution Account.

6.02 Vesting Schedules. A Participant's vested interest in his/her Employer Contribution Account and/or Matching Contribution Account is determined by multiplying the Participant's vesting percentage (determined under the applicable vesting schedule selected in AA §8) by the total amount under the applicable Account.

(a) **Full and immediate vesting schedule.** Under the full and immediate vesting schedule, the Participant is always 100% vested in his/her Account Balance.

(b) **6-year graded vesting schedule.** Under the 6-year graded vesting schedule, an Employee vests in his/her Employer Contribution Account and/or Matching Contribution Account in the following manner:

- After 2 Years of Service – 20% vesting
- After 3 Years of Service – 40% vesting
- After 4 Years of Service – 60% vesting
- After 5 Years of Service – 80% vesting
- After 6 Years of Service – 100% vesting

(c) **3-year cliff vesting schedule.** Under the 3-year cliff vesting schedule, an Employee is 100% vested after 3 Years of Service. Prior to the third Year of Service, the vesting percentage is zero.

(d) **Modified vesting schedule.** Under the modified vesting schedule, the Employer may designate the vesting percentage that applies for each Year of Service. As a Governmental Plan, the Plan is not subject to the requirements of Code §411 and may modify the vesting schedule, provided the Plan satisfies the requirements of Code §§401(a)(4) and (7) as in effect before the enactment of ERISA. For this purpose, the modified vesting schedule must be at least as favorable as one of the following safe harbor vesting schedules:

- (1) **15-year cliff vesting schedule.** The Participant is fully vested after 15 years of creditable service. Service can be based on years of employment, years of participation or other creditable years of service.
- (2) **20-year graded vesting schedule.** The Participant is fully vested based on a graded vesting schedule of 5 to 20 years of creditable service. Service can be based on years of employment, years of participation or other creditable years of service.
- (3) **20-year cliff vesting for qualified public safety employees.** Participant is fully vested after 20 years of creditable service. Service can be based on years of employment, years of participation or other creditable years of service. The safe harbor schedule is available only with respect to the vesting schedule applicable to a group in which substantially all of the participants are qualified public safety employees (within the meaning of Code §72(t)(10)(B)).

8-2 VESTING SCHEDULE. The vesting schedule under the Plan is as follows for both Employer Contributions and Matching Contributions, to the extent authorized under the Plan. See Section 6.02 of the Plan for a description of the various vesting schedules under this AA §8-2.

(a) **Vesting schedule for Employer Contributions and Matching Contributions:**

- | ER | Match | |
|--------------------------|-------------------------------------|--|
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | (1) Full and immediate vesting. |
| <input type="checkbox"/> | <input type="checkbox"/> | (2) Three-year cliff vesting schedule |
| <input type="checkbox"/> | <input type="checkbox"/> | (3) Six-year graded vesting schedule |
| <input type="checkbox"/> | <input type="checkbox"/> | (4) Modified vesting schedule |
| | | ___% immediately on Plan participation |
| | | ___% after 1 Year of Service |
| | | ___% after 2 Years of Service |
| | | ___% after 3 Years of Service |
| | | ___% after 4 Years of Service |
| | | ___% after 5 Years of Service |
| | | ___% after 6 Years of Service |
| | | ___% after 7 Years of Service |
| | | ___% after 8 Years of Service |
| | | ___% after 9 Years of Service |
| | | 100% after 10 Years of Service |
| <input type="checkbox"/> | <input type="checkbox"/> | (5) Other: vesting schedule: _____ |

[Note: If a modified vesting schedule is selected under this subsection (a), the vested schedule must satisfy the pre-ERISA Code vesting requirements.]

457 Plan Basics

A 457(b) deferred compensation plan is a retirement plan offered by the District, created to allow employees to put aside money from each paycheck toward retirement. When you retire, you will need anywhere from 70-80% of your pre-retirement income to maintain the same standard of living throughout retirement. For many employees, the pension alone might not be enough. A deferred comp plan can help bridge the gap between what you have in your pension and Social Security, and how much you'll need in retirement. Unlike other retirement plans, a 457(b) deferred compensation plan takes into account that you may retire sooner than workers in the private sector. Generally, you don't have to worry about paying a penalty for withdrawing from the plan before age 59½. You just have to be separated from your employer to be eligible to withdraw.

Check out this [video](#) to see how this plan works compared to a 401k.

Pre Tax Contributions & Tax-deferred Earnings

Basically, you don't pay income taxes on your deferred comp plan contributions or earnings until you retire and/or begin to take payments from your account. This may lower your taxable income now and in retirement. Withdrawals taken in retirement are taxed as regular income. Since contributions are deposited pre-tax, you won't see the full amount taken out of your net paycheck. For example, a \$100 contribution will generally only affect your take home pay by about \$75. Contributions can be changed at any time by going online or [filling out a form](#) and submitting to HR/Payroll.

Contribution Limits

The current IRS maximum is \$23,000/year. If you are 50 or over, you are eligible to contribute \$30,500/year. Keep in mind, if you are contributing to multiple 457 plans, the combined maximum is \$22,500 - or \$30,000 if age 50+.

Investment Options

As a participant in the Nationwide Deferred Compensation Plan, you'll have access to a wide range of investment options.

There are different ways to select your investment strategy –

- Do It Myself – you manually select the options within the plan. To find the available options prior to enrollment, [visit Nationwide's website](#) and enter in Employer ID 0028713001
- Help Me Do It – you select a Target Date Fund to automatically invest for you, based on a specific retirement date.

Schedule a consultation with a Specialist if you need help understanding your investment options and determining the appropriate strategy to help reach your goals while managing risk.

Getting Enrolled

Once you are ready to enroll, just visit Nationwide's [online enrollment](#) page

- Enter SSN and DOB
- Enter personal info
- Create Username/password
- Verify Identity
- Enter Employer Name: ROSSMOOR COMMUNITY SERVICES DISTRICT
- Account set up starts with a Default Contribution Rate of 3% and Default Target Date Fund. The payroll deduction & investment option can be updated immediately after enrolling.
- Enter estimated gross salary
- Confirm enrollment
- Continue to Account to change contribution amount, update investment option and add beneficiaries

After completing the enrollment process, you will receive a confirmation via email. The District will automatically receive notification of your enrollment. If you come across any issues with the website, please contact Nationwide's Solutions Team at 877 677 3678

Account Access

During the enrollment process you will select a username/password. This will give you online access at www.nrsforu.com. You can also download the 'My Retirement' App from your App Store

Can I combine retirement accounts?

Nationwide can also work with you to combine, or consolidate your eligible retirement accounts into your deferred comp account. This may lower your overall investment costs and make managing your retirement investments a little easier. Schedule a consultation with Specialists to learn more!

Consultations

Feel free to schedule a consultation anytime by visiting the following link - [457 Plan Consultations](#)

If you need immediate assistance, you can contact [Internal Specialists](#) at 888-401-5272

Why Nationwide?

Nationwide has been helping public sector employees save for retirement for more than 30 years. They've developed tools and services that can help as you work toward your retirement goals. Check out their [annual report](#) to learn more about Nationwide and their dedication to customers!

- One of the top providers of Government 457 Plans
- Easy to understand [educational materials](#)
- [Dedicated Retirement Specialist](#) licensed to answer your savings/investment questions
 - Free of charge
 - Non-commissioned
- Licensed [Internal Specialists](#) also available to answer your savings/investment questions +1 888 401 5272
- Customer Solutions Group available Monday through Friday, 5 a.m. – 8 p.m. and **Saturday**, 6 a.m. – 3 p.m. PT +1 877 677 3678
- Participant Planning Team offering holistic financial analysis from [Certified Financial Planners](#), as well as Social Security & Health Care assessments, free of charge +1-866-975-6363
- Investment and [retirement workshops](#)
- The [My Interactive Retirement Planner](#)SM and other [tools and calculators](#)

Rossmoor Community Services District

Policy

No. 2160

DEFERRED COMPENSATION

- 2160.10** Federal Legislated Plan: The District has determined that a Deferred Compensation Plan should be made available to all eligible District employees, elected officials, and independent contractors pursuant to Federal legislation permitting such Plans.
- 2160.20** Potential Benefits: Tax benefits may accrue to deferred compensation plan participants. It is the intent of this policy that such benefits will act as incentives to District employees to voluntarily set aside and invest portions of their current income to meet their future financial requirements and supplement their Social Security at no cost to the District.
- 2160.30** U.S. Conference of Mayors: The Conference of Mayors has established a master prototype deferred compensation program for political subdivisions. The U.S. Conference of Mayors, as Plan Administrator, has agreed to hold harmless and indemnify the District, its appointed and elected officers and participating employees from any loss resulting from the U.S. Conference of Mayors or its Agent's failure to perform its duties and services pursuant to the US. Conference of Mayors Program.
- 2160.40** Adoption of Deferred Compensation Plan: The Rossmoor Community Services District Board of Directors hereby adopts the U.S. Conference of Mayors Deferred Compensation Program and its attendant investment options and establishes the Rossmoor Community Services District Deferred Compensation Plan for the voluntary participation of all eligible District employees, elected officials and independent contractors. The Board of Directors may determine, in its discretion and pursuant to applicable legal requirements, to revise, alter, or change the Deferred Compensation Plan which will be made available to eligible individuals and said determination may result in changing from the U.S. Conference of Mayors Deferred Compensation Program to a different program or plan.
- 2160.41** Deferred Matching Program: *The employer deferred matching program offers full-time employees up to a 3% deferred employer match on gross salary (overtime not included). Newly hired full-time employees are eligible for plan enrollment immediately and are subject to maximum annual contribution limits as defined annually by the Internal Revenue Service (IRS). Following a successful 90-day probationary period, eligible employees enrolled in the deferred compensation plan will begin receiving up to a 3% deferred employer match on gross salary (overtime not included). Employees will be immediately vested in the employer match. As part of the budget planning process, the Board will conduct an annual audit of the plan and maintain the ability to suspend the matching portion of the plan at their discretion. Suspending the match would not interrupt employee participation in the plan. The General Manager, part-time employees, elected officials and independent contractors are not eligible for the Deferred Matching Program.*

2160.50 District Administrator: The General Manager is authorized to execute for the District individual participation agreements with each employee, elected official and independent contractor requesting participation. The General Manager is designated "Administrator" of the applicable Plan representing the District and authorized to execute such agreements and contracts as are necessary to implement the Program.

2160.60 District Cost: It is implicitly understood that other than incidental expenses of collecting and disbursing the employee's deferrals and other minor administrative matters, there is to be no cost to the District for the Program.

Source: RCSD Resolution 94-3

Proposed Amendment 1st reading: November 9, 2004

Proposed Amendment 2nd reading and final adoption: January 11, 2005

Proposed Amendment 1st reading: July 9, 2024