



Memorandum

TO: RULES AND OPEN
GOVERNMENT COMMITTEE

FROM: Councilmember Dev Davis

SUBJECT: 457 Plan Resolution

DATE: January 28, 2021

Approved:

A handwritten signature in blue ink, appearing to read "Dev Davis", written over a horizontal line.

RECOMMENDATION

Direct staff to bring to City Council a resolution to allow current members of City Council who participate in the 457 plan in lieu of CalPERS participation to move prospectively into the City's 401(a) plan and mandate that new Councilmembers and Mayors have the option between the defined benefit CalPERS plan and the defined contribution 401(a) plan.

ANALYSIS

Currently, when a member of City Council is newly elected, they are presented with two retirement benefit choices: CalPERS participation, a defined benefit option, or the City's 457 plan, a defined contribution plan. Because the vast majority of the employees in the 457 plan are part-time unbenefited and/or temporary employees, this plan contains only one investment vehicle, currently called Stable Value Fund, which is essentially a savings account and produces a very low rate of return. The proposed change from participation in the 457 plan to the 401(a) plan will allow Councilmembers to have more investment options and to direct their investments if they choose the defined contribution option.