

Executive Summary

Board of Governors Meeting, July 10, 2024

Retirement Plan Changes

Topic

Citizens staff is requesting approval to amend the Citizens' 401(a) and 457(b) Retirement Plans to allow persons working *twenty (20) or more hours* per week to participate in the plans. Currently, persons must work *more than twenty (20) hours* per week to participate. This change will improve Citizens' ability to attract and retain part-time workers in its workforce.

History

Citizens administers the following retirement plans ("Plans") for its employees:

- 457(b) Deferred Compensation Plan. This plan became effective on the date Citizens was created (August 1, 2002). The plan allows Citizens employees to direct salary payments to a tax-advantaged retirement account. The company does not contribute money to the plan. Approximately 1,600 current and former employees participate in the plan. Plan assets were approximately \$122 million as of 3/31/2024.
- 401(a) Defined Contribution Plan. This plan also became effective on the date Citizens was created (August 1, 2002). The plan requires Citizens to match the amount an employee contributes to their 457(b) plan. The matching amount is capped at the lower of (i) 8% of the employee's salary, or (ii) the annual IRS limit on plan contributions (currently \$23,000 for employees under age 50, \$30,500 for employees aged 50 or older). Approximately 1,600 current and former employees participate in the plan. Plan assets were approximately \$97 million as of 3/31/2024.
- 401(k) Defined Contribution Plan (the "Frozen" Plan). This plan became effective on January 1, 1995, through a predecessor to Citizens and was frozen on the date Citizens was created (August 1, 2002). The plan has 14 participants and \$350,000 in assets as of 3/31/2024. The plan has been "frozen" since 2002 and no further contributions are allowed into the plan.

Citizens employees are not eligible to participate in any other state retirement plan (such as the FRS Pension Plan, the FRS Investment Plan, or the Florida Government Employee's Deferred Compensation Plan).

On December 9, 2015, the Board delegated authority to administer and oversee the Plans to the seven-person Citizens Retirement Plan Committee. The Committee is supported by the Human Resources Department staff to ensure the Plans are properly administered on a day-to-day basis. Substantive amendments to the Plans, such as this one, require Board of Governors approval.

Currently, part-time employees who work "more than 20 hours" per week are eligible to participate in both the 457(b) and 401(a) plans. Citizens staff recommends changing this to "20 or more hours" to become more competitive in the market for part-time workers.

Executive Summary

Board of Governors Meeting, July 10, 2024

On May 14, 2024, this proposal was presented to the Citizens Retirement Plan Committee for review. The committee members expressed no concerns about the proposal or with staff bringing it to the Board for approval.

Recommendation

Citizens staff recommends the Board of Governors:

- a) Adopt and approve the recommended 401(a) and 457(b) Retirement Plan amendments as outlined in this Action Item; and,
- b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.

Retirement Plan Change

ACTION ITEM

New Contract

Contract Amendment

Other Retirement Plan Amendment

CONSENT ITEM

Contract Amendment

Existing Contract Extension

Existing Contract Additional Spend

Previous Board Approval

Other _____

Action Items: Items requiring detailed explanation to the Board. When a requested action item is a day-to-day operational item or unanimously passed through committee it may be moved forward to the board on the Consent Index.

Move forward as Consent: This Action item is a day-to-day operational item, unanimously passed through committee or qualifies to be moved forward on the Consent Index.

Consent Items: Items not requiring detailed explanation to the Board of Governors. Consent items are contract extensions, amendments or additional spending authorities for items previously approved by the Board.

Item Description	Retirement Plan Changes
Purpose/Scope	This Action Item seeks approval to amend the Citizens' 401(a) and 457(b) Retirement Plans to allow persons working twenty (20) or more hours per week to participate in the plans. Currently, persons must work more than twenty (20) hours per week to participate. This change will improve Citizens' ability to attract and retain part-time workers in its workforce.
Contract ID	Amendment to the Retirement Plans
Budgeted Item	This Action Item will have no material impact on the 2024 budget. Thereafter, the annual impact will be approximately \$1,600 per impacted employee. Citizens HR staff does not foresee having more than fifty (50) impacted employees at any one time.
Effective Date	October 1, 2024

Retirement Plan Change

Board Recommendation (DOES NOT go through Committee)	Citizens Staff recommends that the Board of Governors: a) Adopt and approve the recommended 401(a) and 457(b) Retirement Plan amendment as described in this Action Item and the attached Executive Summary; and, b) Authorize staff to take any appropriate or necessary action consistent with this Action Item.
CONTACTS	Jeremy Pope, Chief Administrative Officer James Taylor, Director, Total Rewards