

# Memorandum



CITY OF DALLAS

DATE December 30, 2016

TO Members of the Budget, Finance, & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT City of Dallas 401(k) Plan

The City Council agenda for January 11, 2017 will include an addendum item to authorize approval of the City of Dallas' 401(k) Retirement Savings Plan as Amended and Restated Effective January 11, 2017. This plan is governed by the provisions set forth in the plan document, and this memorandum provides background information as well as a summary of the changes to the plan.

## ***Background***

The 401(k) plan is required periodically to be reviewed by the Internal Revenue Service, which recently conducted such a review and issued a favorable determination letter for the plan on November 18, 2016. The Internal Revenue Service made this determination on the condition that the City of Dallas adopts the proposed amendments and proposed restated plan.

## ***Summary of Changes***

1. Amend the definition of an eligible employee to include employees who are employed on a permanent, part-time, or temporary basis; or elected to serve on the City Council.
2. Add a Roth in-plan conversion option to allow a participant to convert non-Roth balances to Roth balances.
3. Delete annuity options as an available form of payment following a participant's termination of employment.
4. Replace language pertaining to the election of two members to the Board by stating that elections shall be held during May every four years instead of stating that elections shall be held during May in odd-numbered years.
5. Include non-substantive amendments for clarification and incorporate previously approved amendments to the core investments in the plan.
6. Update the plan with minor changes related to new regulations or because the Internal Revenue Service requested additional language.

Please let me know if you have questions or need additional information.

A handwritten signature in blue ink that reads "M. Elizabeth Reich".

M. Elizabeth Reich  
Chief Financial Officer

c: A.C. Gonzalez, City Manager  
Larry Casto, City Attorney  
Craig D. Kinton, City Auditor  
Rosa A. Rios, City Secretary  
Daniel F. Solis, Administrative Judge  
Ryan S. Evans, First Assistant City Manager

Eric D. Campbell, Assistant City Manager  
Jill A. Jordan, P.E., Assistant City Manager  
Mark McDaniel, Assistant City Manager  
Joey Zapata, Assistant City Manager  
Sana Syed, Public Information Officer  
Elsa Cantu, Assistant to the City Manager – Mayor & Council