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CITY OF DANBURY
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M E M O R A N D U M

TO: Honorable Mark D. Boughton via the City Council

FROM: David W. St.Hilaire, Director of Finance *Dgt*

DATE: November 28, 2011

RE: **City of Danbury 457(b) Deferred Compensation Plan**

Attached for your consideration is a proposed resolution to restate the City of Danbury Deferred Compensation Plan.

This restatement includes changes to the 457(b) Plan in accordance with recent federal tax legislation including the Pension Protection Act of 2006, the Heroes Earnings Assistance and Relief Tax Act of 2008, the Worker, Retiree and Employer Recovery Act of 2008, and the Small Business Jobs Act of 2010. The attached executive summary includes the Plan changes that are required.

Governmental plans must be amended to comply with these legislative changes not later than December 31, 2011.

The City Council is respectfully requested to consider this resolution at its next meeting.

DST/ag

EXECUTIVE SUMMARY

The Plan is being restated in accordance with The Hartford's specimen 457(b) plan document. In addition, governmental 457(b) plans must generally be amended to comply with the legislative changes described below.

- **Pension Protection Act of 2006 (the "PPA"):** PPA provided for numerous technical changes in the Plan, [including modification of the hardship withdrawal rules in the Plan, changes to employee deferrals from post-severance compensation, and changes to eligible rollover distributions to Roth IRA rules].
- **Heroes Earnings Assistance and Relief Tax Act of 2008 (the "HEART Act"):** The HEART Act provides additional pension benefits to individuals who are absent from employment due to qualified military service. This includes treating participants who die while performing military service as being reemployed and then dying for purposes of entitlement of certain pension benefits under the Plan. In addition, the HEART Act provides clarification on differential wage payments made to employees called to active duty.
- **Worker, Retiree and Employer Recovery Act of 2008 ("WRERA"):** WRERA provided for a one year moratorium on required minimum distributions (RMDs) from defined contribution plans for the 2009 plan year. WRERA also clarifies that the Plan is *required* to permit rollovers out of the Plan for non-spouse beneficiaries. Prior to WRERA, rollovers to non-spouse beneficiaries were permitted but not required to be offered by a defined contribution plan.
- **Small Business Jobs Act of 2010 (the "Jobs Act"):** The Jobs Act allows designated Roth contributions.



RESOLUTION

CITY OF DANBURY, STATE OF CONNECTICUT

_____ A.D. 2011

RESOLVED BY THE CITY COUNCIL OF THE CITY OF DANBURY

Deferred Compensation Plan Restatement

WHEREAS, the City of Danbury ("City") offers a Deferred Compensation Plan ("Plan") to its employees; and

WHEREAS, the City's Plan must be modified from time to time to conform to federal tax legislation; and

WHEREAS, the City elects to restate its Plan to comply with applicable federal tax legislation.

NOW, THEREFORE, BE IT RESOLVED THAT the City Council of the City of Danbury restate its Plan in accordance with applicable federal tax legislation.

BE IT FUTHER RESOLVED THAT Mark D. Boughton, Mayor of the City of Danbury, is hereby authorized to execute all contracts and take all necessary actions to effectuate the restatement of the City of Danbury Deferred Compensation Plan.