



COUNTY ADMINISTRATOR
220 NORTH MAIN STREET, P.O. BOX 8645
ANN ARBOR, MICHIGAN 48107-8645
(734)996-3055
FAX (734)994-2592

TO: Al Robinson, Chair
Ways & Means Committee

THROUGH: Robert E. Guenzel
County Administrator

FROM: Verna McDaniel
Human Resources Director

DATE: March 24, 1999

SUBJECT: Washtenaw County Money Purchase Pension Plan Ordinance
Amendment

BOARD ACTION REQUESTED

It is requested that the Board of Commissioners authorize the Washtenaw County Money Purchase Pension Plan Ordinance Amendment to Article IV. Investment of Contributions, Sections 4.01, 4.02 and 4.03.

BACKGROUND

On January 1, 1984, the Washtenaw County Board of Commissioners approved the establishment of the Washtenaw County Money Purchase Pension Plan. This Plan was amended and restated effective January 1, 1989, and further amended December 31, 1994.

DISCUSSION

It is necessary to amend the Plan Ordinance to provide for increased participant investment discretion, and greater flexibility in the administration of the Plan as a result of our new relationship with Administrator/Recordkeeper, Scudder Defined Contribution Services. The Plan is established to be the primary retirement investment vehicle for new hires to the County since January 1, 1984 or as otherwise offered through collective bargaining agreements.

IMPACT ON HUMAN RESOURCES

None.

IMPACT ON BUDGET

None.

CONFORMITY TO COUNTY POLICIES

This resolution conforms to Washtenaw County Policies and Procedures.

ATTACHMENTS/APPENDICES

Plan Ordinance Amendment

A RESOLUTION AMENDING THE WASHTENAW COUNTY MONEY PURCHASE PENSION PLAN TO ALLOW INCREASED PARTICIPANT INVESTMENT DISCRETION AND GREATER FLEXIBILITY IN THE ADMINISTRATION THEREOF.

WASHTENAW COUNTY BOARD OF COMMISSIONERS

APRIL 7, 1999

WHEREAS, The Washtenaw County Board of Commissioners has previously approved the Washtenaw County Money Purchase Pension Plan, effective January 1, 1984 as amended and restated effective January 1, 1989; and

WHEREAS, it was further amended December 31, 1994 to conform with Internal Revenue Code, section 401(a)(17); and

WHEREAS, it is necessary to amend this Plan, Article IV, Sections 4.01, 4.02 and 4.03 in order to provide increased participant investment discretion while maintaining prudent limitations thereon, and greater flexibility in the administration thereof; and

WHEREAS, the Washtenaw County Money Purchase Pension Plan Board of Trustees has unanimously recommended the approval of this modification; and

WHEREAS, this matter has been reviewed by Corporation Counsel, Human Resources, Finance the County Administrator's Office

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby

adopts the Washtenaw County Money Purchase Pension Plan amendment to provide increased participant investment discretion and greater flexibility in the administration thereof., as attached hereto and made a part hereof

BE IT FURTHER RESOLVED that the Board of Commissioners directs that a copy of the amended plan be forwarded to the County Clerk.

BE IT FURTHER RESOLVED that the Board of Commissioners directs the County Clerk to forward a copy of this resolution and amended Plan Document to the Internal Revenue Service for their review of the modifications under the Plans tax qualified status.

ARTICLE IV

Section 4.01 Investment of Participant and County Contributions

Participant Contributions and County Contributions to the Plan shall be invested by the Trustee, upon the direction of each Participant in multiples of 1% in one or more funds.

The Trustee in its sole discretion may keep such amount of cash as it shall deem necessary or advisable as part of such funds.

Any fund established for the investment of contributions under this Plan may be a commingled trust fund established for the collective investment of employee benefit plans qualified under Section 401(a) of the Code and any declaration of trust establishing such a commingled trust fund is hereby incorporated by reference.

Additional funds may be established at the discretion of both the County and the Committee, provided, however, that should the Committee establish a self-directed brokerage account fund, no participant shall direct the investment of more than 50% or his or her account balance in such a self-directed brokerage account fund.

Dividends, interest and other distributions received on the assets held by the Trustees of the insurance company in respect to each of the above funds shall be re-invested in the respective fund.

If a Participant fails to completely direct the investment of his or her entire account, any portion with respect to which directions has not been given shall be in Scudder Stable Value.

4.02 Change of Investment Election

A Participant may elect, by notice to the Committee or the Trustee in such form as the Committee establishes, to change his or her investment election with respect to future Participant Contributions and County Contributions. Such change in election shall be effective only with respect to subsequent contributions and shall be made prior to the Valuation Date such election will take effect.

4.03 Reallocation of Funds

A Participant may elect, by notice to the Committee or the Trustee in such form as the committee establishes prior to a Valuation Date, to reallocate as of the respective Valuation Date, his or her Account balance in any of the investment Funds. Such reallocations to the different Funds must be allocated in multiples of 1%.

Preamble. An ordinance amending Article IV, Sections 4.01, 4.02 and 4.03 of the Washtenaw County Money Purchase Pension Plan in order to provide increased participant investment discretion while maintaining prudent limitations thereon, and greater flexibility in the administration thereof. The Board of Commissioners of Washtenaw County ordains:

Section 1. Amendment. Article IV, Section 4.01 of the Washtenaw County Money Purchase Pension Plan is amended to read as follows:

4.01 Investment of Participant and County Contributions Participant contributions and County contributions to the Plan shall be invested by the Trustee, upon the direction of each Participant in

multiples of 10% in one or more of the following funds:.

FUND A – A diversified equity fund.

FUND B – A diversified equity fund (separate and distinct from Fund A).

FUND C – A fund invested with an insurance company designated by the Committee under an agreement which shall contain provisions that the insurance company will guarantee repayment in full of amounts deposited with the insurance company plus interest at a fixed minimum rate for a specified period, or a commingled trust fund which invests in such guaranteed investment contracts.

FUND D – A money market fund invested primarily in short term securities.

FUND E – A diversified bond fund.

The Trustee in its sole discretion may keep such amount of cash as it shall deem necessary or advisable as a part of such Funds.

Any fund established for the investment of contributions under this Plan may be a commingled trust fund established for the collective investment of employee benefit plans qualified under Section 401(a) of the Code and any declaration of trust establishing such a commingled trust fund is hereby incorporated by reference.

Additional funds may be established at the discretion of both the County and the Committee, PROVIDED, HOWEVER, THAT SHOULD THE COMMITTEE ESTABLISH A SELF-DIRECTED BROKERAGE ACCOUNT FUND, NO PARTICPANT SHALL DIRECT THE INVESTMENT OF MORE THAN 50% OF HIS OR HER ACCOUNT BALANCE IN SUCH A SELF-DIRECTED BROKERAGE ACCOUNT FUND.

Dividends, interest and other distributions received on the assets held by the Trustee of the insurance company in respect to each of the above funds shall be re-invested in the respective fund.

If a Participant fails to completely direct the investment of his OR HER entire Account, any portion with respect to which direct has not been given shall be invested in Fund D STABLE VALUE FUND.

Section 2. Amendment. Article IV, Section 4.02 of the Washtenaw County Money Purchase Pension Plan amended to read as follows:

4.02 Change of Investment Election A Participant may elect, by written notice to the Committee OR THE TRUSTEE IN SUCH FORM AS THE COMMITTEE ESTABLISHES, to change his or her investment election with respect to future Participant contributions and County contributions. Such change in election shall be effective only with respect to subsequent contributions and shall be made at least fourteen (14) days prior to the VALUATION date such election will take effect.

Section 3. Amendment. Article IV, Section 4.03 of the Washtenaw County Money Purchase Pension Plan is amended to read as follows:

4.03 Reallocation of Funds. A Participant may elect, by written notice to the Committee OR THE TRUSTEE IN SUCH FORM AS THE COMMITTEE ESTABLISHES fourteen (14) days prior to a Valuation Date, to reallocate as of the respective Valuation Date, his or her Account balance in any of the investment Funds, except that no reallocation directly from Fund C to Fund D shall be allowed. Such reallocations to the different Funds must be allocated in multiples of 10%.

Section 4. Separability. The various parts, section and clauses of this ordinance are hereby declared to be separable. If any part, sentence, paragraph, section or clause is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of this ordinance shall not be affected thereby.

Section 5. Conflicting ordinance repeal. Any other ordinance or provision of any ordinance which conflicts with the terms of this ordinance is hereby repealed.

Section 6. Effective date. This ordinance shall become effective upon approval by the Internal Revenue Service and publication by the County Clerk/Register.

[Return to Board of Commissioners Ways and Means Committee March 24, 1999 Agenda](#)