

CITY OF AURORA DEFERRED COMPENSATION PLAN ADMINISTRATION RULES

Introduction

As a benefit for its employees, the City of Aurora offers a number of deferred compensation plans pursuant to Section 457 of the Internal Revenue Code. To ensure the effective and efficient administration of those plans, the following rules apply.

Primary Administrative Responsibility

The Chief Financial Officer/City Treasurer shall have primary responsibility for administering the deferred compensation plans of the City. They may appoint members of the Finance Department staff to assist in fulfilling these responsibilities.

Deferred Compensation Administration Committee

The City shall have a Deferred Compensation Administration Committee. The committee shall consist of the following members:

- a. Chief Financial Officer/City Treasurer (Chair),
- b. Chief Human Resources Officer,
- c. Mayor's Chief of Staff or other representative of the Mayor's Office appointed by the Mayor, and
- d. Two plan participant committee members appointed by the Mayor. The eligibility of the two appointed plan participant committee members shall be as follows:
 - (1) One active City of Aurora employee that is a current participant in the City's deferred compensation plans.
 - (2) One retired City of Aurora employee that is a current or past participant in the City's deferred compensation plans.

The committee shall have the duties described below.

Changing Deferred Compensation Plans

The process for approving a new deferred compensation plan shall be as follows:

- a. The plan must be evaluated and endorsed by a majority of the Deferred Compensation Administration Committee. Before a plan will be endorsed, the vendor must demonstrate to the committee that:
 - (1) The proposed plan offers features that are significantly different from and superior to the plans that the City currently offers.
 - (2) The proposed plan offers reasonably prudent investment options.
 - (3) The proposed plan would charge reasonable fees.
 - (4) The proposed plan has the capacity to provide good customer service. This committee may consider factors such as on-line services, information available on participant statements, and the availability of a local service representative.
 - (5) That the vendor is likely to be able to obtain the required number of enrollment applications described below to justify the administrative effort that would be expended in considering the proposed plan.
- b. Within 120 days of endorsement by the Deferred Compensation Administration Committee, the vendor must present to the committee a minimum of 75 enrollment applications from employees who would participate in the plan.
- c. If the vendor presents a minimum of 75 enrollment applications to the Deferred Compensation Administration Committee, the Chief Financial Officer/City Treasurer will present a recommendation to the City Council that the proposed plan be offered to City employees. The recommendation will discuss the results of the evaluation of the Deferred Compensation Administration Committee and will include a proposed plan document and other relevant information.

The Deferred Compensation Administration Committee will consider a deferred compensation plan for termination when its enrollment drops below 75 active (non-retired) participants, it provides unsatisfactory customer service, or has otherwise not served plan participants well. The committee shall exercise reasonable judgment in determining that a plan has not served participants well. If, by a majority vote, the committee determines that a plan should be terminated, the Chief Financial Officer/City Treasurer will prepare an appropriate recommendation for the consideration of the City Council. The recommendation will discuss the rationale of the Deferred Compensation Administration Committee for terminating the plan. The final decision to terminate a plan shall be made by the City Council.

Withdrawals for Unforeseeable Emergencies

The Internal Revenue Code and United States Treasury Regulations permit withdrawals from Section 457 deferred compensation plans for unforeseeable emergencies. Generally, such

emergencies involve a sudden and unexpected illness or accident, loss of the participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the participant.

The Comptroller/Deputy Treasurer shall be the approval authority for withdrawals from the City's deferred compensation plans. In their absence, the City's Accounting Manager may approve withdrawals.

If either the Comptroller/Deputy Treasurer or the Accounting Manager disapproves a requested withdrawal, the participant may appeal the decision to the Deferred Compensation Administration Committee. The committee shall decide upon the appeal by a majority vote. The decisions of the committee are final.