

**VENTURA COUNTY
SUPPLEMENTAL RETIREMENT COMMITTEE
Channel Islands Conference Room or via Zoom**

**Meeting Minutes for August 8, 2023
9:00 a.m.**

Members present

Shawn Atin
Kaye Mand
Emily Gardner
Jeff Burgh
Sue Horgan

Members absent

Also present

Patti Dowdy
Patty Zoll
Andrew Gratt
Amanda Diaz

Ms. Mand called the meeting to order at 9:00 a.m.

1. Public Comments.

None.

2. Committee Member Comments.

a. No committee member comments were provided.

3. Minutes of Regular Meeting April 13, 2022

Motion to approve: 1. **Ms. Horgan** 2. **Mr. Atin** **Motion Carries**

4. Consideration of IRS Ruling Request

Ms. Patty Zoll, Deferred Compensation Program Manager for the County of Ventura CEO/Benefits division, provided a brief overview and summation of the actionable item that is currently in front of the committee for consideration and final decision. The overview highlighted the provocation to obtaining said ruling at the request of Ventura County Employees Retirement Association's (VCERA) legal counsel who determined that previous participants' contributions in the County of Ventura (COV) Safe Harbor Plan (The Plan) are permitted to purchase service credit for time previously employed in a non-qualifying employee class from VCERA so long as the employee has rolled over their Safe Harbor funds into the COV's SRP 457 Defined Contribution (DC) plan. This would impact – namely increase - the employee's total number of service years when calculating pensionable benefits upon retirement. As it stands, employees who were in this non-qualifying class and later were hired on with the County in a qualifying class position are not permitted to convert these funds until they separate from County service. This issue poses significant cost increase to the employee if they chose to purchase prior service.

Minutes for August 8, 2023

The previous committee meeting held on April 13, 2023, raised a bevy of questions that fostered the current discussion and actionable item surrounding the financial impact to the County; namely the provision of a financial impact statement from VCERA, a real cost analysis for implementation, and the repercussion on the County's contribution rate. The fiscal impact information before the committee today helps to clarify some of the concerns. Cost and benefit analysis were determined by a sample group of employees with range factors to include current age, estimated retirement age, eligible years for purchase, current cost to employee to purchase vs. cost at retirement, and estimated pension reserves transfer increase if purchased.

The information provided by VCERA regarding the fiscal impact of obtaining the IRS determination prompted a more investigative round of discussion from the committee. Most notably around the estimated pension reserves transfer increase if employees decided to utilize their ability to purchase previously ineligible time with VCERA. Mr. Shawn Atin, Assistant County Executive Officer/Human Resources Director, posed the question that inquired as to what factors weigh into the employer cost and at what point are they calculated. Ms. Zoll retorted that the amount of the transfer and the cost to the County does not change in this regard and that if allowed to proceed the employee could be allocated more time to generate earnings from the purchased time. Ms. Emily Gardner, County counsel, along with the majority of committee members agreed that this would be advantageous to the employee. Counter to this, it was opined that should fewer individuals take advantage of this opportunity, the cost impact to the County would decrease.

There were essential items mentioned that included both pros and cons to the pursuit of the IRS Ruling allowing employees to purchase this time. Pros to move forward include:

- Paying less interest for purchasing their Safe Harbor service if they complete the purchase prior to their separation from County service.
- The reduction of the relative pension reserve transfer cost to the County associated to the purchase of Safe Harbor time if made well in advance of the employee's retirement date.
- The employee population that falls into this category is fixed and no new employees are being added.

Cons to move forward with obtaining the IRS Ruling include:

- The cost of reviewing The Plan for compliance with the most recent Cumulative List from the IRS by external counsel is projected to be \$25,000.00 to \$30,000.00, in addition to the IRS filing fee of \$2,700.00.
- Significant staff time to facilitate the process of obtaining the IRS Ruling letter.
- Although it is highly agreed upon that The Plan is in compliance, auditing and review procedures from the IRS do carry risk of finding non-compliant issues.
 - Please note: the committee is in agreement that non-compliant issues, if any, need to be identified and resolved in a timely manner.

Minutes for August 8, 2023

Key takeaways from the committee decision to request more information include providing data on Safe Harbor employees to VCERA in order to finalize the amount of the pension reserve transfer, how the rate would be impacted in order to assume maximum cost to the County, and calculating rates based on predetermined retirement ages of 52 for safety employees and 59 for the general employee population. The committee has motioned to postpone final decision until additional information based, in part, on these parameters is obtained from VCERA by Deferred Compensation staff and presented before the committee.

A. Motion to obtain additional information from VCERA prior to committee decision on acquisition of IRS Ruling request:

Motion made: 1. **Ms. Horgan** 2. **Mr. Burgh** **Motion Carries**

Ms. Mand adjourned the meeting at 9:28 a.m.

Respectfully submitted,



Andrew Gratt
Deferred Compensation Personnel Assistant