

St. Mary's County Government 457 (b) Governance Committee (Thursday, August 27, 2020)

Members Present

Dr. Rebecca Bridgett, County Administrator

Dallas Bonner, employee member (via WebEx)

Marvin Butler, Chief of Staff (via WebEx)

Jeannett Cudmore, Chief Financial Officer

Chris Kaselemis, Department Director (via WebEx)

Zane Rettstatt, employee member (via WebEx)

Others Present

Catherine Pratson, Plan Administrator

Tracie McPherson, Recorder

Absent

Sergeant Shawn Moses, employee member

1. CALL TO ORDER

A. The 457 (b) Governance Committee was called to order by Dr. Rebecca Bridgett at approximately 3:15 PM; all Board members are present either in person or via WebEx

2. ROLL CALL

A. Approval of the August 27th, 2020 Agenda (R. Bridgett)

Motion 1: I move to approve the 457 (b) Governance Committee meeting agenda for August 27, 2020

Motion by Chris Kaselemis, second by Zane Rettstatt

Yea: Zane Rettstatt, Jeannett Cudmore, Chris Kaselemis, Dallas Bonner, Marvin Butler

Final Resolution: Motion Carries

B. Approval of the June 4, 2020 Minutes (R. Bridgett)

Motion 1: I move to approve the 457 (b) Governance Committee meeting minutes for the June 4, 2020

Motion by Chris Kaselemis, second by Jeannett Cudmore

Yea: Zane Rettstatt, Jeannett Cudmore, Chris Kaselemis, Dallas Bonner, Marvin Butler

Final Resolution: Motion Carries

Note: Correction to Call to Order, Shawn Moses is absent, not present.

3. OLD BUSINESS

A. NONE

4. NEW BUSINESS

A. Plan loan amendment (C. Pratson)

Catherine Pratson presented regarding a proposed loan amendment. The previous loan amendment approved by the Commissioners in April 2020 as a result of CARES Act legislation expires on 9/23/20. The Board is asked to consider amending the plan to add a loan provision outside of the CARES Act amendment. Board members received a summary memo describing loan parameters as suggested by VOYA including:

Loans may be utilized for Financial emergency and /or purchase of real estate or improvement to real estate.

Before moving to VOYA one of the previous three providers offered a loan provision with their plan allowing for traditional loans. With a Plan loan, the participant is paying themselves back with interest, there is no pre-payment penalty and it is a non-taxable event unless it is not paid back in time in which case it becomes a taxable withdrawal.

Questions/comments from the Board:

- Is this provision allowed by the IRS? Yes, it is an optional plan provision
- Does this extend the CARES act deadline? No, if the Board supports the idea then it will be presented to the Commissioners for approval or disapproval. The CARES Act provision is for only COVID19 related reasons and expires 9/23/20. The suggested loan provision is a traditional loan provision with no deadline.
- Could this new provision incorporate the CARES Act provisions? No. The CARES Act loan provisions allow for up to 100% of the account to be borrowed if needed for Coronavirus related reasons. A traditional loan option allows for up to 50% of the account to be borrowed with no Coronavirus related reason required.

- Does a financial emergency qualify for loan eligibility? Yes, financial emergency is a qualifying reason. The loan provision will be administered by VOYA with VOYA making the decision if it is an eligible loan or not.
- What is the maximum amount of the allowed loan? The minimum loan amount is \$1,000 and the maximum amount is 50% of the account balance up to \$50,000.
- Can participants withdraw money from their account, without taking a loan? The CARES Act allows for in-service withdrawals as a result of Coronavirus related reasons through 12/31/20. The burden lies with the employee in the event they are ever audited; they would have to prove the distribution was COVID19 related or it will become a taxable event; participant has up to 3 years to repay the distribution.

Motion 1: Approve presenting a 457(b) Plan amendment incorporating a loan provision to the Commissioners for consideration.

Motion by Marvin Butler, second by Zane Rettstatt

Yea: Zane Rettstatt, Jeannett Cudmore, Chris Kaselemis, Dallas Bonner, Marvin Butler

Final Resolution: Motion Carries

5. COMMITTEE REPORTS

A. Administrator's Report (T. McPherson)

NONE

Any other business by the Board members?

Catherine Pratson asked if the Board would like a quarterly plan update from Voya to review each meeting. The Board consensus was yes; and the information will become a recurring old business item in future meetings.

6. ADJOURN

A. Adjourn (R. Bridgett)

Motion 1: I move to approve adjourning the 457 (b) Governance Committee meeting

Motion by Zane Rettstatt, second by Jeannett Cudmore

Yea: Dr. Rebecca Bridgett, Zane Rettstatt, Jeannett Cudmore, Chris Kaselemis, Dallas Bonner, Marvin Butler

The meeting was adjourned at approximately 3:29 PM