

Following the passage at last month's meeting of the addition of the 401(a) defined contribution plan to the BDL retirement plan offerings, we need to update our [Employment Handbook](#) accordingly.

The following language was provided by MERS representative, was slightly modified to fit the style and needs of our Handbook, and was then approved by the MERS rep again, the BDL Personnel Committee, and our employee benefits attorney at Foster Swift, Julie Hamlet.

The BDL Personnel Committee recommends:

- that the following language replace the current Chapter 5, Section 8, in its entirety;
- that Chapter 5, Section 12 ("Retirement Gift") be renumbered to Chapter 5, Section 9, so that it is next to the other retirement section;
- and that the remaining sections in Chapter 5 be renumbered accordingly.

## **5.8 • Retirement Plan**

A 457(b) Supplemental Savings Program is available through the BDL's preferred provider to save for post-employment expenses. This program is completely voluntary. Employees who participate in the 457(b) Supplemental Savings Program will be automatically enrolled into a 401(a) Defined Contribution Plan after the completion of a 12-month probationary period.

After separation from BDL, even prior to retirement, any funds contributed to or earned within the 457(b) Supplemental Savings Program remain held by the former employee. Funds contributed to and earned within the 401(a) Defined Contribution Plan belong to the former employee only if fully vested at the time of separation; otherwise the Vesting Schedule below will determine the percentage of ownership. Further contributions to these retirement plans are not possible after separation from the library.

### **5.8.1 • 457(b) Supplemental Savings Program**

Employees can start, stop, or change contribution elections at any time.

The employee determines the contribution amount, either a flat dollar amount or a percentage of gross wages, and has a choice to have deferrals made pre-tax or Roth, or a combination of both.

- Pre-Tax contributions are deducted from the employee's paycheck before taxes each pay period. Taxes are due on the account when money is withdrawn.

- Roth contributions are deducted from the employee's paycheck after taxes each pay period. Roth contributions are invested and generally taken out tax-free.

Interested employees should contact the Assistant Director to sign up. The specified amount is automatically deducted from the employee's paycheck each pay period and deposited to the plan provider.

General-purpose loans are available from the balance of your 457(b) Supplemental Savings Program. Your available loan amount is based on plan rules, IRS limits, and any recent loan history. Please contact the preferred provider if interested.

### **5.8.2 • 401(a) Defined Contribution Plan**

A 401(a) Defined Contribution Plan is offered through the same preferred provider as our 457(b) plan. There is a 12-month probationary period from date of hire before employees are eligible to participate. BDL will match the contributions that participating employees put into their 457(b) Supplemental Savings Program up to 3% of gross wages. Matched contributions are made on a per pay period basis and are deposited into the employee's account under the 401(a) Defined Contribution Plan.

For example: If the employee puts 2% in to their 457(b) Supplemental Savings Program, then BDL will put 2% into the employee's 401(a) Defined Contribution Plan. If the employee puts 5% into their 457(b) Supplemental Savings Program, then BDL will put 3% into their 401(a) Defined Contribution Plan.

The 401(a) Defined Contribution Plan is subject to a vesting schedule. Vesting refers to earning the right to keep the employer contributions into your 401(a) Defined Contribution Plan account after completing the required years of service. The Vesting Schedule for the Employer contributions is as follows:

- After 1 year of employment: 25%
- After 2 years of employment: 50%
- After 3 years of employment: 75%
- After 4 years of employment: 100%

Loans are not available from the 401(a) Defined Contribution Plan.