

MEMORANDUM

TO: Chairperson and Members of the Board of Directors

FROM: Richard G. Walsh, General Manager
Kimberly Somers, Director of Human Resources

DATE: November 19, 2009

SUBJECT: Consideration of Approval of a Retirement Health Savings Plan

RECOMMENDATION

The Executive Committee met on November 12, 2009 and recommended that the Board of Directors approve the establishment of a Retirement Health Savings Plan for non-represented employees to be administered by the firm ICMA-RC.

BACKGROUND

Employees throughout WTA have expressed interest in establishing a benefit program by which employees can divert income to tax-free accounts to be used exclusively for health expenses after separation from the agency. Such plans are designed for "covered groups," and participation is mandatory for all those in the group. Because of the mandatory nature of the plans, they often are difficult to establish in large groups.

WTA's non-represented employees, a group of 32 people, have voted to participate in a Retirement Health Savings Plan, with two sources of funding; the sick leave cash-out currently allowed at separation and an age-based percentage-of-payroll deferral. If approved by the Board of Directors in November, the plan can begin January 1, 2010.

Staff has chosen ICMA-RC as the plan administrator. In 1972, the International City/County Management Association (ICMA) established ICMA-RC as a means of providing a portable retirement plan. Today, ICMA-RC manages assets for over 900,000 local and state government employees in more than 8,000 plans. All of ICMA-RC's clients are in the public sector. This, coupled with their investment options and low fees, made the company WTA's provider of choice. You may be familiar with ICMA, as it administers several of the plans offered by the Department of Retirement Services.

FISCAL IMPACT

While the Retirement Health Savings Plan is employer sponsored, there is no fiscal impact on WTA; all fees are paid by the participating employees.