

RESOLUTION NO. _____

APPROVAL FOR AMENDING AND RESTATING THE RETIREMENT PLAN

Item No. 5E

WHEREAS, the Louisville Metro Housing Authority (Authority) is a participating Employer in the Housing Agency Retirement Trust (HART) for the benefit of its employees; and

WHEREAS, the Authority has the right pursuant to Section 8.1 of the Plan to amend its Joinder Agreement and Plan Specifications as of the first day of any month; and

WHEREAS, effective November 1, 2022, the Authority desires to amend and restate its Joinder Agreement and Plan Specifications to amend the eligibility requirements for participation in the Plan.

NOW, THEREFORE BE IT RESOLVED BY THE LOUISVILLE METRO HOUSING AUTHORITY BOARD OF COMMISSIONERS that the Authority's Restated Joinder Agreement and Plan Specifications, is hereby approved, and adopted effective November 1, 2022.

BE IT FURTHER RESOLVED that the Executive Director, Lisa Osanka, is authorized to sign the Amended and Restated Joinder Agreement and Plan Specifications for and on behalf of the Authority, and to take any and all actions necessary or appropriate to carry into effect the Resolutions herein approved.

RESOLUTION BACKGROUND STATEMENT

APPROVAL FOR AMENDING AND RESTATING THE RETIREMENT PLAN

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I. STATEMENT OF FACTS:

The Louisville Metro Housing Authority (LMHA) is a charter member of the Housing Agency Retirement Trust (HART) that was created on January 1, 1970 solely for Public Housing Authorities and initially consisted of three charter members (Louisville, Nashville, and Gadsden, AL).

The HART retirement Trust is structured as a 401 (a) Defined Contribution plan within the Internal Revenue Service Code and is governed by an eight (8)-member Board of Trustees in which the LMHA has a permanent seat on that Board. The HART retirement plan Administrator is ADP Retirement Services located in Louisville, KY and the Legal Consulting Firm is Mercer, Inc. also located in Louisville, KY.

Full-time employees become eligible to participate in the retirement plan on the first day of the month after the “later of attainment of age twenty-one (21) and completing one (1) year of continuous and uninterrupted employment with the employer.”

The twenty-one (21) years of age and the one (1) year waiting period eligibility requirements date back to the original effective date of the retirement plan, January 1, 1970, and has not been updated. HART currently does not require a waiting period or an age requirement for participation in the plan.

Under LMHA’s current procedures, all new full-time employees who are at least twenty-one (21) years of age are enrolled into the retirement plan on the January 1st or July 1st after they have completed one (1) year of continuous and uninterrupted employment with LMHA. It is LMHA’s recommendation that the eligibility requirements be updated as follows:

1. Reduce the minimum age requirement from twenty-one (21) years of age to eighteen (18) years of age; and
2. Eliminate the one (1) year waiting period to allow new LMHA employees to enroll in the retirement plan the first day of the month following full-time employment. New employees vest in the retirement plan over a five (5) year period at 20% for each completed year of

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I. STATEMENT OF FACTS (cont'd):

service. If a new employee terminates their employment within the first year of employment all of LMHA's contributions are returned to LMHA within the "Employee Forfeitures" account. Therefore, LMHA is protected up to one (1) year on all new employee contributions.

LMHA believes that the recommended amendments to the HART retirement plan will be an effective recruitment tool to use in our efforts to attract and retain prospective employees. Additionally, according to LMHA's Client Relationship Manager with HART, the changes will update the retirement plan to what most agencies are already doing.

The retirement plan amendment requires the approval of the Housing Authority's Board of Commissioners in the form of a Resolution in order for the plan amendment to be implemented.

This proposal has been reviewed via email by the Personnel Committee Chairperson, Mary Elizabeth Miles, and Chairperson Gena Harris.

II. ALTERNATIVES:

- A. Approve the retirement plan amendment as presented
- B. Do not approve the retirement plan amendment as presented

III. RECOMMENDATION:

Staff Recommends Alternative "A"

IV. JUSTIFICATION FOR THIS RECOMMENDATION:

- LMHA's current retirement plan age requirement and waiting period requirement dates back to the beginning of the retirement plan in 1970 and is not comparable to other Defined Contribution retirement plan requirements.
- The retirement plan amendment will update the minimum age for participation in the plan from 21 years of age to 18 years of age.

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IV. JUSTIFICATION FOR THIS RECOMMENDATION (cont'd):

- The retirement plan amendment will eliminate the one (1) year waiting period and allow new employees to enter the plan on the first day of the month following full-time employment.
- LMHA is protected up to one year on all new employee contributions since contributions for new employees who terminate during the first year of employment are returned to LMHA within the “Employee Forfeitures” account.
- The retirement plan amendment will update the plan to what most agencies are already doing resulting in LMHA becoming more competitive as it relates to retirement plans.
- The updated retirement plan will also be used as a recruitment tool in LMHA’s efforts to attract and retain prospective new employees.
- The retirement plan amendment presents no adverse effect to any member Housing Authority.
- The Joinder Agreement and Plan Specifications form was prepared by the ADP Retirement Services legal staff to assure the appropriateness in accuracy and form and will be reviewed by LMHA counsel prior to execution.

Prepared by: Joyce A. Babb
Director of Personnel
October 18, 2022