City of Benson
City Council Communication

Regular Meeting **April 22, 2013**

To: Mayor and Council Agenda Item # 3

From: Megan Moreno, Finance Director

Subject:

Resolution 12-2013 of the Mayor and Council of the City of Benson, Arizona, Approving the supplemental salary deferral plan managed by ASRS and TIAA-CREF as an option for City employees' retirement savings accounts

Discussion:

The City currently offers its employees a voluntary deferred compensation 457-b Plan through Nationwide Insurance. This plan allows employees to invest a portion of their current earnings on a pre tax basis.

The Arizona State Retirement System (ASRS) sponsors a similar 457-b Plan offered by TIAA-CREF. The Finance department has reviewed the TIAA-CREF plan and recommends that it be offered to employees in addition to the existing Nationwide plan.

There is no cost to the City for either plan. The sole purpose of recommending the TIAA-CREF for approval is to provide an additional choice for City employees who would like to participate in a deferred compensation plan.

Kurt Ritter from TIAA CREF is present to answer any questions.

Staff Recommendation:

Approval of Resolution 12-2013

RESOLUTION 12-2013

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF BENSON, ARIZONA, APPROVING THE SUPPLEMENTAL SALARY DEFERRAL PLAN MANAGED BY ASRS AND TIAA-CREF AS AN OPTION FOR CITY EMPLOYEES' RETIREMENT SAVINGS ACCOUNTS

WHEREAS, the Arizona State Retirement System ("ASRS") has partnered with TIAA-CREF to administer a Supplemental Salary Deferral Plan, which is available to public employees as an option for long-term saving for retirement featuring certain tax advantages.

NOW, THEREFORE, BE IT RESOLVED by the Mayor and Council of the City of Benson, Arizona, that the Supplemental Salary Deferral Plan offered through ASRS and TIAA-CREF is hereby approved as an optional financial program to be offered to City employees to save for retirement.

IT IS FURTHER RESOLVED that the City's Finance and Human Resources staff are authorized and directed to coordinate with ASRS and TIAA-CREF to establish this program at the City of Benson, and otherwise make information and forms regarding this plan available to City employees.

PASSED AND ADOPTED BY THE MAYOR AND COUNCIL OF THE CITY OF BENSON, ARIZONA, this 22nd day of April, 2013.

_____
TONEY D. KING, Sr., Mayor

ATTEST:

_____
VICKI L. VIVIAN, CMC, City Clerk

APPROVED AS TO FORM:

_____
MICHAEL J. MASSEE, City Attorney

ASRS and TIAA-CREF: Partnering to help your employees save more for retirement

The Supplemental Salary Deferral Plan (SSDP) is an ASRS-approved low-fee supplemental plan. The SSDP — available as a 403(b) or 457(b) — is designed to complement the benefits your employees receive from the existing ASRS Defined Benefit plan.

ASRS performed the initial due diligence for the SSDP, and continues to manage and monitor the plan investments and employee services. The involvement of ASRS as a fiduciary relieves you of that administrative burden, and enables you to adopt the SSDP with confidence that you are making the right choice for your employees.

The importance of low fees[1]

Fees can dramatically affect participant supplemental plan savings. The lower the fees that a participant pays, the higher their potential retirement balances can grow. ASRS manages SSDP expenses by ensuring that:

- There are no hidden fees, including surrender fees or front-end or back-end loads
- There are no liquidity restrictions or unitized costs
- All plan level expenses and participant expenses are disclosed to participants on quarterly participant statements

Services to help enhance participation

Employees should have access to quality, objective advice[2] in order to help manage their retirement planning. ASRS partnered with TIAA-CREF to provide services through the SSDP because:

- Representatives make regular onsite visits during business hours
- Representatives attend annual benefits fairs

Continued

TIAA CREF
Financial Services

ARIZONA STATE RETIREMENT SYSTEM
DITAT DEUS
1953

- Objective advice module is available that enables participants to receive a custom asset allocation recommendation for their retirement
- Services are all optional and offered at no additional cost to participants

Why TIAA-CREF

TIAA-CREF is a leading financial services organization with $481 billion in assets under management (as of 6/30/12). We have a long history of supporting Arizona employees. – TIAA-CREF manages over $4.9 billion in assets for more than 36,000 Arizona residents.

- We administer plans for 192 nonprofit educational, research and health care institutions in Arizona, including
  - Arizona State University
  - University of Arizona
  - Northern Arizona University

We invite you to learn more

For more information on how TIAA-CREF and the ASRS SSDP can help your school district, community college, or government entity optimize its retirement plan options, please contact Kurt Ritter via phone at **602 622-0544** or via email at kritter@tiaa-cref.org.

1 Fees on TIAA-CREF variable annuity accounts and mutual funds are generally half the industry average. Source: Morningstar Direct (as of 3/31/12), based on Morningstar expense comparisons by category. Please note that lower fees do not necessarily provide higher returns.

2 Using an advice methodology from Ibbotson Associates, Inc.

You should consider the investment objectives, risks, charges and expenses carefully before investing. Please call 877 518-9161, or go to tiaa-cref.org for a prospectus that contains this and other information. Please read the prospectus carefully before investing.

Investment products may be subject to market and other risk factors. See the applicable product literature, or visit www.tiaa-cref.org for details.

For Institutional Investor Use Only. Not for Use With or Distribution to the Public.

© 2012 Teachers Insurance and Annuity Association-College Retirement Equities Fund (TIAA-CREF), 730 Third Avenue, New York, NY 10017