

***POLICIES AND PROCEDURES MANUAL: PERSONNEL***  
***Subject: DEFERRED COMPENSATION PLAN***

## **INTRODUCTION**

All permanent employees of the City of Taft shall be entitled to participate in the City's Deferred Compensation Plan –a plan designed to permit employees to defer payment of a portion of their current earnings until retirement, termination of employment, disability, death, or other events as provided by law.

Information concerning participation and administration of the Plan is available from the Personnel Department.

## **ENROLLMENT**

1. Employees shall be eligible for participation in the Plan the first day of the calendar month following appointment.
2. Employees wishing to participate in the Plan shall complete a Participation Agreement available in the Personnel Department.
3. The maximum compensation that may be deferred under the Plan is set by the IRS each year. Each year the Personnel Office will provide employees with the current year maximum contribution allowed. However, in no case shall the amount deferred be less than ten dollars (\$10) per bi-weekly pay period.
4. The Participation Agreement shall be forwarded to the Personnel Department and shall become effective on the first pay period following receipt in the Finance Department.
5. Employee's may increase or decrease payroll deductions by submitting a revised Participation Agreement before the beginning of any month. Changes shall become effective on the first pay period following receipt in the Finance Department.
6. Employees may terminate their participation in the Plan by executing a written notice of revocation at least thirty (30) days prior to the beginning of the first month that termination is to commence.
7. Upon separation of employment with the City of Taft, or within sixty (60) days thereafter, each participating employee must designate the way in which their benefits will be distributed, i.e., lump sum, monthly, quarterly, semi-annual or annual installments.
8. In the event of a financial catastrophe, a participant may file an application with the City of Taft for withdrawal of funds in the amount necessary to meet the financial catastrophe, such as flood, fire, or disabling injury. However, withdrawals for expenditures normally budgetable, such as down payments on a home, purchase of an automobile, or college expenses, will not be permitted.