



WASHOE COUNTY

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STAFF REPORT

BOARD MEETING DATE: August 26, 2025

DATE: Friday, August 8, 2025

TO: Board of County Commissioners

FROM: Ashley Berrington, Human Resources Manager, Benefits
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THROUGH: Patricia Hurley, Director of Human Resources
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SUBJECT: Recommendation to approve the amendment of the Washoe County 457(b) and OBRA Deferred Compensation Plan Document, Section 8.6, Automatic Benefit Payments, to allow for the distribution of de minimis accounts, and Appendix A, Definitions, "Normal Retirement Age", to remove reporting to the Committee of an alternate Normal Retirement Age as selected by the Participant. [No fiscal impact.] (All Commission Districts.)

SUMMARY

The Washoe County Deferred Compensation Committee recommends two amendments to the Washoe County 457(b) and OBRA Deferred Compensation Plan Document. The first removes the requirement for participants to submit written notice to the Committee when selecting an alternate Normal Retirement Age, streamlining the process and eliminating the need for Committee acknowledgment. The second allows for the mandatory distribution of de minimis accounts valued at \$7,000 or less following a severance event, as permitted under IRS regulations. This change is intended to reduce administrative costs, improve plan efficiency, and assist participants in consolidating their retirement savings.

Washoe County Strategic Objective supported by this item: Innovative Services

PREVIOUS ACTION

On March 9, 2021, the Board approved an amendment of Section 8.1 the Board approved an amendment of Section 8.1 of the Washoe County OBRA Deferred Compensation Plan Document to reflect that if no beneficiary designation is in effect upon the Participant's death, the payment of the account, if any, payable under the Plan shall be made to the Participant's Surviving Spouse.

On September 22, 2020, the Board approved an amendment of Section 8.1 of the Washoe County 457(b) Deferred Compensation Plan Document to reflect that if no beneficiary designation is in effect upon the Participant's death, the payment of the account, if any, payable under the Plan shall be made to the Participant's Surviving Spouse.

On March 10, 2020, the Board accepted the recommendation to retroactively amend the Washoe County Deferred Compensation Plan Document, effective July 1, 2019, as related to collective

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bargaining agreements which allows for an automatic enrollment or contribution arrangement and an automatic contribution increase provision.

BACKGROUND

Washoe County offers employees the option to participate in a 457 Deferred Compensation Plan, a supplemental retirement savings program that allows employees to make pre-tax contributions, with federal income taxes deferred until assets are withdrawn—typically during retirement when the participant may be in a lower tax bracket. The plan also offers a Roth feature, allowing post-tax contributions with qualified withdrawals that are tax-free.

The Washoe County Deferred Compensation Committee was established under NRS 287.440 to assist in the administration of the County's deferred compensation programs offered under 26 U.S.C. §§ 401(a) and 457. Pursuant to Resolution 18-069, the Committee makes recommendations to the Board of County Commissioners regarding the adoption, amendment, or modification of the County's deferred compensation programs.

At its August 2024 quarterly meeting, the Committee recommended an amendment to the definition of Normal Retirement Age in Appendix A of the Washoe County Deferred Compensation Plan Document to remove the requirement for participants to submit written notice to the Committee when selecting an alternate Normal Retirement Age. This change streamlines the process and removes the need for Committee acknowledgment of such elections.

At its February 2025 quarterly meeting, the Committee recommended an amendment to Section 8.6, Automatic Benefit Payments, of the Plan Document to allow the mandatory distribution of de minimis accounts valued at \$7,000 or less, following a severance event, as permitted under IRS regulations. Automatic distribution of these small accounts is intended to reduce administrative costs, lessen the burden of tracking small or inactive accounts, and minimize the risk of participants becoming "lost" due to outdated contact information. This change also encourages participants to consolidate their retirement savings into a single account, such as an IRA or another employer's plan, improving oversight and potentially reducing fees. In addition, it supports compliance with Department of Labor best practices for managing missing participants, aligns with IRS rules allowing mandatory cash-outs up to the \$7,000 threshold, and helps maintain the overall health and efficiency of the plan.

FISCAL IMPACT

No fiscal impact.

RECOMMENDATION

Recommendation to approve the amendment of the Washoe County 457(b) and OBRA Deferred Compensation Plan Document, Section 8.6, Automatic Benefit Payments, to allow for the distribution of de minimis accounts, and Appendix A, Definitions, "Normal Retirement Age", to remove reporting to the Committee of an alternate Normal Retirement Age as selected by the Participant.

POSSIBLE MOTION

Should the Board agree with staff's recommendation, a possible motion would be:

Move to approve amending the Washoe County 457(b) and OBRA Deferred Compensation Plan Document, Section 8.6, Automatic Benefit Payments, to allow for the distribution of de minimis

accounts, and Appendix A, Definitions, “Normal Retirement Age”, to remove reporting to the Committee of an alternate Normal Retirement Age as selected by the Participant.