

# DANIEL BOONE REGIONAL LIBRARY

**SUBJECT: Retirement Benefits**

**ADMIN 1-350**

**BOARD**

**SECTION: 300 – Employee Benefits**

**Approved: 11/14/19**

The Board of Trustees of the Daniel Boone Regional Library (DBRL) sponsors a 401(k) defined contribution plan (401(k) Plan) for the benefit of eligible employees. This is not a Summary Plan Description. If there are any discrepancies between this information and the Plan Document, the Plan Document will control the operation of the Plan.

DBRL also participates in Missouri's defined benefit pension plan for local government employees, known as LAGERS, for the benefit of eligible employees.

The two plans are explained below.

## **401(k) PLAN**

The 401(k) Plan is intended to provide eligible employees with the long-term accumulation of retirement savings through a combination of employee and employer contributions to individual participant accounts. Plan investments are guided by a Plan document as summarized in Policy 2-716 401(k) Retirement Investment.

Participants may invest in the diverse selection of investment options provided in the plan portfolio according to their own individual requirements. The Plan provides access to a broker of record (Broker) for fiduciary investment advice.

Participants will have the option of investing pre-tax 401(k) deferrals, post-tax Roth account deferrals or a combination of the two options.

DBRL employees are eligible to participate in the Plan if the employee is scheduled to work at least 1,000 hours in a year. Eligible employees will be automatically enrolled in the pre-tax plan option after thirty days of employment, using a two (2) percent deferral rate of gross salary. An employee may opt out or elect to defer a different percentage of compensation at any time.

Eligible employees may contribute up to one hundred (100) percent of gross salary, provided their deferral does not exceed the IRS mandated maximum.

The DBRL Board of Trustees will annually set a matching contribution during the budget process, from zero (0) to six (6) percent. DBRL currently matches up to six (6) percent of an employee's contribution.

Plan participants always have access to their own contributions. In order to access the DBRL matching funds, participants are considered vested in the match amount

according to their length of eligible employment. Eligible employees are fully vested in the DBRL plan after 6 years of employment, as shown in the chart below.

Years of Eligible Service	Percentage Vested
Less than 2 years	0%
2	20%
3	40%
4	60%
5	80%
6	100%

If a participant leaves DBRL employment prior to reaching full vesting, the participant forfeits the percentage of DBRL contributions not earned.

Under IRS rules, participants may take a qualified hardship distribution from their 401(k) Retirement account and should consult with the Financial, Payroll and Benefits Specialist for details.

To read the full 401(k) plan description and find supplemental information and forms, employees should visit the 401(k) Information section on the Intranet at <http://intranet.dbrl.org/benefits>.

## **LAGERS**

The DBRL Board of Trustees has adopted the Missouri Local Government Employees Retirement System (LAGERS), a defined benefit pension plan that guarantees a benefit to eligible participants at retirement, based on a predetermined formula.

Participation in LAGERS is mandatory for all eligible employees. DBRL currently participates in a non-contributory plan, which means the plan is completely funded by DBRL with no contribution from the participant.

A DBRL employee becomes eligible for LAGERS participation when hours worked exceed 1,500 hours annually (approximately 28.85 hours per week).

An eligible participant is considered vested with a minimum of sixty (60) months (or five years) of service in the plan. DBRL employees hired prior to April 1, 2019, were given credit for 50% of their prior eligible service with DBRL.

Normal retirement age for vested participants is age sixty (60). Vested employees may opt to retire early, at age fifty-five (55), with a reduced monthly benefit.

The eligible participant's benefit is based on a formula, with some formula options elected by the Board. The benefit formula is years of service X 5 years final average monthly salary option X 1.25% (L-3 benefit plan option).

For full information about LAGERS, and to access individual retirement calculations, employees should consult the LAGERS website at <https://www.molagers.org/index.html>.

## PROCEDURES

### A. 401(k) Plan Procedures

1. Employee Contribution.
  - a. DBRL employees will use the Payroll Authorization Form or their online account to begin participating or change their contribution rate in the 401(K) Retirement plan.
  - b. All Payroll Authorization Forms will be submitted to the Financial, Payroll and Benefits Specialist.
  - c. The Financial, Payroll and Benefits Specialist will process the Payroll Authorization Form by the first pay period of the month.
  - d. After each payroll processing, the Financial, Payroll and Benefits Specialist will report and remit retirement contributions to the Recordkeeper within seven (7) business days of the pay date.
  - e. The Recordkeeper (Newport Group) shall record employee contributions in a timely manner.
2. 401(k) Payout Procedures for Former Employees
  - a. DBRL employees who participate in DBRL's 401(k) plan will be informed about rollout options when they exit employment. Each departing employee will receive a rollover form from the HR Manager, along with instructions for taking a payout distribution or making rollover arrangements, according to their balance in the plan.
    - i. Employee balance of less than \$1,000:
      - The employee will receive the rollover form from the HR manager, with instructions to make rollover arrangements within sixty (60) days or to request a payout. Accounts still active sixty (60) days following the last date of employment will automatically be paid to the employee.
      - The Financial, Payroll and Benefits Specialist will track the account status and will notify the Recordkeeper to make the cash distribution.
    - ii. Employee balance of \$1,000 to \$5,000:
      - The employee will receive the rollover form from the HR manager, with instructions to make the rollover arrangements within sixty (60) days or to request a payout. Within two (2) weeks of the last day of employment, the Financial, Payroll and Benefits Specialist will provide the Broker (Sundvold Financial) with the name of the former employee.
      - The Broker will contact the former employee and inform them that they can move their balance to their own IRA or an IRA provided by the Broker. Accounts still active sixty (60) days following the last date of employment will automatically be paid out to the employee.

- The Financial, Payroll and Benefits Specialist will track the account status and will notify the Recordkeeper to make the cash distribution.

iii. Employee balance over \$5,000:

- Within 2 weeks of the last day of employment, the Financial, Payroll and Benefits Specialist will contact the former employee to encourage them to move their account balance into their own IRA. If the employee requests assistance, Financial, Payroll and Benefits Specialist will notify the Broker to contact the former employee.

**B. LAGERS Procedures**

1. The Human Resources Manager will provide LAGERS-eligible participants with enrollment information and submit participant information to LAGERS.
2. The Financial, Payroll and Benefits Specialist will report all wage information for the eligible participants to LAGERS each month.
3. Employees' hours worked will be monitored to ensure compliance with LAGERS eligibility.
4. Employees are encouraged to consult their MyLAGERS account on the LAGERS website to monitor their benefit accumulation and to consult the benefit calculator.
5. Employees are responsible for submitting their application for retirement directly to LAGERS.