

**REPORT TO THE
HUMAN RESOURCES COMMITTEE**

**RECOMMENDATION TO AMEND THE
RETIREMENT SAVINGS PLAN**

June 2014

Requested Action

Staff recommends that the Human Resources Committee approve and recommend that the Board approve an amendment to the Retirement Savings Plan (457 Plan) that expands the group of employees who are eligible to make elective (employee) contributions to the 457 Plan.

Background

- The Airports Authority sponsors a defined contribution plan (457 Plan) which allows employees to defer a portion of their salary on a pre-tax basis.
- Currently employees classified as “regular” or “career employees” working 20 hours or more per week are eligible to participate.



Background

- The Airports Authority makes a matching contribution of up to 3 percent of employees' base earnings.
- Approximately 85 percent of Airports Authority employees participate in the plan.

Discussion

- The Office of Human Resources has begun directly hiring “temporary” or “non-career” employees with limited terms of employment; traditionally these needs were staffed through the use of independent contractors and staffing agencies.
- This practice reduces Airports Authority costs and minimizes co-employment risks.



Discussion

- There are several categories of “non-career” employees based on length of employment term and role being staffed.
- There are approximately 10 “non-career” employees filling hard to fill highly technical roles.
- This group is referred to as “non-career term” employees and have an employment term not to exceed five years.

Recommendation

- Staff recommends that the Human Resources Committee approve and recommend to the Board an amendment to the Retirement Savings Plan allowing “non-career term” employees to make elective contributions to the Retirement Savings Plan.
- Non-career term employees would not be eligible to receive an Airports Authority matching contribution.
- This change will not increase Airports Authority costs.



Ronald Reagan Washington National Airport



Dulles Corridor Metrorail Project



Dulles Toll Road



Washington Dulles International Airport



METROPOLITAN WASHINGTON
AIRPORTS AUTHORITY

REPORT TO THE HUMAN RESOURCES COMMITTEE

RECOMMENDATION TO AMEND THE RETIREMENT SAVINGS PLAN

JUNE 2014

ACTION REQUESTED

Staff requests that the Human Resources Committee approve and recommend to the Board of Directors expanding the group of employees who are eligible to participate in the Metropolitan Washington Airports Authority's Retirement Savings Plan. These employees would be eligible to make elective (employee) contributions, but would not be eligible for an Airports Authority matching contribution. This recommendation has no increase in cost to the Airports Authority.

BACKGROUND

The Retirement Savings Plan (457 Plan) is a capital accumulation plan, similar to a 401(k); which allows employees to defer a portion of their salary on a pre-tax basis. Employees' direct contributions into a variety of mutual funds offered through ICMA-RC. The amount available at retirement is determined by the amount contributed over the years, plus accumulated investment earnings.

Currently, employees classified as "career employee" or "permanent" employees regularly scheduled to work 20 hours or more per week are eligible to participate in this plan. Approximately 85 percent of our employees contribute to the Retirement Savings Plan.

The Office of Human Resources has begun directly hiring temporary or non-career employees as opposed to staffing these needs through the use of independent contractors and staffing agencies. This practice is more cost-efficient for the Airports Authority and minimizes legal exposure to co-employment issues. These non-career employees are hired into various non-career employment categories with limited terms of employment. There are approximately 10 non-career employees filling hard to fill highly technical roles. These employees are designated as "non-career term" employees and have an employment term not to exceed five years. The Human Resources staff recommends that non-career term employees be allowed to make elective contributions to the Retirement Savings Plan (457 Plan), but not receive an employer matching contribution. Granting this benefit will aid the Airports Authority in the recruitment of these hard to fill positions.

RECOMMENDATION

Staff recommends that the Human Resources Committee approve and recommend to the Board of Directors that it approve an amendment to the Retirement Savings Plan that expands the group of employees who are eligible to make elective (employee) contributions to the Retirement Savings Plan to include non-career term employees. There would be no increase in cost to the Airports Authority.

Prepared by:
Office of Human Resources
June 2014

Proposed Resolution

Approving Amendment to Metropolitan Washington Airports Authority Retirement Savings Plan

WHEREAS, The Metropolitan Washington Airports Authority (Airports Authority) maintains a number of retirement plans for its employees, one of which is a defined contribution plan – the Metropolitan Washington Airports Authority Retirement Savings Plan (the “Retirement Savings Plan”);

WHEREAS, The Airports Authority desires to amend the Retirement Savings Plan to permit “non-career term employees” to make elective deferrals under the Plan and, in addition, to provide that such non-career employees shall not be eligible for matching contributions by the Airports Authority (the “Amendment”);

WHEREAS, The Amendment has been reviewed by the Human Resources Committee at its June 2014 meeting, and the Committee has recommended its approval and adoption by the Board; now, therefore, be it

RESOLVED, That the Amendment to the Retirement Savings Plan is approved and adopted; and

2. That the President and Chief Executive Officer is authorized and directed to execute the Amendment on behalf of the Airports Authority.

*For consideration by the Human Resources Committee
and the Board of Directors on June 18, 2014*