



**TOWN OF DEWEY-HUMBOLDT
ADMINISTRATIVE REGULATION**

AR No 10-03

Subject: *Retirement Contributions*

Effective Date: February 23, 2010

1. Scope. This policy applies to employees in all Town full- and part-time employees.
2. Purpose. To establish procedures and expectations for contributions to the retirement savings of employees by the Town and by employees.
3. Retirement Eligibility.
 - 3.1. All full-time and regular part-time employees in the Town shall be eligible for retirement benefits.
 - 3.2. Effective December 1, 2009, vesting in Town contributions to retirement for full time employees will occur on the date that is two years after an employee's hire date. In the event that an employee's last day of work, for any reason, occurs prior to that second anniversary date, then the Town contributions will be returned to the Town.
 - 3.3. Effective January 1, 2010, vesting in Town contributions to retirement for all part time employees will occur immediately.
 - 3.4. The Town does not participate in Social Security or the Arizona State Retirement System.
 - 3.5. The provisions of any Council-approved employment contract, resolution, or ordinance will prevail over any provision of this Administrative Regulation.
 - 3.6. All notifications of retirement by an employee to the Town are final unless waived by the Town Manager.
4. Required Retirement Contributions.
 - 4.1. Full time employees. Each full time employee must elect to contribute no less than 3% and no more than 6% of income to an ICMA-RC 401(a) retirement account. The Town will provide a 2-to-1 match of at least 6% and no more than 12% (for a total of between 9% and 18%).
 - 4.2. Part-time employees. Each part time employee must contribute 2.5% of income to an ICMA-RC 457 retirement account. The Town will provide a 2-to-1 match of 5% (for a total of 7.5%).
5. Optional Retirement Contributions.
 - 5.1. An employee-funded ICMA-RC 457 plan is available to full time employees with no contribution by the Town.

TOWN MANAGER APPROVAL

Initial: 

Notes:

Feb. 22, 2010: Prior to this AR10-03, no retirement compensation was paid to part-time employees. We recently requested an IRS determination as to whether Section 218 of the Social Security Act is being correctly observed in the Town. They determined that part-time employees must contribute at least 7.5% of compensation to some form of public retirement account, or pay Social Security tax. Some cities and towns require the part-time employee to contribute the full 7.5%; but we are applying the same 2-to-1 policy to part-time staff as to full-time staff, so the part-time individual contribution will be 2.5%. This policy will be retroactive to the beginning of the quarter to avoid penalties, with the Town paying the employees' retroactive portion.