

May 16, 2002

02-105

BOARD RESOLUTION FOR INCLUSION UNDER THE  
STATE OF OREGON DEFERRED COMPENSATION PLAN  
KNOWN AS THE OREGON SAVINGS GROWTH PLAN

PREPARED BY: Jerry Donnelly, Director, Human Resources Department

APPROVED BY: Randy McEwen, Vice President, Administrative Services  
Jesus "Jess" Carreon, President

REPORT: The Oregon Savings Growth Plan (OSGP) is a "457 deferred compensation plan" which provides a pre-tax retirement savings option for employees of Oregon's public employers. A change in the Internal Revenue Code during 2001 now makes it possible for employees to participate in a 457 plan, entirely at their own expense with no employer contribution. Employees are eligible to participate provided the employer formally adopts the Plan through action of the governing body.

Under the OSGP, employees may contribute by payroll deduction as little as \$25 per month or as much as 50% of their monthly salary, up to a maximum contribution of \$11,000 in 2002. Contributions plus earnings continue to grow on a tax-deferred basis until the employee receives a distribution from the Plan. In addition, the OSGP provides an opportunity for employees of the College to consolidate and roll-over an IRA 401(a) pension, 403(b), or 401(k) which was previously established with another employer. This provision provides easier management and allows employees to take advantage of lower plan fees and diverse investment choices overseen by the Oregon Investment Council (OIC).

The OSGP as administered by PERS is entirely separate from the employee's regular PERS account and as such, has no impact on PCC's employer PERS account. The OSGP offers 9 investment options, ranging from fixed to variable investments, and from conservative to aggressive risk levels. The investment options are overseen by the

Oregon Investment Council and most options are a blend of several professionally managed mutual funds.

By approval of this resolution the Board determines to be included in the State of Oregon Deferred Compensation Investment Program, also known as the Oregon Savings Growth Plan, established by the OIC under ORS 243.421 and regulated by the Public Employees Retirement Board according to ORS 243.345 for eligible employees of the College.

The Board hereby authorizes and directs the President and appropriate administrative staff of the College to take all actions and make such reductions and submit such deferrals as are required by the Public Employees Retirement Board of the State of Oregon pursuant to ORS 243.478(1). The College agrees to be bound by the terms and conditions of the contracts between the State, its investment providers and record keeping company, and the "Plan Document" as identified in ORS 243.401 to 243.507 and third party administrator (TPA) services as amended from time to time. Specifically, without limitation, the College agrees to appoint the PCC Board of Directors as Trustees of the PCC Plan, pursuant to Section 457(g)(2) of the Internal Revenue Code (IRC). The College certifies that we have received a copy of the Plan Document and TPA Services.

The Board and the College agree to cooperate with the Plan Administrator in accordance with procedures established by PERS in processing requests for withdrawal in case of an unforeseeable emergency as defined in Section 457(b)(5) and Section 1.457-2(h)(4) and (5) of the Internal Revenue Code.

**RECOMMENDATION:**

That the Board of Directors approve participation by College employees, at their own expense, in the State of Oregon Deferred Compensation Plan and that such participation be limited to participation through the investment options made available by PERS.

Director Germond moved for approval of Resolutions 02-098 through 02-105; it passed unanimously.