

RESOLUTION 18-35 – AUTHORIZES THE AMENDMENT AND RESTATEMENT OF THE DELAWARE RIVER AND BAY AUTHORITY EMPLOYEES’ SECTION 457(b) DEFERRED COMPENSATION PLAN

WHEREAS, the Delaware River and Bay Authority (the “Authority”) maintains the Delaware River and Bay Authority Employees’ Section 457(b) Deferred Compensation Plan (the “457(b) Plan”); and

WHEREAS, pursuant to Section 7.1 of the 457(b) Plan, the Authority has the right to, at any time, amend the Plan; and

WHEREAS, the DRBA wishes to add a Roth option to the 457(b) Plan effective for the Plan Year commencing January 1, 2019; and

WHEREAS, given the extensive nature of the changes specific to the addition of the Roth option to the 457(b) Plan, it is necessary to Amend and Restate the 457(b) Plan Document effective January 1, 2019.

NOW, THEREFORE, BE IT RESOLVED, that the proper officers and employees of the Authority are hereby authorized to execute the necessary amendments to the 457(b) Plan and to take whatever action to execute whatever instruments with the advice and consent of General Counsel that may be necessary or convenient to carry out the foregoing resolution.

Resolution 18-35 Executive Summary

- Resolution:** Authorizing the Amendment and Restatement of the Delaware River and Bay Authority Employees' Section 457(b) Deferred Compensation Plan (the "457(b) Plan") concurrent with the addition of a Roth option to the 457 (b) Plan.
- Committee:** Personnel Committee
- Committee/Board Date:** September 18, 2018
- Purpose of Resolution:** To add a Roth option to the 457(b) Plan and facilitate extensive document changes that are required to incorporate the Roth option in the Plan Document.
- Background for Resolution:** New hires to the Authority have asked whether the DRBA has a Roth option in the 457(b) Plan.

Roth options are typically included in Retirement Savings (401k) plan arrangements in the private sector. Advice from the DRBA Investment Advisor indicates that including a Roth option in 457(b) Deferred Compensation plans is a growing trend among public sector plans also.

Some of the advantages of including a Roth option are:

- The DRBA record keeper, Voya, is already set up to handle Roth accounts systemically and is experienced in the separate reporting and accounting administration required.
- Roth feature will allow participants to make after-tax contributions to the 457(b) Plan.
- Employees can contribute to a 457(b) Roth account even if they are not eligible to contribute to a Roth IRA due to income limits.
- Governmental 457(b) plans allow for a direct roll-over to another qualified plan so upon termination account balances can be rolled-over directly to a Roth IRA.
- Withdrawals from a Roth account (contributions and earnings) may be made Federal Income Tax free, provided that the participant has a qualifying event (attained age 59 ½, disability, death) and has met the five-year holding period requirement. Generally, the five-year holding period begins the year in which the participant first contributes to the Roth account.