

**To:** Mayor and Town Council

**From:** James Edwards, Human Resources Manager

**CC:** Wade Carroll, Interim Town Manager  
Holly Fimbres, Town Secretary/RMO

**Re:** ICMA 457 Plan Loan Provision  
Town Council Meeting, August 13, 2019

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**Agenda Item:**

Consider and take appropriate action regarding a Resolution of the Town Council approving an amendment to the ICMA 457 retirement plan to permit loans; and providing an effective date (W. Carroll).

**Strategic Link:**

Employee Development – Develop and retain a skilled workforce.

**Background and Explanation:**

The Town of Trophy Club provides full time employees with the ability to contribute to the ICMA 457 optional retirement fund. This optional retirement plan is fully funded by employees. With this loan provision, employees would be able to borrow up to one-half the value of the participant's account. Employees would have to repay the loaned amount within 5 years, unless for a principal residence. Loans for a principal residence would need to be repaid within 30 years.

**Financial Considerations:**

Employees using the loan provision would have to repay the loaned amount within the allotted timeframe or face potential penalties and taxes.

**Legal Review:**

Not applicable.

**Board/Commission/ or Committee Recommendation:**

Not applicable.

**Staff Recommendation:**

Staff recommends approval of Resolution No. 2019-17, approving an amendment to the ICMA 457 retirement plan to permit loans.

**Attachments:**

- Resolution No. 2019-17