

Board Information Memo

SUBJECT: Employer Match True Up for 2025 Employee 401(k) Contributions

Category (Contract Approval, Policy, Personnel, General Approval. etc.): General Approval**Date: 3/19/26****Reason for Board Consideration (Fiscal Policy, State Requirement, etc.): Fiscal Policy - Expense over \$20K****Decision Type (Action Item, Information Only, etc.): Action Item**

Background (Brief Summary of Background Information):

Recall that the CalOPS contract with Empower to facilitate and manage our employees' 401(k) accounts was drawn up and signed in 2024, with our employees' Empower accounts accepting payroll contributions starting in July 2024. The original contract includes the Safe Harbor Match as an ANNUAL calculation. However, in practice, the Safe Harbor Match was provided as a PER PAYROLL contribution. This occurred in the plan years of 2024 and 2025.

Rationale (Why is this important and why is this coming to the Board):

The true-up amount for the 2024 plan year was \$304,609.72 and was paid in October 2025. Year-end compliance tasks and testing for the 2025 plan year were completed earlier in the year and we now have the true-up amount for the 2025 plan year, which is thankfully significantly lower at **\$33,975.17**

Evidence of Due Diligence: Last year, we (1) received Board approval and make the necessary contribution by the end of October 2025 to affected employees' 401(k) accounts, (2) added to the 2026 budget a similar match verification amount for the 2025 plan year, and (3) submitted an amendment to the plan documents to change the Safe Harbor Match calculation from annual to per payroll effective Jan. 1, 2026, thus eliminating further "true up" payments in the future.

Fiscal Impact: An estimated \$34K will be contributed at the end of April 2026.

Potential Conflicts of Interest: N/A

Recommendation/Board Action (if applicable): Approval

Prepared/Recommended/Approved By: Prepared by Tracy Le, Assistant Director of Human Resources. Presented by Zana Kidd, Director of Human Resources.