

MEMORANDUM

DATE: October 3, 2017

TO: Bill Stowe, CEO & General Manager

FROM: Doug Garnett, Human Resources Manager

SUBJECT: Flexible Benefits Plan Restatement

The Iowa Public Employees' Retirement System has a new requirement where employers offering employer contributions to a fringe benefit plan in which some of the contributions can be received by the employee as cash must certify annually that their Internal Revenue Code (IRC) Section 125 plan meets all IRC requirements. If certain conditions are met, these contributions may be treated as IPERS-covered wages.

Because Des Moines Water Works offers elective employer contributions to a Section 125 plan in the form of "flex dollars," we must certify our plan meets all IRC requirements by December 31, 2017. While Des Moines Water Works has offered its cafeteria plan arrangement and the medical and dependent care reimbursement plans since January 1, 1991, the plan document had not been updated since 2003.

The plan document has since been reviewed by legal counsel. The primary changes included the addition of a section on page 9 to include ordering rules for non-elective and elective paid time off (purchased vacation time) and minor wording revisions throughout the document. This restated plan document is now compliant with all IRC requirements. Upon approval by the Board, we will certify the plan document with IPERS.