



## Motion No. M2025-33

### Creating an Employer Match Provision in Sound Transit’s 457(b) Deferred Compensation Plan

Meeting:	Date:	Type of action:	Staff contact:
Executive Committee Board	07/03/2025 07/24/2025	Recommend to Board Final action	<b>Julie Honeywell, Chief People and Culture Officer</b>

#### Proposed action

Authorizes the chief executive officer to execute an amendment to Sound Transit’s 457(b) deferred compensation plan to add provisions for matching employee contributions, as allowed by 26 U.S. Code Section 457, SECURE 2.0 Act and any related law.

#### Key features summary

- Sound Transit’s People and Culture department has a long-standing goal of increasing the long-term financial wellness of employees through retirement savings.
- This action would amend Sound Transit’s 457(b) plan to offer a match for voluntary contributions to the plan or repayment of student loans in order to increase participation in the 457(b) plan.
- Employee participation in the 457(b) plan is 42 percent, while the benchmark participation for similar government agencies is 57 percent.
- Employees would earn the match by contributing to their 457(b) plan and/or repaying student loan(s). The match would be 50 percent of the employee’s contribution and/or repayment of student loan(s), up to \$500 per calendar year, and would be deposited into the employee’s 457(b) account.
- This change helps to achieve another of the agency’s talent goals of increasing the number of early-career employees in the agency to build the next generation of transit professionals. For these employees, student loan payments and other issues reduce their likelihood to participate in voluntary retirement savings, such as the 457(b) plan.

#### Background

The Sound Transit retirement plan currently consists of a 401(a) plan, which includes a mandatory employee contribution and agency match, and an optional 457(b) plan, which includes only employee contributions. To advance the agency’s goals of increasing the participation in the voluntary retirement plan and attracting more early-career employees, staff propose adding a match to the 457(b) deferred compensation plan.

The employee will be eligible to receive a matching contribution by either making contributions to their 457(b) plan or by making payments toward a student loan(s) held in their name. The match will be calculated as 50 percent of the employee’s total qualifying contributions or payments made within the calendar year, up to a maximum amount established during the annual budgeting process. For the 2025 calendar year, a combined employee contribution and/or student loan(s) payment of \$1,000 would be required to receive the maximum employer match of \$500.

This proposed change has been reviewed by the Sound Transit's Employee Retirement Committee.

## **Fiscal information**

The proposed match will be funded from Sound Transit's annual benefits budget. The 2025 annual budget for employee benefits is \$117,786,354, which includes funds for the \$500.00 457(b) plan employer match. The projected spend for 2025 is \$797,500 or 0.7 percent of the total benefits budget, calculated by assuming every full-time equivalent (FTE) or term-limited employee (TLE) participated in the match opportunity. Funding of the 457(b) match for future years will be determined during the annual benefits budget development process.

This action does not impact the affordability of the agency's Financial Plan, as the cost of benefits are already incorporated in the annual operating plan.

## **Disadvantaged and small business participation**

Not applicable to this action.

## **Public involvement**

Not applicable to this action.

## **Time constraints**

A one-month delay would not create a significant impact to the project schedule. A longer delay may limit the ability of some employees to participate in the program during the 2025 calendar year.

## **Prior Board/Committee actions**

Resolution No. R2023-30: Adopted a Procurement, Agreements, and Delegated Authority Policy and superseding Resolution Nos. R201840, R2022-27, and R85.

Motion No. M2020-28: Amended the 401(a) and 457(b) retirement plans to add provisions providing coronavirus relief pursuant to the Coronavirus Aid, Relief, and Economic Security Act.

Resolution No. R2010-05: Regarded the administration of the 401 (a) and 457(b) employee retirement plans, amended Resolution 32, creating a retirement plans committee, delegating oversight and management responsibilities for the employee retirement plans, indemnifying the Sound Transit Board, officers and employees to the extent they are making decisions or acting as fiduciaries of the retirement plans, and authorizing the purchase of fiduciary insurance.

Resolution No. R32: Adopted a retirement program, including independent retirement plans in lieu of Public Employees' Retirement System (PERS) coverage and in lieu of Social Security coverage for participating employees of the Regional Transit Authority.

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**Environmental review** – KH 6/18/25

**Legal review** – NW 6/18/2025



## Motion No. M2025-33

A motion of the Board of the Central Puget Sound Regional Transit Authority authorizes the chief executive officer to execute an amendment to Sound Transit's 457(b) deferred compensation plan to add provisions for matching employee contributions, as allowed by 26 U.S. Code Section 457, SECURE 2.0 Act and any related law.

### Background

Sound Transit's People and Culture department has a long-standing goal of increasing the long-term financial wellness of employees through retirement savings. Employee participation in the 457(b) plan is 42 percent, while the benchmark participation for similar government agencies is 57 percent. This action would amend Sound Transit's 457(b) plan to offer a match for voluntary contributions to the plan or repayment of student loans in order to increase participation in the 457(b) plan.

Employees would earn the match by contributing to their 457(b) plan and/or repaying student loan(s). The match would be 50 percent of the employee's contribution and/or repayment of student loan(s), up to \$500 per calendar year, and would be deposited into the employee's 457(b) account.

This change helps to achieve another of the agency's talent goals of increasing the number of early-career employees in the agency to build the next generation of transit professionals. For these employees, student loan payments and other issues reduce their likelihood to participate in voluntary retirement savings, such as the 457(b) plan.

The Sound Transit retirement plan currently consists of a 401(a) plan, which includes a mandatory employee contribution and agency match, and an optional 457(b) plan, which includes only employee contributions. To advance the agency's goals of increasing the participation in the voluntary retirement plan and attracting more early-career employees, staff propose adding a match to the 457(b) deferred compensation plan.

The employee will be eligible to receive a matching contribution by either making contributions to their 457(b) plan or by making payments toward a student loan(s) held in their name. The match will be calculated as 50 percent of the employee's total qualifying contributions or payments made within the calendar year, up to a maximum amount established during the annual budgeting process. For the 2025 calendar year, a combined employee contribution and/or student loan(s) payment of \$1,000 would be required to receive the maximum employer match of \$500.

This proposed change has been reviewed by the Sound Transit's Employee Retirement Committee.

**Motion**

It is hereby moved by the Board of the Central Puget Sound Regional Transit Authority that the chief executive officer is authorized to execute an amendment to Sound Transit's 457(b) deferred compensation plan to add provisions for matching employee contributions, as allowed by 26 U.S. Code Section 457, SECURE 2.0 Act and any related law.

APPROVED by the Board of the Central Puget Sound Regional Transit Authority at a regular meeting thereof held on \_\_\_\_\_.

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Dave Somers  
Board Chair

**Attest:**

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Kathryn Flores  
Board Administrator