LEGISLATION NO: _0069-21__  SPONSOR: Jamie Henio

TITLE: An Action Relating to the Budget and Finance Committee; Approving and Adopting an Amendment and Restatement of the Navajo Nation 401(k) Savings Plan to Amend the Plan’s Automatic Contribution, Automatic Enrollment Arrangement, and Hardship Provisions

Date posted: __April 7, 2021 at 4:35PM

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DATE: March 31, 2021

TITLE OF RESOLUTION: AN ACTION RELATING TO THE BUDGET AND FINANCE COMMITTEE; APPROVING AND ADOPTING AN AMENDMENT AND RESTATEMENT OF THE NAVAJO NATION 401(k) SAVINGS PLAN TO AMEND THE PLAN'S AUTOMATIC CONTRIBUTION, AUTOMATIC ENROLLMENT ARRANGEMENT, AND HARDSHIP PROVISIONS

PURPOSE: The purpose of this resolution is to approve amendments to the Navajo Nation 401(k) Savings Plan.

This written summary does not address recommended amendments as may be provided by the standing committees. The Office of Legislative Counsel requests each Council Delegate to review each proposed resolution in detail.
PROPOSED STANDING COMMITTEE RESOLUTION

24th NAVAJO NATION COUNCIL – Third Year, 2021

INTRODUCED BY

(Prime Sponsor)

TRACKING NO. 0069-21

AN ACTION

RELATING TO THE BUDGET AND FINANCE COMMITTEE; APPROVING AND ADOPTING AN AMENDMENT AND RESTATEMENT OF THE NAVAJO NATION 401(k) SAVINGS PLAN TO AMEND THE PLAN’S AUTOMATIC CONTRIBUTION, AUTOMATIC ENROLLMENT ARRANGEMENT, AND HARDSHIP PROVISIONS

BE IT ENACTED:

SECTION ONE. AUTHORITY

A. The Budget and Finance Committee is empowered to coordinate and review all fiscal, financial, and investment activities of the Navajo Nation. 12 N.N.C. §301(B)(5).

B. The Budget and Finance Committee is empowered to promulgate policies and regulations concerning fringe benefits of Navajo Nation officials and employees. 2 N.N.C. § 301(B)(8).

SECTION TWO. FINDINGS

A. The Budget and Finance Committee approved the Navajo Nation Retirement Savings Plan, effective October 1, 1984, by approving the revised Retirement Plan for Employees of the Navajo Tribe and Certain Tribal Affiliates and incorporating into the Retirement Plan an employer-matched 401(k) Savings Plan through Resolution BFJN-71-86.
B. The Budget and Finance Committee amended and restated the Navajo Nation 401(k) Savings Plan (the “401(k) Savings Plan”) through Resolutions BFJN-65-02 and BFD-49-10.

C. The Plan document authorizes the Employer to modify, alter, or amend the 401(k) Savings Plan, pursuant to section 16.1.

D. Pursuant to the authority delegated under Section 16.1 of the 401(k) Savings Plan, the Chair of the Budget and Finance Committee on October 27, 2018, certified the Approval and Ratification of the amended and restated Plan effective November 10, 2020 as approved and adopted by RSPAC-03-20.

E. Pursuant to the authority delegated under Section 16.1 of the 401(k) Savings Plan, the Chair of the Budget and Finance Committee on October 27, 2018, certified the Approval and Ratification of the amended and restated Plan effective January 1, 2016, as approved and adopted by RSPAC-01-16.

F. The amendments recommended to the 401(k) Savings Plan are as follows:

1. Section 3.1, to allow for automatic enrollment of all Eligible Employees in the 401(k) Savings Plan, unless they make a contrary election, to be effective October 1, 2021,

2. Section 3.2, to provide for Automatic Escalation of Participants’ Pre-Tax Contributions by automatically increasing a Participant’s Pre-Tax Contribution by 1% each year, until the contribution reaches 6% of compensation or until the Participant opts out of auto-escalation, to be effective October 1, 2021,

3. Section 4.1, to increase Automatic Employee Contributions from 2% to 3% of employee compensation, to be effective October 1, 2021, and

4. Section 10.1, to implement a number of mandatory and optional changes with respect to hardships, to be effective October 1, 2021.

G. The Retirement Savings Plan Administration Committee ("RSPAC"), in concurrence with the Department of Retirement Services, recommends the Budget and Finance Committee approve the amendments as described in Paragraph F above, and in Resolution RSPAC-02-20, "Approving and Recommending to the Budget and
Finance Committee of the Navajo Nation Council the Approval and Adoption of the Amendment and Restatement of the Navajo Nation 401(k) Savings Plan to Amend the Plan’s Automatic Contribution Arrangement and Hardship Provisions,” attached as Exhibit A.

H. The proposed amendment and restatement of the 401(k) Savings Plan is attached as Exhibit B. An unmarked “clean” copy is attached as Exhibit C.

SECTION THREE. APPROVAL OF AMENDMENT AND RESTATEMENT OF THE NAVAJO NATION 401(K) SAVINGS PLAN

The Budget and Finance Committee accepts the recommendation of RSPAC in Exhibit A, and approves and adopts the amendment and restatement to the Navajo Nation 401(k) Savings Plan, in accordance with Exhibit B.

SECTION FOUR. EFFECTIVE DATE

The amendment and restatement to the Navajo Nation 401(k) Savings Plan shall be effective as of the date of adoption, except where otherwise indicated in Exhibit B.