



The City has provided a Deferred Compensation Plan ("Plan") since 1973. The IRS has recently issued final regulations which revise the regulations proposed in 2002 and amend the final regulations published in 1982, and reflect legislative modifications to Code Section 457 by the Tax Reform Act of 1986, the Small Business Job Protection Act of 1996, the Taxpayer Relief Act of 1997, the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA), the Job Creation and Worker Assistance Act of 2002 and other legislation. The issuance of these final regulations require amendments to the City of Minneapolis Deferred Compensation Plan by December 31, 2005.

In addition, the IRS has released Model Amendments, which, if an employer adopts, the Plan will be treated as meeting the plan requirements for eligibility under Code Section 457(b). We have worked with the city attorney's office to research and make verbiage changes to the Plan according to the Model Amendments released by the IRS. The changes required do not affect the operation of the Plan, which will continue as it has in the past.