



November 4, 2010

City of Alexandria  
Attn: Steven Bland  
301 King Street  
Alexandria, VA 22313

Dear Mr. Bland:

In response to your October 15 request, this letter confirms that ICMA-RC would welcome the plan-to-plan transfer of assets from the City supplemental retirement plans, which are currently administered through Prudential. Based on our legal and program reviews, there are no provisions in the City of Alexandria's 401(a) plan document that would prevent ICMA-RC from administering the supplemental plans. It is my understanding that the City wants to stop managing a separate 401(a) plan and plans to make future contributions, if any, through its 457 plan. ICMA-RC can help the City accomplish both of these objectives.

ICMA-RC can administer the consolidated plans with no changes in withdrawal provisions and no change in taxation for the 401(a) assets. Upon completion of the transfers, the 401(a) assets will retain all of the same benefits and restrictions attached to the "old" 401(a) plan. They will not be deemed to be 457 assets. Going forward, only new contributions, if any, will be deemed to be 457 assets. ICMA-RC will record-keep the 401(a) and 457 assets separately within the City's 457 plan. If the City makes future employer contributions to the 457 plan, those contributions are not subject to the IRS 10% early withdrawal penalty as is the case with 401(a) early withdrawals. Attached is a list of exceptions to the 10% early withdrawal penalty.

In sum, the options available in the 457 plan are at least as flexible, if not more flexible, as the options available through the current 401(a) supplemental plan. Please contact me when the City makes its decision to change plan providers. At that time we will work with City staff to build a schedule that ensures a smooth transition during the plan-to-plan transfer. If you have questions, I can be reached by phone at (202) 641-5115, fax at (804) 794-9169, or email at [twoods@icmarc.org](mailto:twoods@icmarc.org). I look forward to the City's decision. I am sure ICMA-RC can continue helping Alexandria participants build retirement security.

TERRENCE L. WOODS  
Director, Strategic Relations  
ICMA-RC Mid-Atlantic Territory

Cc: Laura Triggs, Director of Finance  
Bruce Johnson, Chief Finance Officer

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