

TREE FUND MEMORANDUM

23 November 2015

To: Board of Trustees

Fm: J. Eric Smith, President and CEO

Re: Summary of 403(b) Recommendation

At the time I was hired as TREE Fund President and CEO, I had shared my concerns with Board Chairman Randy Miller that the organization's contributions to employee 403(b) retirement accounts were low in comparison with other agencies of comparable size and scope. Chairman Miller asked that I model a series of scenarios and make a recommendation for Governance Committee about how to improve this important employee benefit in a cost effective fashion.

The Governance Committee reviewed the results of this analysis in detail before concurring with my recommendation. The analysis included sensitive personnel data required to calculate bottom line impact. In the interest of protecting this data from needlessly wide hard copy or digital distribution, I provide the following summary of current policy and the recommended policy for employer matching of employee contributions to our agency 403(b) accounts.

Current: Dollar to dollar match on first \$750 in employee contributions, then 33 cents on the dollar to maximum annual employer contribution of \$1,500.

Proposed: 50 cents per dollar match on each employee dollar up to maximum annual employer contribution of 4.25% of salary or \$3,500 (whichever is larger).

Estimated annual impact at current salary levels for participating employees is about \$3,200. The new policy creates an incentive for employees to put more of their own salaries into the 403(b) in order to maximize benefit from the employer, which is a desirable outcome for both the organization and the employees themselves. The \$3,500 maximum cap would only impact my contributions at current salary levels, allowing all other employees to achieve the maximum match on a percentage basis.