

Deferred Compensation Plan BOARD REPORT 14-26

Date: June 17, 2014
To: Board of Deferred Compensation
From: Staff
Subject: Plan Document Review - Deferred Compensation Plan

*Board of Deferred
Compensation Administration
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Cliff Cannon, First Provisional Chair
Tom Moutes, Second Provisional Chair
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Recommendation:

That the Board of Deferred Compensation receive and file information regarding the administrative and compliance review of the Plan Document.

Discussion:

At its March 18, 2014 meeting, the Board discussed whether the Deferred Compensation Plan should submit its Plan Document to the U.S. Internal Revenue Service (IRS) for a private letter ruling to determine its compliance with federal regulation. Upon discussion, it was agreed that staff would first review the Plan Document to make any updates or changes as necessary before an official request might be submitted to the IRS.

Staff has already initiated the process of reviewing the Plan Document, and the Board has approved improvements to the Plan's Loan Program (at the March 2014 meeting). In the upcoming months, staff will be bringing the following topics, related to Plan Document amendments, to the Board for consideration:

1. Beneficiary Designation and Claims
 - Review of beneficiary benefit claim process when there is no beneficiary designation on file with the Plan.
 - Review of necessary action, if required, due to the Supreme Court's decision in U.S. V. Windsor, which struck down section 3 of the Defense of Marriage Act (DOMA). The IRS has recently released additional guidance.
2. In-Plan Roth Conversion
 - Reviewing and/or amending language to allow Roth conversions for active employees.
3. Return-to-Work Retirees
 - Distribution rules for those returning to work, before and after age 70½.
4. Other Miscellaneous Areas
 - Review of Hardship Guidelines.
 - Review process related to Qualified Domestic Relations Orders.

Once the reviews have been completed and the Board has approved any associated changes to the Plan Document, staff will request that the Plan's tax counsel complete a final review of the Plan Document. Staff will report back to the Board at that time to discuss the option of submitting an official request for a private letter ruling from the IRS.

Submitted by: _____
Esther Chang

Approved by: _____
Steven Montagna