



California Public Employees' Retirement System
P.O. Box 942709
Sacramento, CA 94229-2709
888 CalPERS (or **888-225-7377**)
Telecommunication Device for the Deaf
No Voice (916) 795-3240

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TO: STATE AGENCIES, AGRICULTURAL DISTRICTS, PUBLIC AGENCIES, STATE COLLEGES AND UNIVERSITIES, AND COUNTY SUPERINTENDENTS OF SCHOOLS

SUBJECT: THE ECONOMIC GROWTH AND TAX RELIEF RECONCILIATION ACT OF 2001

This circular letter is intended to provide you with a brief overview of The Economic Growth and Tax Relief Reconciliation Act of 2001 (H.R. 1836, Statutes of 2001). This overview is being provided for **CalPERS purposes only**, and is not intended to provide a summary of the entire contents of H.R. 1836.

Due to the complexities of this law, we are continuing to analyze the bill and its impact on our employers and members, and will continue to disseminate additional information to you in the future.

Please note that the pension provisions do not apply for taxable, plan or limitation years after December 31, 2010. These provisions will revert back to current law on

January 1, 2011, unless Congress and the President take future action to extend or repeal the sunset, or otherwise amend the provisions.

The changes enacted by The Economic Growth and Tax Relief Reconciliation Act of 2001 which affect CalPERS fall into four broad categories;

- The relaxation of various limitations and an increase on pension benefits and eligible contributions.
- The introduction of a modest tax credit for low income taxpayers to encourage participation in various defined contribution plans.
- The extension of qualified domestic relations orders rules to IRC 457 plans.
- The broadening of various roll-over options amongst various types of retirement plans and IRA's.

A more thorough discussion of these changes is included as an attachment.

We hope this information is helpful. Additional information (i.e. bill language, bill history) regarding H.R. 1836 can be found on *Thomas Legislative Information on the Internet* .

Kenneth W. Marzion, Chief
Actuarial and Employer Services Division

Attachment (PDF, 89kb)