

## PROPOSED REGULATORY ACTION BY CALPERS

Adoption of Article 1.5, Sections 553, 553.1, 553.2, 553.3, 553.4, 553.5 and 553.6 of Subchapter 1, Chapter 2 of Division 1 of Title 2 of the California Code of Regulations

### Article 1.5. Plan Qualification Requirements for the Public Employees' Retirement Fund.

#### Section 553. Definitions.

For the purpose of the regulations contained in this article, the term "board" means Board of Administration, Public Employees' Retirement System; and the term "the plan" or "system" means the Public Employees' Retirement System.

Note: Authority cited: Sections 20120, 20121 and 20122, California Government Code. Reference: California Constitution, Article XVI, Section 17; and Sections 20021 and 20058, California Government Code.

#### Section 553.1. Compliance with Section 401(a) of the Internal Revenue Code.

The Public Employees' Retirement System is intended to constitute a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, and as such, the system and all benefits payable thereunder are intended to satisfy all requirements of Section 401(a) of the Internal Revenue Code that apply to such a governmental plan.

Note: Authority cited: Sections 20120, 20121 and 20122, California Government Code. Reference: California Constitution, Article XVI, Section 17; and Sections 20001, 20002, 20170 and 20171, California Government Code.

#### Section 553.2. Exclusive Benefit Requirement.

Pursuant to Internal Revenue Code Section 401(a)(2), the corpus or income of the Public Employees' Retirement System trust may not be diverted to or used for purposes other than the exclusive benefit of the members or their beneficiaries, nor shall there be a reversion of trust funds except as permitted by Revenue Ruling 91-4.

Note: Authority cited: Sections 20120, 20121 and 20122, California Government Code. Reference: California Constitution, Article XVI, Section 17; Sections 20151, 20170, 20171 and 20176, California Government Code.

Section 553.3. Vesting of Benefits Upon Certain Events.

A member's right to his or her accrued benefits shall become nonforfeitable on (a) attainment of the normal retirement age required to entitle such a member to receive a service retirement allowance or (b) termination of the plan, to the extent funded, subject to Sections 7522.70, 7522.72, 7522.74 and 20341 of the Government Code, as applicable.

Note: Authority cited: Sections 20120, 20121 and 20122, California Government Code. Reference: Sections 20170, 20171 and 21350, California Government Code.

Section 553.4. Minimum Required Distributions.

Notwithstanding any other provision of the plan to the contrary, in complying with the requirements of Section 20731 of the Government Code, distributions from the plan shall be made in accordance with a reasonable and good faith interpretation of Section 401(a)(9) of the Internal Revenue Code, including the incidental death benefit requirement in Section 401(a)(9)(G) and the Treasury Regulations thereunder, pursuant to Treasury Regulation Section 1.401(a)(9)-1, Q&A-2(d).

Note: Authority cited: Sections 20120, 20121 and 20122, California Government Code. Reference: Sections 20170, 20171 and 20731, California Government Code.

Section 553.5. Contribution Limits.

To the extent applicable, member contributions will be limited in accordance with Section 415(c) of the Internal Revenue Code. This provision applies for all years to which Section 415(c) applies to any member contributions under the system.

Note: Authority cited: Sections 20120, 20121 and 20122, California Government Code. Reference: Sections 20170 and 20171, California Government Code.

Section 553.6. Actuarial Assumptions.

The amount of benefits payable by the Public Employees' Retirement System shall be determined on the basis of actuarial assumptions adopted by the board in accordance with Section 20132 of the Government Code, as well as Article 16, Section 17(e) of the California Constitution. Such benefits will not be subject to employer discretion.

Note: Authority cited: Sections 20120, 20121 and 20122, California Government Code. Reference: California Constitution, Article XVI, Section 17; Sections 20132, 20170 and 20171, California Government Code.

Adoption of SUBCHAPTER 2.1, Article 1, Sections 599.100, 599.101 and 599.102 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations

SUBCHAPTER 2.1. SUPPLEMENTAL CONTRIBUTIONS PROGRAM REGULATIONS

Article 1. Plan Qualification Requirements for the Supplemental Contributions Program.

Section 599.100. Definitions.

For purposes of the regulations contained in this subchapter, the term “the plan” means the Supplemental Contributions Program.

Note: Authority cited: Sections 20120, 20121, 22970.30 and 22970.31, California Government Code. Reference: Section 22970.21, California Government Code.

Section 599.101. Compliance with Section 401(a) of the Internal Revenue Code.

The plan is intended to constitute a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, and as such, the plan and all benefits payable thereunder are intended to satisfy all requirements of Section 401(a) of the Internal Revenue Code that apply to such a governmental plan.

Note: Authority cited: Sections 20120, 20121, 22970.30 and 22970.31, California Government Code. Reference: Sections 22970 and 22970.2, California Government Code.

Section 599.102. Exclusive Benefit Requirement.

Pursuant to Internal Revenue Code Section 401(a)(2), the corpus or income of the plan’s trust may not be diverted to or used for purposes other than the exclusive benefit of the members or their beneficiaries, nor shall there be a reversion of trust funds except as permitted by Revenue Ruling 91-4.

Note: Authority cited: Sections 20120, 20121, 22970.30 and 22970.31, California Government Code. Reference: Sections 22970, 22970.2 and 22970.61, Government Code.

Adoption of SUBCHAPTER 2.2, Article 1, Sections 599.120, 599.121, 599.122, 599.123 and 599.124 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations

## SUBCHAPTER 2.2. JUDGES' RETIREMENT FUND REGULATIONS

### Article 1. Plan Qualification Requirements for the Judges' Retirement Fund.

#### Section 599.120. Definitions.

For the purpose of the regulations contained in this subchapter, the term "the plan" or "system" means the Judges' Retirement System.

Note: Authority cited: Sections 20120, 20121 and 75005, California Government Code. Reference: Sections 75000 and 75005, California Government Code.

#### Section 599.121. Compliance with Section 401(a) of the Internal Revenue Code.

The Judges' Retirement System is intended to constitute a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, and as such, the system and all benefits payable thereunder are intended to satisfy all requirements of Section 401(a) of the Internal Revenue Code that apply to such a governmental plan.

Note: Authority cited: Sections 20120, 20121 and 75005, California Government Code. Reference: California Constitution, Article XVI, Section 17; Section 75005, California Government Code.

#### Section 599.122. Exclusive Benefit Requirement.

Pursuant to Internal Revenue Code Section 401(a)(2), the corpus or income of the Judges' Retirement System trust may not be diverted to or used for purposes other than the exclusive benefit of the members or their beneficiaries, nor shall there be a reversion of trust funds except as permitted by Revenue Ruling 91-4.

Note: Authority cited: Sections 20120, 20121 and 75005, California Government Code. Reference: California Constitution, Article XVI, Section 17; Section 75005, California Government Code.

#### Section 599.123. Vesting of Benefits Upon Certain Events.

A member's right to his or her accrued benefits shall become nonforfeitable on (a) attainment of the normal retirement age required to entitle such a member to receive a service retirement allowance or (b) termination of the plan, to the extent funded, subject to Sections 7522.70, 7522.72, 7522.74, 75033.1 and 75033.2 of the Government Code, as applicable.

Note: Authority cited: Sections 20120, 20121 and 75005, California Government Code. Reference: Section 75005, California Government Code.

Section 599.124. Minimum Required Distributions.

Notwithstanding any other provision of the plan to the contrary, in complying with the requirements of Sections 75085.1, 75088.3, and 20731 (incorporated by reference through Government Code Section 75005) of the Government Code, distributions from the plan shall be made in accordance with a reasonable and good faith interpretation of Section 401(a)(9) of the Internal Revenue Code, including the incidental death benefit requirement in Section 401(a)(9)(G) and the Treasury Regulations thereunder, pursuant to Treasury Regulation Section 1.401(a)(9)-1, Q&A-2(d).

Note: Authority cited: Sections 20120, 20121 and 75005, California Government Code. Reference: Sections 20731, 75005, 75085.1 and 75088.3, California Government Code.

Adoption of SUBCHAPTER 2.3, Article 1, Sections 599.140, 599.141, 599.142, 599.143, 599.144, 599.145 and 599.146 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations

SUBCHAPTER 2.3. JUDGES' RETIREMENT SYSTEM II FUND REGULATIONS

Article 1. Plan Qualification Requirements for the Judges' Retirement System II Fund.

Section 599.140. Definitions.

For the purpose of the regulations contained in this subchapter, the term "board" means Board of Administration, Public Employees' Retirement System; and the term "the plan" or "system" means the Judges' Retirement System II.

Note: Authority cited: Sections 20120, 20121, 75502 and 75505, California Government Code. Reference: Sections 75502 and 75505, California Government Code.

Section 599.141. Compliance with Section 401(a) of the Internal Revenue Code.

The Judges' Retirement System II is intended to constitute a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, and as such, the system and all benefits payable thereunder are intended to satisfy all requirements of Section 401(a) of the Internal Revenue Code that apply to such a governmental plan.

Note: Authority cited: Sections 20120, 20121 and 75505, California Government Code. Reference: California Constitution, Article XVI, Section 17; Section 75505, California Government Code.

Section 599.142. Exclusive Benefit Requirement.

Pursuant to Internal Revenue Code Section 401(a)(2), the corpus or income of the Judges' Retirement System II's trust may not be diverted to or used for purposes other than the exclusive benefit of the members or their beneficiaries, nor shall there be a reversion of trust funds except as permitted by Revenue Ruling 91-4.

Note: Authority cited: Sections 20120, 20121 and 75505, California Government Code. Reference: California Constitution, Article XVI, Section 17; Section 75505, California Government Code.

Section 599.143. Vesting of Benefits Upon Certain Events.

A member's right to his or her accrued benefits shall become nonforfeitable on (a) attainment of the normal retirement age required to entitle such a member to receive a service retirement allowance or (b) termination of the plan, to the extent funded, subject to Sections 7522.70, 7522.72, 7522.74, 75526, 75562, and 75563 of the Government Code, as applicable.

Note: Authority cited: Sections 20120, 20121 and 75505, California Government Code. Reference: Section 75505, California Government Code.

Section 599.144. Minimum Required Distributions.

Notwithstanding any other provision of the plan to the contrary, in complying with the requirements of Sections 75085.1, 75088.3, and 20731 (incorporated by reference through Government Code Section 75505) of the Government Code, distributions from the plan shall be made in accordance with a reasonable and good faith interpretation of Section 401(a)(9) of the Internal Revenue Code, including the incidental death benefit requirement in Section 401(a)(9)(G) and the Treasury Regulations thereunder, pursuant to Treasury Regulation Section 1.401(a)(9)-1, Q&A-2(d).

Note: Authority cited: Sections 20120, 20121 and 75505, California Government Code. Reference: Section 75505, California Government Code.

Section 599.145. Application of Compensation Limit in Section 401(a)(17) of the Internal Revenue Code.

Notwithstanding any other provision of the plan to the contrary, in complying with the requirements of Section 75572 of the Government Code, the limitations of Section 401(a)(17) of the Internal Revenue Code, as adjusted prospectively pursuant to Section 415(d) of the Internal Revenue Code, are incorporated by reference.

Note: Authority cited: Sections 20120, 20121 and 75505, California Government Code. Reference: Section 75505, California Government Code.

Section 599.146. Compliance with Section 401(a)(31)(B) of the Internal Revenue Code.

In complying with the requirements of Section 7513 of the Government Code and Section 401(a)(31)(B) of the Internal Revenue Code (and subject to Section 75613 of the Government Code) in the event of a mandatory distribution greater than \$1,000 where the member does not elect to have such distribution paid directly to an eligible retirement plan specified by the member in a direct rollover or to receive a distribution directly, such distribution shall be paid in a direct rollover to an individual retirement plan designated by the board.

Note: Authority cited: Sections 20120, 20121 and 75505, California Government Code. Reference: Sections 7513, 75521 and 75505, California Government Code.

Adoption of SUBCHAPTER 2.4, Article 1, Sections 599.160, 599.161, 599.162, 599.163 and 599.164 of Chapter 2 of Division 1 of Title 2 of the California Code of Regulations

## SUBCHAPTER 2.4. LEGISLATORS' RETIREMENT FUND REGULATIONS

### Article 1. Plan Qualification Requirements for the Legislators' Retirement Fund.

#### Section 599.160. Definitions.

For purposes of the regulations contained in this subchapter, the term "the plan" or "system" means the Legislators' Retirement System.

Note: Authority cited: Sections 20120, 20121, 9353 and 9354.1, California Government Code. Reference: Sections 9350.2 and 9353, California Government Code.

#### Section 599.161. Compliance with Section 401(a) of the Internal Revenue Code.

The Legislators' Retirement System is intended to constitute a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code, and as such, the system and all benefits payable thereunder are intended to satisfy all requirements of Section 401(a) of the Internal Revenue Code that apply to such a governmental plan.

Note: Authority cited: Sections 20120, 20121, 9353 and 9354.1, California Government Code. Reference: California Constitution, Article XVI, Section 17; Sections 9353 and 9354.1, California Government Code.

#### Section 599.162. Exclusive Benefit Requirement.

Pursuant to Internal Revenue Code Section 401(a)(2), the corpus or income of the Legislators' Retirement System's trust may not be diverted to or used for purposes other than the exclusive benefit of the members or their beneficiaries, nor shall there be a reversion of trust funds except as permitted by Revenue Ruling 91-4.

Note: Authority cited: Sections 20120, 20121, 9353 and 9354.1, California Government Code. Reference: California Constitution, Article XVI, Section 17; Sections 9353 and 9354.1, California Government Code.

#### Section 599.163. Vesting of Benefits Upon Certain Events.

A member's right to his or her accrued benefits shall become nonforfeitable on (a) attainment of the normal retirement age required to entitle such a member to receive a service retirement allowance or (b) termination of the plan, to the extent funded, subject to Sections 7522.70, 7522.72, and 7522.74 of the Government Code, as applicable.

Note: Authority cited: Sections 20120, 20121, 9353 and 9354.1, California Government Code. Reference: Sections 9353 and 9354.1, California Government Code.



Section 599.164. Minimum Required Distributions.

Notwithstanding any other provision of the plan to the contrary, in complying with the requirements of Section 20731 (incorporated by reference through Government Code Sections 9353 and 9354.1) of the Government Code, distributions from the plan shall be made in accordance with a reasonable and good faith interpretation of Section 401(a)(9) of the Internal Revenue Code, including the incidental death benefit requirement in Section 401(a)(9)(G) and the Treasury Regulations thereunder, pursuant to Treasury Regulation Section 1.401(a)(9)-1, Q&A-2(d).

Note: Authority cited: Sections 20120, 20121, 9353 and 9354.1, California Government Code. Reference: Sections 9353, 9354.1 and 20731, California Government Code.