


NAGDCA ANNUAL CONFERENCE 2009

NAGDCA: An Environment For Learning

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NAREIT



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NAGDCA Vision

To advance the public sector defined contribution community to enable government workers to save for a secure retirement.




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NAGDCA Mission

NAGDCA's mission is:

- to unite representatives from state and local governments along with private sector organizations that service and support defined contribution plans.
- to foster growth in professional development through networking, educational opportunities and information sharing.
- to promote and support federal legislative initiatives for the advancement of government retirement plans.



Evolution and Growth of NAGDCA Association

- Founded in 1980 as National Association of State Defined Contribution Administrators.
 - 1980 – First Conference – Chicago – 150 delegates
 - 2009 Conference – Austin – 573 attendees pre-registered



Evolution and Growth of Association – (Cont.)

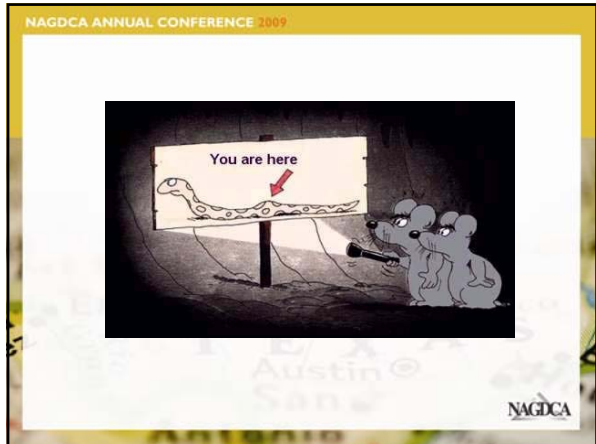
- Initial Financing: \$60,000 in Grants
 - Grants from the U.S. Office of Personnel Management and the Illinois Department of Personnel.
- Initial Activities
 - national conference
 - quarterly newsletters
 - funding for a project assistant.

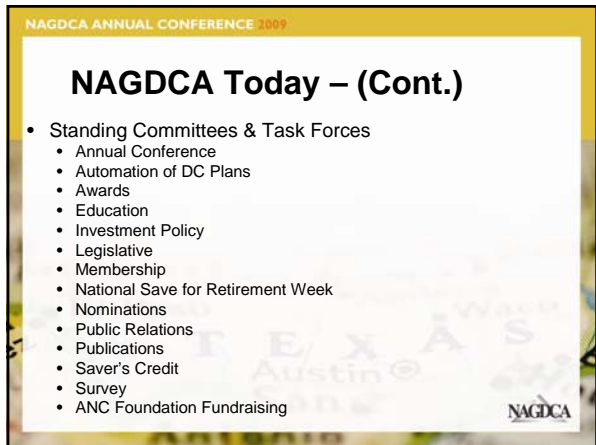


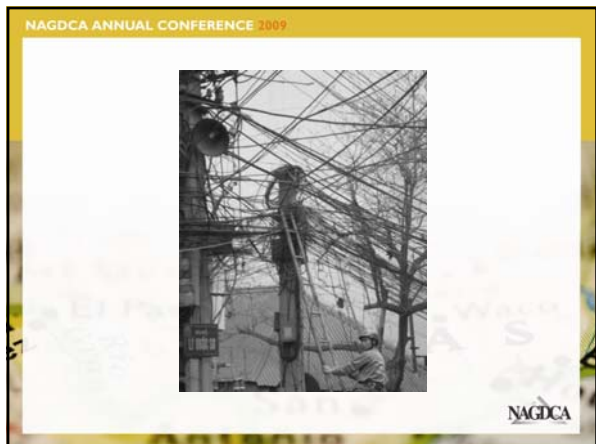
NAGDCA Today

- 7 Member Executive Board plus Industry Observer
- 8 Member Industry Committee
- 14 Standing Committees & Task Forces
- ANC Foundation
- Headquarters Staff – AMR Management Services









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NAGDCA Membership

- Government Members - Total number 185
- Industry Members - Total Number 288
- Retired Members - 26

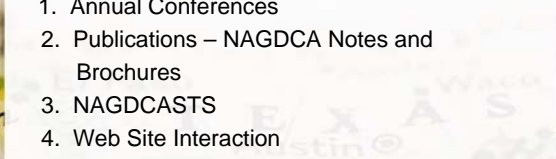





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Primary Member Services and Products

- Legislative Representation and Leadership
- Education
 1. Annual Conferences
 2. Publications – NAGDCA Notes and Brochures
 3. NAGDCASTS
 4. Web Site Interaction





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Primary Member Services (cont.)

Association to Members

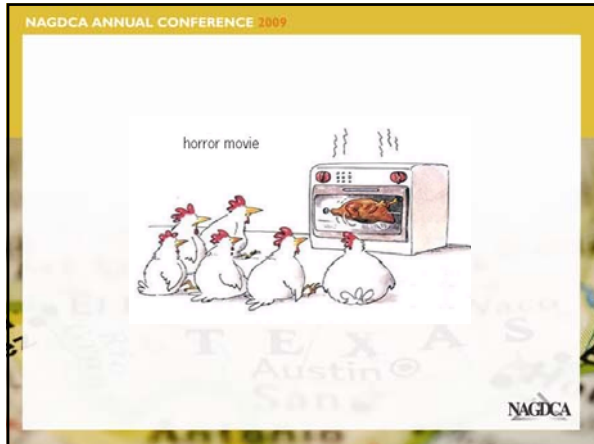
- Fast Facts – Bi-monthly news
- Quarterly Online Newsletter
- Web Site – www.nagdca.org
- Listserv
- Clearinghouse

Member to Member

- Web Site
- Listserv
- Networking







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Maximizing Your Membership

- Attend the annual meeting.
- Write articles for quarterly newsletters.
- Utilize and participate in Listserv activity.
- Participate in NAGDCASTS.
- Volunteer for task forces or committees.
- Serve as speakers for conference sessions or NAGDCASTS.

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Maximizing Your Membership – (Cont.)

- Participate in the Leadership Recognition Award program.
- Utilize the NAGDCA Website.
- Mentor a student at the annual conference.
- Utilize online *Clearinghouse* (RFPs, contracts, communications and items of interest)

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NAGDCA Industry Affiliations

- International Foundation for Retirement Education (InFRE)
- Industry Advocacy Coalition (20 member organizations):
 - National Association of State Retirement Administrators
 - National Council on Teacher Retirement
 - Government Finance Officers Association
 - National Association of Counties
- International Foundation of Employee Benefit Plans (IFEBP)
- 401(k) Profit Sharing Council of America
- National Financial Education Literacy Network

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Available DC Plans in Public Sector

401	403(b)	457
401 plans with (k) feature ("401(k) plans") only available if "grandfathered"	Available to public school or university or entity treated as educational institution	Available to state and local government employers

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Fundamental Elements of DC Plans

- Employer-based programs allowing individuals to save for retirement
- Savings generally receive beneficial tax treatment
- Individual accounts are maintained for each plan participant

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Fundamental Elements of DC Plans

- Generally, participants exert control over at least some, if not all account investments
- Benefits are based on amounts accumulated (contributions and earnings, net of losses and expenses)
- Specific rules apply to when and how assets may be withdrawn



History of 457 Plans

- **1968** – First plan activated in Utah.
- **1977** – 22 states and local governments had activated plans.
- **1979** – Section 457 becomes effective on January 1.
 - Section 401(k) was also added and opened to public sector employers through 1985.



History of 457 Plans – (Cont.)

- Tax Reform Act of 1986.
 - New Distribution Rule
 - Expanded Rollover Provision
 - Increased Contribution Limits
- 1996 – The Small Business Job Protection Act
 - increased maximum contributions.
 - plan assets required to be held in trust, custodial account or qualified insurance contract.
 - permitted postponement of distribution start date.
 - granted distribution of small account balances.



History of 457 Plans – (Cont.)

- 2001 – The Economic Growth and Tax Relief Reconciliation Act (EGTRRA)
 - permitted portability of pension assets.
 - allowed service credits to be purchased with 457 and 403(b) assets.
 - provided flexible distribution rules.
 - raised and indexed annual contribution maximums to amounts equal to 401(k)s.
- 2003 – 457 Regulations are published. (Copies can be found on the NAGDCA website.)



History of 401(k) Plans

- 401(k) – is a cash or deferred arrangement where eligible employees can elect to have a portion of his or her compensation, contributed to a qualified retirement plan.
- 401(k) plans originated from defined contribution plans which allowed after tax contributions.
- 1956 - the IRS issued rulings which allowed these deferred amounts to be treated like employer contributions, therefore the taxes were deferred.
- 1972 - IRS proposed the elimination of the favorable tax treatment of CODA "cash or deferred arrangements" contributions, but in 1974 ERISA grandfathered existing CODAs.



History of 401(k) Plans – (Cont.)

- 1978 – Section 401(k) was added to the Internal Revenue Code.
- 1984 – Rules were modified including the requirement for testing to make sure contributions do not discriminate in favor of highly compensated employees.
- 1986 – The Tax Reform Act of 1986 further restricted 401(k) plans.
- 1992 – Rollover Rules were changed.
- 1996 – The Small Business Job Protection Act .
- 1998 – IRS allowed negative elections.
- 2001 – The Economic Growth and Tax Relief Reconciliation Act.
- 2006 – The Pension Protection Act encourage participation in 401(k) plans.



History of 403(b) Plans

- Deferred compensation or voluntary salary reduction plan for employees of a public school or other educational institution, or to 501(c)(3) organizations, often referred to as Tax Sheltered Annuities or TSAs. This investment vehicle allows eligible employees to make pre-tax contributions to purchase annuity contracts.



History of 403(b) Plans – (Cont.)

- Congress enacted Section 403(b) of the Internal Revenue Code in 1958. At that time, only 501(c)(3) organizations were allowed to offer tax sheltered annuities to their employees.
- In 1961, Congress extended these benefits to employees of a state, a political subdivision of a state, or an agency or instrumentality of any one of them, who perform services for an educational organization as described in 170(b)(1)(A)(ii).



History of 403(b) Plans – (Cont.)

- **1958** - Added to the Internal Revenue Code by the Technical Amendments Act.
- **1964** - was the first Treasury Regulation proposal and was finalized, in part, in 1980 under Section 415 regulations.
- **Revenue Act of 1978** - expanded 403(b) plans to permit custodial accounts (mutual fund investments).
- **Tax Reform Act of 1986** - made major changes to 403(b) plans.
- **1996** - Small Business Job Protection Act.
- Economic Growth and Tax Relief Reconciliation Act of 2001.
- **2007** – IRS issued final regulations for 403(b) plans.



What To Expect At the Annual Conference

- Education – Issues and Answers
 - Breakout sessions
 - IRS Update
- Legislative Updates
 - Washington Report
- Contacts/Networking



Get Involved with NAGDCA!

- Attend as many sessions and events as possible.
- Introduce yourself to conference speakers and other attendees.
- Ask delegates with committee ribbons or staff how to get involved.
- Volunteer for a committee and taskforce.
- Volunteer forms are available online at www.nagdca.org.



Q & A