



National Association of Government Defined Contribution Administrators, Inc.

2018 LEGISLATIVE PRIORITIES

PROTECT AND ENHANCE GOVERNMENTAL
DEFINED CONTRIBUTION PLAN FEATURES

PASS A RESOLUTION SUPPORTING NATIONAL RETIREMENT SECURITY WEEK

To elevate the importance of personal retirement planning, we encourage the House and the Senate to introduce and pass a resolution to support National Retirement Security Week again in 2018.

PRESERVE IMPORTANT UNIQUE PLAN FEATURES

Efforts to “consolidate” or “streamline” retirement plans, replacing existing 401(k), 457(b), and 403(b) plans and/or eliminating unique plan features, could have serious unintended consequences.

Do Not Impose “Rothification”

Mandating retirement incentives toward after-tax savings would result in reduced retirement savings overall. NAGDCA’s 2016 Benchmarking survey determined that while 64 percent of plans offered a Roth option, only .03 percent of reported assets were Roth assets. Retain flexibility for participants.

Protect Distribution Choice

Retain the 457(b) plan exemption from the ten percent excise tax penalty for early distribution. Although rarely used, participants are reassured by knowing that flexibility exists in the limited but important situations that may result in separation of service prior to age 59 ½.

Retain Special Catch-Up Provisions

This is often used by retiring public employees to defer significant payments upon their severance for accumulated vacation, sick leave and compensation time benefits.

ENHANCE DISTRIBUTION CHOICE

Extend Qualifying Charitable Distributions (QCDs) to 457(b), 401(a), 401(k) and 403(b) plans, as is permitted from IRA accounts.

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BUILD ROTH RESPONSIVENESS

Improve Roth 401(k), 403(b) and 457(b) plans, as follows:

Allow Roth 457(b), 401(k), 401(a) and 403(b) plan participants to elect to roll assets from Roth IRAs to these plans.

Exempt designated Roth contributions from required minimum distribution rules, as Roth IRA assets are presently exempt.

Allow the use of designated Roth assets to roll into 401(a) plans for the purchase of service credits.

ENHANCE ADMINISTRATIVE EFFICIENCY

Enhance simplicity, flexibility and choice in existing programs by:

Permitting non-spousal beneficiaries to roll assets to 457(b), 401(k), 401(a) and 403(b) plans.

Eliminating the “first day of the month” requirement in 457(b) plans so participants can more easily change contribution amounts.

NAGDCA’s mission is to be a premier provider of education, information, and training, to support plan sponsors and service providers of government-sponsored defined contribution retirement plans in creating successful retirement security outcomes for their plan participants.