

2019 LEGISLATIVE PRIORITIES

Protect and Enhance Governmental Defined Contribution Plan Features



National Association of Government
Defined Contribution Administrators, Inc.



SUPPORT 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 2018 Benchmarking survey determined that while 62 percent of plans offered a Roth option, only 0.3 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.



ROTH IMPROVEMENTS

Improve Roth plans as follows:

- Allow Roth 457(b), 401(k), 401(a) and 403(b) plan participants to elect to roll assets from Roth IRA’s to these plans.
- Exempt designated Roth contributions from required minimum distribution rules, as Roth IRA assets are presently exempt.



ENHANCE DISTRIBUTION CHOICE

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



ENHANCE ADMINISTRATIVE EFFICIENCY AND PROMOTE SAVINGS

Enhance simplicity, flexibility and choice 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.



ENHANCE INVESTMENT OPTIONS FOR 403(b) INVESTORS

Permit Collective Investment Trusts (CIT’s) and separate accounts as investment vehicles in 403(b) plans and deemed IRA’s as they are in other governmental plans.

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THE VOICE OF PUBLIC PLAN SPONSORS

National Association of Government Defined Contribution Administrators, Inc. (NAGDCA) mission is to be a premier provider of education, information, and training, to support plan sponsors and service providers of government-sponsored defined contribution plans in creating successful retirement security outcomes for their plan participants. For more information, please visit www.nagdca.org.