

# 2020 LEGISLATIVE PRIORITIES

## PROTECT AND ENHANCE GOVERNMENTAL DEFINED CONTRIBUTION PLAN FEATURES

### THE VOICE OF PUBLIC PLAN SPONSORS



### 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 IRAs as they are in other governmental plans.



### ENHANCE ADMINISTRATIVE EFFICIENCY AND PROMOTE SAVINGS

- Permit non-spousal beneficiaries to roll assets to 457(b), 401(k), 401(a) and 403(b) plans.
- Eliminate the "first day of the month" requirement in 457(b) plans so participants can more easily change contribution amounts.
- Both provisions are in the 2019 Portman-Cardin bill, S. 1431 (116) and in the 2017 Neal bill, H.R.4524 (115).



### 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.



### ENHANCE DISTRIBUTION CHOICE

Allow Qualifying Charitable Distributions (QCDs) from 457(b), 401(a), 401(k) and 403(b) plans, as they are from IRAs.

This provision is in the 2019 Portman-Cardin bill, S.1431 (116).



### IMPROVE ROTH PLANS

- Allow Roth 457(b), 401(k), 401(a) and 403(b) plan participants to roll Roth IRA assets to their plans.
- Exempt designated Roth contributions from RMD rules, just as Roth IRA assets are exempt.
- Both provisions are in the 2019 Portman-Cardin bill, S.1431, (116).



### SUPPORT NATIONAL RETIREMENT SECURITY MONTH

To elevate the importance of personal retirement planning, we encourage the House and the Senate to introduce and pass a resolution to support October as National Retirement Security Month in 2020.



National Association of Government Defined  
Contribution Administrators, Inc.

## **THE VOICE OF PUBLIC PLAN SPONSORS**

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 plans in creating successful retirement security outcomes for their plan participants. For more information, please visit [www.nagdca.org](http://www.nagdca.org).