



Sedgwick County...
working for you

Sedgwick County

525 North Main Street 3rd
Floor
Wichita, KS 67203

Legislation Text

File #: 16-145, **Version:** 1

In-Plan Roth Rollover/Transfer Election.

Recommended Action: Approve the Amendment to the 457 Plan for Roth Transfers.

The Small Business Jobs Act of 2010 ("Act") contains legislation that allows governmental 457(b) plans beginning January 1, 2011 to offer a designated Roth Account and allow the in-plan rollover of a distribution eligible for rollover to a Roth account. Both of these are optional features for a governmental 457(b) Plan. In order for a participant to make an in-plan rollover to a designated Roth account, the Plan must allow Roth contributions, the participant must be eligible to take a distribution from the Plan, and the distribution must be eligible for rollover. The American Taxpayer Relief Act of 2013 expands the provision for in-plan Roth rollovers to allow for in-plan Roth "transfers" which would allow a participant to transfer non-Roth money to a corresponding Roth money sources as a taxable transaction.

Analysis:

The 457 Board has thoroughly researched the Act and reviewed the addition of the in-plan rollover and in-plan Roth transfer and has agreed to make this option available to Sedgwick County Plan participants. Because our plan allows loans and hardships, the in-plan Roth rollover/transfer money source will be applied in the same manner as the Roth deferral money source.

Alternatives:

Financial Considerations:

Legal Considerations: The Board of County Commissioners voted to allow in-plan Roth transfers in December 2015, effective January 1, 2016. A corresponding change to the County's deferred compensation plan document is required to be completed by December 31, 2016. Per County resolution, the plan document may be amended by a vote of the Board of County Commissioners. Approval of the amendment would require a simple majority vote.

Policy Considerations: