



SUMMARY REPORT

Agenda Date: 4/6/2021

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Sonoma County Employees' Retirement Association

Staff Name and Phone Number: Julie Wyne 707-565-8103

Vote Requirement: Majority

Supervisory District(s): Countywide

Title:

Amendment to the Required Minimum Distribution Rules Regulation of the Sonoma County Employees' Retirement Association.

Recommended Action:

Adopt a Resolution approving Sonoma County Employees' Retirement Association's Regulation Amendment on Required Minimum Distributions Rules to comply with changes in Federal and State law.

Executive Summary:

The Sonoma County Employees' Retirement Association (SCERA) has adopted an Internal Revenue Code compliant minimum distribution regulation, as provided for by statute. Gov. Code §31525, *et seq.* Such regulations become effective when approved by the County Board of Supervisors. The SCERA Regulations for Internal Revenue Code §401(a)(9), Required Minimum Distribution Rules (SCERA Regulation) were adopted September 9, 2014 and since that time changes in federal and state law have taken place. On December 17, 2020, the SCERA Board of Retirement approved the amendments to the SCERA Regulation now being presented to the Board of Supervisors for approval by Resolution.

Discussion:

Federal tax law, set forth at 26 Code of Federal Regulations § 1.401(a)(9), establishes the age by which a retirement plan participant must begin to take distributions from a qualified plan, such as SCERA. The purpose of requiring distributions is to ensure that the pre-tax retirement savings are used for retirement, not as a vehicle for passing assets to future generations.

The Federal Setting Every Community Up for Retirement Enhancement (SECURE) Act, effective January 1, 2020, allowed an increase in the age at which a participant in an employer-sponsored retirement plan, like SCERA, must generally begin taking required minimum distributions, to the year in which they reach age from 70 ½ to 72. California enacted an amendment to the County Employees Retirement Law in Stats. 2020, Ch. 275, Sec. 49 (AB 2101), effective January 1, 2021, Section 49 of which amended California Government Code section 31706 to allow county retirement plans, such as SCERA, to implement the increased age 72 required minimum distribution age.

The proposed Resolution approves an amendment to the SCERA Regulation to effectuate this change,

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consistent with federal law and the California County Employees Retirement Law.

Prior Board Actions:

Approved Tax related SCERA Regulations, September 9, 2014.

FISCAL SUMMARY

Expenditures	FY 20-21 Adopted	FY21-22 Projected	FY 22-23 Projected
Budgeted Expenses			
Additional Appropriation Requested			
Total Expenditures			
Funding Sources			
General Fund/WA GF			
State/Federal			
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources			

Narrative Explanation of Fiscal Impacts:

None.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

None.

Attachments:

- Att 1 SCERA Resolution with Exhibit A - Amended SCERA Regulation
- Att 2 Amended SCERA Regulation showing line edits and revisions
- Att 3 Board of Retirement 12.17.2020 Meeting Minutes, partial

Related Items "On File" with the Clerk of the Board:

None.

