

The following Board Rules are posted for public comment for 30 days (comment period ending July 26, 2017). Comments should be sent to Greta Bassett-Seymour at greta.bassett-seymour@mpers.org.

1-9 Benefits Are Nonforfeitable If Plan Terminates¹

Upon termination of the plan, a member's interest as of such date shall be nonforfeitable to the extent funded.

1-10 Compliance with Internal Revenue Code and Regulations Incorporated by Reference²

Section 104.605, RSMo., allows the system to make certain rollover distributions in compliance with the Internal Revenue Code and regulations.

A distributee may elect, at the time and in the manner prescribed by the system, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee (a "direct rollover"). A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving spouse and the employee's or former employee's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code, are distributees with regard to the interest of the spouse or former spouse.

An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated beneficiary, or for a specified period of 10 years or more; any distribution to the extent such distribution is required under Section 401(a)(9) of the Code; and any hardship distribution. A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in Section 408(a) or (b) of the Code, or effective January 1, 2007, such amount may be transferred in a direct trustee-to-trustee transfer to a qualified trust described in Section 401(a) of the Code or an annuity contract described in Section 403(b) of the Code that agrees to separately account for amounts so transferred, including separately account for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, a Roth IRA described in Section 408A(b) of the Code (effective for distributions after December 31, 2007), an annuity plan described in Section 403(a) of the Code, or a qualified plan described in 401(a) of the Code, that accepts the distributee's eligible rollover distribution. An eligible retirement plan shall also mean an annuity contract described in Section 403(b) of the Code and an eligible plan under Section 457(b) of the Code which is maintained by the state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan.

¹ Approved June 22, 2017. Added in response to IRS determination letter inquiry.

² Approved June 22, 2017. Added in response to IRS determination letter inquiry.

Effective for distributions after December 31, 2009, a non-spouse beneficiary may elect to receive his or her distribution from the Plan in the form of a direct trustee-to-trustee transfer to an eligible retirement plan in accordance with Section 402(c)(11) of the Code.

1-11 Internal Revenue Code Compliance with USERRA and the HEART Act³

Sections 104.030 and 104.1021, RSMo., require that employees shall receive creditable service for all military time as required by state and federal law. Specifically, any member who completes military service or training on or after December 3, 1974, shall receive creditable service and salary credit mandated by federal law under the Vietnam Era Veteran's Readjustment Act of 1974 and the Uniformed Services Employment and Reemployment Rights Act of 1994 or any successor thereto, or as otherwise provided under federal or state law.

Effective December 12, 1994, notwithstanding any provision of the Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service will be provided in accordance with Section 414(u) of the Code. In compliance with the Heroes Earnings Assistance and Relief Tax Act of 2008, if a member dies while performing qualified military service on or after January 1, 2007, the survivors of the member are entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the member had resumed employment and then experienced a termination of employment on account of death. For years beginning after December 31, 2008: (a) an individual performing service in the uniformed services (as described in Section 3401(h)(2)(A) of the Code) for a period of more than 30 days receiving a differential wage payment from an employer shall be treated as an employee of such employer; and (b) the differential wage payment (as described in Section 3401(h)(2) of the Code) shall be treated as compensation.

1-12 Required Minimum Distributions⁴

Effective July 1, 2011, in accordance with Internal Revenue Code Section 401(a)(9) and related Treasury Regulations regarding required minimum distributions, distributions will be made no later than the April after a vested deferred member attains age 70½ or when an active member retires, whichever is later.

1-13 Actuarial Equivalent Reduction Factors for Various Survivor Options⁵

Effective July 1, 2011, reduction factors used to determine the amount of any optional benefit (specifically survivor benefits) that are the actuarial equivalent of the normal retirement benefit payable under the plan, can be found in MPERS' handbooks for the corresponding plan online at www.mpers.org or a printed copy will be provided upon request. These assumptions may be amended from time to time as required by law or upon adoption by the Board of Trustees.

1-14 Compliance with United States v. Windsor and Application of Same-Sex Marriage Laws⁶

Effective June 26, 2013, as a result of the United States Supreme Court decision United States v. Windsor, MPERS recognizes same-sex marriages for the following purposes: eligible rollover distributions applicable to the plan, required minimum distributions provided under IRC 401(a)(9), and for federal tax withholding

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⁴ Approved June 22, 2017. Added in response to IRS determination letter inquiry.

⁵ Approved June 22, 2017. Added in response to IRS determination letter inquiry.

⁶ Approved June 22, 2017. Added in response to IRS determination letter inquiry.

purposes. For these purposes, Section 104.012, RSMo., does not apply and the definition of spouse shall now include marriage between a man and woman as well as legally married individuals of the same gender.

Effective December 1, 2014, as a result of a policy change at the Board's direction and in response to the changing legal climate in regards to the treatment of same-sex couples, MPERS will treat as unenforceable Section 104.012, RSMo. For purposes of administering all of the laws and rules of the Plan, the definition of "spouse" shall now include marriage between a man and woman as well as legally married individuals of the same gender. The United States Supreme Court decision of Obergefell v. Hodges (June 2015) reaffirmed this policy change.