Retirement System

Retirement Board

Chapter 2: Direct Rollovers

Effective Date: 07/24/2014 to Current

Rule Type: Current Rules & Regulations

Reference Number: 072.0003.2.07242014

CHAPTER 2 DIRECT ROLLOVERS

Section 1. Direct Rollovers.

(a) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Chapter, a distributee may elect, at the time and in the manner prescribed by the Board, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

Section 2. Definitions.

(a) The following definitions shall apply for purposes of the words and phrases used in this Chapter:

(i) "Eligible rollover distribution" means 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 which, under the Internal Revenue Code or any regulations thereunder, may not be rolled over, such as:

A. 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 ten years or more;

B. Any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code; or

C. After-tax amounts unless such amount is rolled over or transferred (i.e., directly rolled over) to an individual retirement account described in Section 408(a) of the Internal Revenue Code, an individual retirement annuity described in Section 408(b) of the Internal Revenue Code, or a Roth individual retirement account described in Section 408A of the Internal Revenue Code; or such amount is transferred (i.e., directly rolled over) to either (1) a qualified trust which is part of a plan which is a under Section 401(a) of the Internal Revenue Code or (2) an annuity plan described in Section 403(b) of the Internal Revenue Code provided that either such type of plan will separately account for the distribution, including the taxable and non-taxable portions of the distribution, in a direct trustee-to-trustee transfer.

(ii) "Eligible retirement plan" is any program defined in Section 402(c)(8)(B) of the Internal Revenue Code, that accepts the member or contributor's eligible rollover distribution, as follows:

A. An individual retirement account described in Section 408(a) of the Internal Revenue Code;

B. An individual retirement annuity described in Section 408(b) of the Internal Revenue Code (other than an endowment contract);

C. A qualified trust;

D. An annuity plan described in Section 403(a) of the Internal Revenue Code;

E. An eligible deferred compensation plan described in Section 457(b) of the Internal Revenue Code that is maintained by an eligible employer described in Section 457(e)(1)(A) of the Internal Revenue Code (so long as the plan agrees to separately account for amounts rolled into the plan);

F. An annuity contract described in Section 403(b) of the Internal Revenue Code; and

G. A Roth individual retirement account described in Section 402A of the Internal Revenue Code, subject to the limitations set forth in the Internal Revenue Code provision.

(iii) Notwithstanding the foregoing, with respect to a non-spouse beneficiary described in paragraph (iv)(D) below, an eligible retirement plan means an individual retirement annuity described in Section 408(b) of the Internal Revenue Code or a Roth individual retirement account described in Section 408A(b) of the Internal Revenue Code provided in either case that it is established on behalf of the non-spouse beneficiary and will be treated as an inherited individual retirement account pursuant to the provisions of Sections 402(c)(11) and 408(d)(3)(C)(ii) of the Internal Revenue Code.

(iv) "Distributee" means:

A. An employee or former employee;

B. The employee's or former employee's surviving spouse;

C. 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 Internal Revenue Code, with respect to the interest of the spouse or former spouse; and

D. The employee's or former employee's designated non-spouse Beneficiary.

(v) "Direct rollover" means a payment by the Plan to the eligible retirement plan specified by the distributee.