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MEMORANDUM

To: Audit & Governance Committee (Committee)
From: John Meyer, Director of Contributions and Plan Management
Sent: May 14, 2019
Subject: Plan Amendment

The following plan amendment recommendation is presented for consideration:

Eliminate Suspension of Contribution Provision

The Bipartisan Budget Act passed in 2018 directed the U.S. Treasury to update its safe harbor regulations for 401(k) and 403(b) plans. The Budget Act includes eliminating the required six-month suspension of contributions to a participant's 403(b) account after receipt of a hardship withdrawal. This change in Federal legislation will require the State's 403(b) plan document to be updated in regards to hardship distributions. The change does not apply to 457(b) plans.

The specific section that will need to be amended is:

5.5 **Hardship Withdrawals.** (a) Hardship withdrawals shall be permitted under the Plan to the extent permitted by the Individual Agreements controlling the Account assets to be withdrawn to satisfy the hardship. If applicable under an Individual Agreement, no Elective Deferrals or Roth Contributions shall be allowed under the Plan during the 6-month period beginning on the date the Participant receives a distribution on account of hardship. No Elective Deferrals or Roth Contributions shall be allowed under the Plan for 6 months under this provision if the Participant receives a hardship distribution on account of hardship from their current Employer of any Related Employer."

Recommendation

The Committee recommends to the Board to request Ice Miller to draft an amendment to update the 403(b) plan document.