SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF RETIREMENT
BYLAWS

ADOPTED BY THE SACRAMENTO COUNTY BOARD OF RETIREMENT
ON NOVEMBER 20, 2019 AND DECEMBER 18, 2019

ADOPTED BY THE SACRAMENTO COUNTY BOARD OF SUPERVISORS
ON MARCH 10, 2020

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CHAPTER 1

ADMINISTRATION

Sec. 1. Retirement System: Definition and Title

The Retirement System is that combination of elements such as the assets, liabilities, and the Retirement Board, arising out of and subject to the County Employees' Retirement Law of 1937 (Government Code Section 31450 et seq.). The Retirement System, as made applicable to Sacramento County by provisions of said Retirement Law and Ordinance No. 283 passed April 30, 1941, shall be known as the Sacramento County Employees' Retirement System. Henceforth, all property shall be held in the name of the Retirement System and all liabilities shall be incurred in the name of the Retirement System.

Sec. 1.1. Retirement Association: Organization

There is organized in Sacramento County a retirement association of active, inactive and retired members as provided in Government Code Section 31450 et seq., which shall be members of and participants in the benefit plan administered by the Retirement System.

Sec. 1.2. Retirement Board

The Retirement Board is the governing body for both the Retirement System and the benefit plan administered by the Retirement System.

Sec. 1.3. Bylaws

These Bylaws as adopted herein pursuant to Government Code Sections 31525, 31526, and 31527 are intended to be the rules and regulations governing the operation of the Retirement Board and the administration of the Retirement System.

Sec. 2. President

At the first regular meeting in July of each year, or as soon thereafter as possible, the Retirement Board shall elect one of its members President for a term of one year, or until a successor is duly elected and qualified. The President of the Retirement Board shall preside over the meetings of the Board, shall preserve order and decorum, and shall decide questions of order, subject to appeal to the Board. The President shall be entitled to vote on all matters before the Board.

Sec. 3. Vice President

At the first regular meeting in July of each year, or as soon thereafter as possible, the Retirement Board shall elect one of its members Vice President for a term of one year, or until a successor is duly elected and qualified. In the absence of the President from any meeting of the Board, the Vice President shall perform all the duties of the President at the meeting as specified in Section 2.

Sec. 4. Vacancy of Office

If either the President or Vice President for any reason fails to complete a term, the Retirement Board shall elect a successor for the balance of the unexpired term at its next regular meeting, or as soon thereafter as possible.

Sec. 5. Chief Executive Officer

The Board shall appoint a Chief Executive Officer, and the Chief Executive Officer shall act as Retirement Administrator and Secretary to the Board.

CHAPTER 2

MEETINGS

Sec. 6. Regular Meetings

Regular meetings of the Retirement Board shall be held at a time and place set by resolution of the Retirement Board in accordance with Government Code Sections 54954, 54954.2, and 54954.3.

Sec. 7. Special Meetings

Special meetings of the Retirement Board may be called by the President or a majority of the members of the Board, as provided in Section 54956 of the Government Code of the State of California.

Sec. 8. Order of Business

The regular order of business of the Retirement Board shall be as determined by the Board and as set forth in the Agenda for its meetings.

Sec. 9. Quorum

Five (5) members of the Retirement Board shall constitute a quorum. No act of the Retirement Board shall be valid unless a majority of the total membership of the Board concur therein.

Sec. 10. Succession of Officers

In the event the President is absent, the Vice President shall act as President.

Sec. 11. Communications

Any member of the Association and any member of the public shall have the opportunity at any regular meeting to directly address the Retirement Board on items of interest to the membership and/or the public which are not on the agenda of the regular meeting and which are within the jurisdiction of the Retirement Board subject to the provisions of Government Code Section 54954.3.

Sec. 12. Minutes

The Chief Executive Officer shall cause to be recorded in the minutes the time and place of each meeting of the Retirement Board, the names of members present, all official acts of the Retirement Board, and the votes of each member of the Board except where the action is unanimous. If requested by a member, the reasons for the member's vote shall also be recorded. The proposed minutes for each meeting shall be prepared and distributed to the Board members as soon as possible after each meeting for approval and adoption as official minutes at the next regular Board meeting. The officially adopted minutes, or a copy thereof, submitted and signed by the Chief

Executive Officer and signed by the President, shall be a part of the permanent records of the Retirement Board. A copy of the official minutes for each meeting shall be given to each member of the Retirement Board.

Sec. 13. Rules of Order

The President shall rule on all procedural matters or questions not specifically covered by these rules, subject to appeal to all Board members present.

Sec. 14. Committees

The President shall have the authority to appoint Committees on an as needed basis to assist the Board. The committees shall consist of not less than three Board members and shall designate one as Chairperson. The Committee shall act in an advisory capacity to the Board on the matters specified by the Board and included in the Committee charter. The Committee meetings shall be called by the Committee Chairperson or the Board President.

CHAPTER 3

MEMBERSHIP

Sec. 16. Regular Employees/Permanent Part-time Employees

All regular employees shall become members of the Retirement System on the first day of their employment in a position requisite for membership, except as otherwise provided herein.

A regular employee hired after turning sixty (60) years of age may waive membership in the retirement System upon proper application to the Retirement Board.

As used in these Regulations, "Regular Employee" means an employee occupying a full-time position or permanent part-time position and paid a salary as provided in the annual salary ordinance.

Sec. 17. Regular Pay

The retirement contributions of regular employees shall be based upon regular salary in a two-week pay period as provided in the annual salary ordinance.

Sec. 18. Exclusions

In accordance with Subdivision (e) of Section 31527 of the Government Code, temporary, seasonal, intermittent, and part-time employees who work less than the full standard hours required in the District or County, are excluded from membership in the Sacramento County Employees' Retirement System. Notwithstanding the foregoing, any regular employee whose employment is changed to part-time shall continue to be a member and make contributions on a pro rata basis.

a. "Temporary Employee," as used in these Regulations, means any employee whose position is paid on a per diem basis until he or she is reported to the County Auditor as a regular employee by the head of the Department or Agency by which he or she is employed.

b. "Seasonal or Intermittent Employee," as used in these Regulations, means an employee whose service is not regular in nature, but periodic, and recurrent at intervals.

c. "Part-time Employees," as used in these Regulations, means an employee whose services are not required for the full standard hours required by the County or District.

Sec. 19. Minimum Compensation

Employees receiving compensation amounting to less than $80 per month, including maintenance valued according to the schedule adopted by the Board of Supervisors in the current Salary Ordinance, are hereby excluded and exempted from membership in the Retirement System.

For the purpose of these Regulations, any member of the Retirement System whose salary is reduced to an amount less than $80 per month may discontinue his membership in the Retirement System and withdraw his accumulated contribution if he or she so elects in writing to the Retirement Board. If he or she does not file such written notice with the Board within 180 days after the effective date of such reduction in salary, he or she shall remain a member.

Sec. 20. Compensation Earnable or Pensionable Compensation

The amount of retirement contributions from a member or an employer, shall be determined according to the County Employees' Retirement law of 1937 (CERL) or Public Employees' Pension Reform Act of 2013 (PEPRA), as applicable.

Sec. 21. Installment Payments of Contributions Redeposit

Under unusual circumstances, the Board may authorize the deposit or redeposit of contributions required to be made by installment payments over a period of time not to exceed the time for which the member has elected to receive credit, or a longer period as determined by the Board. In no event shall any installment payment be less than twenty-five dollars ($25) biweekly.

CHAPTER 4

MISCELLANEOUS

Sec. 26. Sworn Statement

Every member of the Sacramento County Employees' Retirement System shall, upon his entry into the Retirement System, file with the Retirement Board a sworn statement in the manner and form prescribed by the Retirement Board.

Sec. 26.1 Electronic Signatures

The Board of Retirement may use and accept a document requiring a signature that is submitted by the member or a beneficiary using an electronic signature, if the document and electronic signature are submitted using technology the Board deems sufficient, as set forth in policies adopted by the Board, to ensure its integrity, security, and authenticity. The Board may also adopt policies setting conditions, restrictions, and/or parameters on the use and acceptance of such signatures. A document submitted pursuant to the Board-adopted policy shall be given the same force as a signed, valid original document.

Sec. 27. Prior Service

Pursuant to Sections 31643 and 31644 of the Government Code, "prior service" means all service rendered by an employee prior to July 1, 1941, regardless of interruptions. "Prior service" does not include any time for which no compensation was received and no retirement service credit shall be given for such time.

Sec. 28. Proof of Birth

All members of the Retirement System upon making application for any retirement allowance, or when requested, shall submit proof of birth that indicates the member's exact date of birth. If there is any uncertainty or conflict in the available evidence, the Board shall determine the member's date of birth on the basis of such evidence as the Board deems most reliable. All retirement calculations shall be based on the date of birth as determined by the Board. Proof of birth may be established by a California Real ID, valid California driver’s license, birth certificate, marriage license, armed forces discharge, old insurance papers, baptismal certificate, or an entry in a family Bible. The Board may accept any of the above documents as proof of birth or any other document which the Board deems appropriate. A copy or extract of any paper or document accepted by the Board as proof of birth shall become a permanent part of the member's retirement record.

Sec. 29. Hearings

a. Any member of the Retirement Association shall be entitled to request a hearing before the Retirement Board on any matter directly affecting the retirement rights or benefits of the member. Upon receiving such a request, the Chief Executive Officer shall set the request for hearing before the Retirement Board and shall give notice to the member so requesting of the date, time, and place of hearing of the request

b. The Retirement Board may, on its own motion, set any matter for hearing which will directly affect the retirement rights or benefits of a specific member of the Association. Notice shall be given to the affected member of the time and place of the hearing.

c. Nothing in these Regulations shall prevent the Retirement Board from considering and taking action on any application for retirement or any other matter affecting the individual rights or benefits of any member at a regular or special meeting as provided in Sections 6 and 7.

d. Nothing herein shall prevent any member of the Retirement Association or any member of the public from having the opportunity at any regular meeting of the Retirement Board to directly address the Retirement Board as provided in Section 11.

CHAPTER 5

DISABILITY RETIREMENT

Sec 30. Disability Retirement Procedures

a. The Board of Retirement (Board) may promulgate disability retirement procedures for the purpose of administering and making determinations on applications for disability retirement benefits submitted to SCERS by a member or other authorized person.

b. The purpose of the disability retirement procedures is to efficiently process disability applications, and when a hearing is held, ensure the applicant has notice of the hearing and an opportunity to present his/her case.

c. SCERS will periodically review the procedures to ensure that members are treated fairly by the process and with due process of law.

d. SCERS will ensure that the disability procedures and the disability handbook are prepared, updated and readily available to members of SCERS or the public at large.

Sec. 31. Definitions

The disability retirement procedures will include definitions of key terms designed to assist the member in successfully preparing a disability application and proceeding through the conclusion of the determination process.

Sec. 32. Overview of SCERS Disability Retirement Application Process

a. Application - A member, or other authorized individual, must file a completed and signed application for disability retirement benefits with SCERS to begin the review and determination process, including authorizing SCERS to obtain relevant records from medical providers and employers.

b. Records Release - Every member to whom an application for disability retirement benefits pertains shall execute and deliver to SCERS one or more written consents for release of the member's medical records and other pertinent information to SCERS, and provide a listing of names and addresses of all the member's medical providers.

c. Medical Records - Once the application is accepted by SCERS, the applicant is responsible for arranging for any and all medical records and reports the applicant wants SCERS to consider in making a determination on the application to be submitted to SCERS in a timely manner. SCERS may request/obtain additional records from applicant's medical providers, workers' compensation files, etc. if and as necessary.

d. Employer Information – SCERS will request records and information from the applicant's employer including job duties and requirements, job performance, Workers' Compensation claims, reasonable accommodation, etc.

e. Medical Evaluations - The Board may appoint one or more medical advisors (MA) to assist in analyzing medical records related to applications for disability retirement benefits. The MA will provide a *Report and Recommendation* to the Board. In certain circumstances, to assist the MA in completing the *Report and Recommendation*, the MA may request that the applicant submit to one or more physicians for an Independent Medical Evaluation (IME). If the matter is referred for an IME, the independent medical evaluator will provide the *Report and Recommendation* to SCERS.

f. Determination - The application for disability retirement, employment records and medical reports and opinions will form the basis for making a determination on the application and, if necessary, submission to a hearing officer.

Sec. 33. Medical Advisor's Report and Recommendation

The *Report and Recommendation* shall address the following issues in recommending a determination on the disability retirement application:

a. Whether the member is physically or mentally incapacitated from substantially performing the usual duties of his or her job with/or without accommodation.

b. Whether the incapacity is permanent.

c. Whether the incapacity is service-connected (if applicable).

d. Whether the member is able to perform other job duties based on restrictions imposed by the member's condition(s).

f. Whether the member's physical or mental incapacity was continuous from the date the member discontinued service to the time the application for disability retirement was filed with SCERS.

SCERS will provide the *Report and Recommendation* to all parties along with a *Request for Hearing* Form.

Sec.34. Request for Hearing

Should any party wish to request a hearing before a hearing officer, he or she must complete, sign and return the *Request for Hearing* Form. If a hearing is not requested, staff will prepare and submit a recommended determination on the disability retirement application for the Board's consideration and action.

Sec. 35. Scheduling the Hearing

If a hearing is requested, SCERS shall be responsible for scheduling hearing dates, and shall make a reasonable effort to coordinate mutually acceptable hearing dates with the applicant or the applicant's attorney.

Sec. 36. Hearing Procedures

The disability retirement procedures will include rules for preparing for the hearing, the presentation of evidence to a Hearing Officer, and the process by which a Hearing Officer will submit a *Proposed Findings of Fact and Recommended Decision* for consideration by the Board.

Sec. 37. Subpoena Powers

The Board may issue subpoenas and subpoenas duces tecum. Committees shall not have this power. Subpoenas shall be signed by the President or the Chief Executive Officer. The Board may delegate its subpoena power, and does so to the administrative law judges of the Office of Administrative Hearings. Subpoenas issued shall be transmitted to the party requesting the subpoena, which party shall have the sole responsibility for serving and enforcing the subpoena.

Sec. 38. Burden of Proof

The applicant has the burden of proving by a preponderance of the evidence each affirmative issue on which the application depends. If the applicant seeks to assert one or more of the legislative presumptions afforded by Government Code Sections 31720.5 (heart trouble), 31720.6 (cancer), 31720.7 (blood-borne infectious disease), or 31720.9 (illness due to exposure to biochemical substances), then the applicant first must establish his or her entitlement to invoke the asserted presumption by offering prima facie evidence of each foundational element required by the applicable Government Code section(s), and the presumption(s) so invoked shall be rebuttable as provided in the applicable section(s).

Sec.39. Board Consideration of Recommended Decisions

The disability retirement procedures will include rules for the Board's consideration of a *Proposed Findings of Fact and Recommended Decision* from a Hearing Officer, a *Report and Recommendation* from a medical advisor and/or independent medical evaluator, or a staff recommendation.

In considering a *Proposed Findings of Fact and Recommended Decision* from a hearing officer, the Board shall have the following options:

a. Approve and adopt the hearing officer's *Proposed Findings of Fact and Recommended Decision*; or

b. Require a transcript or summary of all the testimony, plus all other evidence received by the hearing officer. Upon the receipt thereof the Board of Retirement shall take such action as in its opinion is indicated by such evidence; or

c. Refer the matter back to the hearing officer with instructions for further review; or

d. Set the matter for hearing before itself using the same procedures applicable to hearings by a hearing officer insofar as possible. At such hearing the Board shall hear and decide the matter as if it had not been referred to the hearing officer.

Sec. 40. Dismissal of Application

The failure of an applicant to diligently pursue an application, including the submission of any and all required written documentation, may result in the dismissal of the application. Such a dismissal may cause the loss of certain monetary benefits or other rights and privileges. Upon the Board's own motion or a recommendation by the Chief Executive Officer, and notice to the applicant, the Board may dismiss any application which the Board finds, upon consideration of the facts presented to it, is not being diligently pursued.

Sec. 41. Final Administrative Action

The Board's determination on any application for disability retirement shall be deemed to be a final and conclusive administrative action subject to judicial review.

Sec. 42. Judicial Review

The disability retirement procedures shall specify that action to seek judicial review of the Board's determination is governed by the provisions of Section 1094.6 of the California Code of Civil Procedure. Any such petition must be filed no later than the ninetieth (90th) day following receipt of written notice from SCERS of the Board's determination.

CHAPTER 6

TAX REGULATIONS

Section 43.

On October 15, 2014, the Board of Retirement adopted seven sets of regulations designed to promote SCERS' continued compliance with the federal Internal Revenue Code ("IRC"). On September 22, 2015, the Board of Supervisors approved those regulations, whereupon they came into effect. In December 2019, the Board of Retirement determined that those regulations should be merged with these Bylaws.

Accordingly, those regulations, including any duly approved amendments thereto, are hereby merged and incorporated into these Bylaws, as follows:

a. "Regulation for IRC Code § 401(a)(9) – Required Minimum Distribution Rules" is hereby merged and incorporated into these Bylaws as Appendix A.

b. "Regulation for IRC Code § 401(a)(17) – Compensation Limit" is hereby merged and incorporated into these Bylaws as Appendix B.

c. "Regulation for IRC Code § 401(a)(31) and 402(c) – Rollovers" is hereby merged and incorporated as Appendix C.

d. "Regulation for IRC Code § 401(h) – Medical Benefits" is hereby merged and incorporated into these Bylaws as Appendix D.

e. "Regulation for IRC Code § 415 – Annual Limits" is hereby merged and incorporated into these Bylaws as Appendix E.

f. "Regulation for IRC Code § 401(a) – Distribution Restrictions" is hereby merged and incorporated into these Bylaws as Appendix F.

g. "Regulation for IRC Code § 401(a)(36) – Normal Retirement Age" is hereby merged and incorporated into these Bylaws as Appendix G.

h. The above regulations, as originally adopted, contain the phrase "effective as of [___________]." In every such instance, the phrase may be clarified and amended to read: "effective as of September 22, 2015."

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM BYLAWS

APPENDIX A

REGULATIONS FOR IRC CODE § 401(a)(9)

REQUIRED MINIMUM DISTRIBUTION RULES

REGULATIONS FOR IRC SECTION 401(a)(9)
MINIMUM REQUIRED DISTRIBUTIONS

SECTION I. GENERAL RULES

A. Purpose and Effective Date

In accordance with sections 31485.14, 31525 and 31706 of the California Government Code, the regulations set forth herein are effective as of September 22, 2015, except to the extent otherwise provided herein and reaffirm and clarify the existing practices of the Sacramento County Employees Retirement System (the "System") with respect to the minimum distribution requirements under section 401(a)(9) of the Internal Revenue Code (the "Code").

These regulations are intended to be in accordance with the Code and the applicable Treasury regulations. To the extent there is a conflict between these regulations and the Code and Treasury regulations, the applicable federal law will govern.

The System may establish reasonable procedures for complying with the minimum distribution requirements under section 401(a)(9) of the Code that it deems necessary or desirable to comply with applicable tax laws or for administrative purposes.

B. Reasonable Good Faith Interpretation of Code

In accordance with section 823 of the Pension Protection Act of 2006 ("PPA"), these regulations are promulgated in accordance with a reasonable good faith interpretation of section 401(a)(9) of the Code, and the Treasury regulations thereunder, as applicable to a governmental plan within the meaning of section 414(d) of the Code. For purposes of section 401(a)(9), Code means the Code and applicable Treasury regulations as they apply under a reasonable good faith interpretation of section 401(a)(9).

C. Elections Under TEFRA § 242(b)(2)

Notwithstanding the other requirements of this regulation to the contrary, distributions may be made under a designation made before January 1, 1984, in accordance with section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act.

Capitalized terms used in this Regulation are defined in Section VI. Terms defined in the County Employees Retirement Law apply here unless otherwise stated.

SECTION II. TIME AND MANNER OF DISTRIBUTION

A. Required Beginning Date

The Member's entire interest will be distributed, or begin to be distributed, no later than the Member's Required Beginning Date.

B. Forms of Distribution

1. Periodic And Other Forms Of Payments

   A Member's entire interest in the System shall be distributed in the form of RMD Annuity payments that meet the requirements of paragraph 2 of this subsection or in the form of a single sum or an insurance company annuity contract that meets the requirements of paragraph 3.a of this subsection. Payments may be made in a combination of these forms of payment and may include lump sum refunds or withdrawals of Member contributions or death benefits as provided in the CERL provided that these forms comply with a reasonable good faith interpretation of Code section 401(a)(9).

2. General Rules Regarding RMD Annuities

   If the Member's interest is to be paid in the form of an RMD Annuity, the RMD Annuity must meet the following requirements:

   a. Periodic

      RMD Annuities must be paid over equal payment intervals which may not be longer than one year.

   b. Distribution Period

      RMD Annuities will be paid over the life or lives of the Member and a beneficiary or over a period certain that does not exceed the maximum length of the period described in Section III or Section IV of this regulation.

   c. Increases

      RMD Annuities may not increase over time except in accordance with the rules in Section V.A.

   d. Change in Period Paid

      The period over which an RMD Annuity is paid can be changed only in accordance with Q&A-13 of section 1.401(a)(9)-6 of the Treasury regulations.

   e. Commencement

      Payment of the RMD Annuity must start no later than the Required Beginning Date.

3. Other Forms

a. Annuity Contract

If the Member’s interest is distributed in the form of an annuity contract purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Section 401(a)(9) of the Code.

b. Individual Account

Any part of the Member’s interest which is in the form of an individual account described in section 414(k) of the Code will be distributed in a manner satisfying the requirements of Section 401(a)(9) of the Code that apply to individual accounts.

C. Amount Required to be Distributed by Required Beginning Date and Later Payment Intervals.

The amount that must be distributed on or before the Member’s Required Beginning Date is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. All of the Member’s benefit accruals as of the last day of the first Distribution Calendar Year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the Member’s Required Beginning Date. If the Member dies before distributions begin, the same rules apply with reference to the date distributions are required to begin under section IV.A.1 or IV.A.2.

SECTION III. RMD ANNUITY DISTRIBUTIONS BEGINNING DURING MEMBER’S LIFE

The following rules must be met to comply with the requirements of the Code and this regulation for RMD Annuities that begin during the Member’s lifetime.

A. Single Life RMD Annuity

An RMD Annuity that begins no later than the Required Beginning Date and is paid for the Member’s lifetime only, with no benefits paid to any other person, meets the requirements of the Code and this regulation.

B. Joint and Survivor RMD Annuity - Death of Member After Benefits Begin

If Member dies after RMD Annuity payments have commenced to the Member, then distributions must continue to be made over the remaining period over which distributions commenced in accordance with the schedule of payments made to the Member. Reasonable delay for administration may occur, but in this case payments that should have been made in accordance with the original payment schedule must be made with the first resumed payment.

C. Joint and Survivor RMD Annuity With Spouse as the Sole Beneficiary

An RMD Annuity that begins no later than the Required Beginning Date and is paid for the Member's lifetime and the lifetime of the Member's surviving Spouse, with no benefits paid to any other person, meets the requirements of the Code and this regulation regardless of the difference in age of the Member and the Member's Spouse.

D. Joint and Survivor RMD Annuity When the Sole Beneficiary Is Not the Member's Spouse

1. Limit on Percentage of Member's RMD Annuity Paid to Non-Spouse Beneficiary

   The survivor annuity percentage of an RMD Annuity that begins no later than the Required Beginning Date and is paid for the Member's lifetime and the lifetime of a beneficiary other than the Member's surviving Spouse must not at any time exceed the applicable percentage of the RMD Annuity payment during the Member's lifetime, using the table set forth in Treasury regulation section 1.401(a)(9)-6, Q&A-2(c)(2), as determined in the manner described in Q&A-2(c)(1). This Treasury Regulation requires that the RMD Annuity payable to the Member's beneficiary after the Member's death not exceed the percentage of the RMD Annuity payable to the Member during the Member's life specified in the table if the adjusted age difference between the Member and the beneficiary is more than 10 years.

2. Rule Regarding Children of Member

   Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, if a survivor benefit is payable to a surviving child of the Member for a limited period of time (such as until the child reaches the age of 22), the survivor benefit shall be treated as payable solely to the surviving Spouse of the Member.

3. Rule Regarding Other Beneficiaries

   Solely to the extent required by section 401(a)(9) of Title 26 of the United States Code and under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(c) and taking into account the vested rights in retirement benefits created by the California Constitution, if a member elects Option 2 with a survivor benefit payable to a person other than a surviving Spouse of the Member (or surviving child under paragraph 2 of this subsection D), then the reduction in the member's benefit will be adjusted to provide an actuarially equivalent benefit based on only providing the highest survivor's allowance permissible under the calculation described in Treasury regulations section 1.401(a)(9)-6, Q&A-2(c) to the survivor. The provisions of this paragraph shall have retroactive effect to September 22, 2015.

E. Period Certain RMD Annuity

1. Spouse is the Sole Beneficiary

   If the Member's sole beneficiary is the Member's surviving Spouse, and the form of distribution is a period certain with no life annuity, the period certain may not exceed the joint life and last survivor expectancy of the Member and Spouse as determined in accordance with the Joint and Last Survivor Table set forth in section 1.401(a)(9)–9, Q&A-3, of the Treasury Regulations, using the Member's and Spouse's ages as of the Member's and Spouse's birthdays in the calendar year that contains the Annuity Starting Date.

2. Spouse is Not the Sole Beneficiary

   When the Member's surviving Spouse is not the sole beneficiary then the period certain may not exceed the period established under the Uniform Lifetime Table in Q&A-2 of Treasury regulations section 1.401(a)(9)-9 for the calendar year that contains the Annuity Starting Date. If the Member is younger than age 70 in that year, then the distribution period for the Member is the distribution period for age 70 increased by the difference between 70 and the age of the Member in the year of the Annuity Starting Date. Also see below regarding Designated Beneficiaries.

3. Rule Regarding Children of Member

   Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, the period certain distribution rules shall not apply to survivor benefits payable to children of the Member but the rules of section III.D above shall apply.

4. Rule Regarding Other Beneficiaries

   Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, if a period certain survivor benefit is payable to a person other than a surviving Spouse of the Member, then the present value (if any) of any benefit that would be in excess of the amount that can be paid in accordance with such regulation shall be paid to such person in a lump sum payment no later than one year after such person becomes entitled to a survivor benefit.

SECTION IV. DISTRIBUTIONS WHEN MEMBER DIES BEFORE BENEFITS BEGIN

If a Member dies before distributions begin, distributions after the death of the Member must meet the following requirements:

A. When Distributions Must Begin

1. Spouse is the Sole Designated Beneficiary

If the Member's sole Designated Beneficiary is the Member's surviving Spouse, then, except as provided in paragraph 5 of this subsection A, distributions to the surviving Spouse must begin by December 31 of the calendar year immediately following the calendar year in which the Member died or, if later, by December 31 of the calendar year in which the Member would have reached age 70 1/2.

2. Spouse is not the Sole Designated Beneficiary

If the Member's sole Designated Beneficiary is not the Member's surviving Spouse, then, except as provided in paragraph 5 of this subsection A, distributions to the Designated Beneficiary must begin by December 31 of the calendar year immediately following the calendar year in which the Member died.

3. No Designated Beneficiary

If there is no Designated Beneficiary as of September 30 of the year following the year of the Member's death, then distributions of the Member's entire interest must be completed by December 31 of the calendar year that contains the fifth anniversary of the Member's death.

4. Death of Surviving Spouse Who Is the Sole Designated Beneficiary

If the Member's surviving Spouse is the Member's sole Designated Beneficiary and the surviving Spouse dies after the Member but before distributions to the surviving Spouse are required to begin, then this section IV.A, other than section IV.A.1 applies as if the surviving Spouse were the Member.

5. Election of Five Year Rule

A Designated Beneficiary may elect, at the time and in the manner determined by the System, to have the five year rule of section IV.A.3 apply, but solely to the extent that the Designated Beneficiary may elect, under the CERL, a benefit which will be paid in the required time period.

B. When Distributions Are Considered to Begin

For purposes of this Section IV, unless Section IV.A.4 applies, distributions are considered to begin on the Member's Required Beginning Date. If Section IV.A.4 applies, distributions are considered to begin on the date distributions are required to begin to the surviving Spouse under Section IV.A.1. If distributions under an RMD Annuity meeting the requirements of this regulation commence to the Member before the Member's Required Beginning Date (or to the Member's surviving Spouse before the date distributions are required to begin to the surviving Spouse under Section IV.A.1), the date distributions are considered to begin is the date distributions actually commence.

C. Length of Distribution Period

1. Member Is Survived by a Designated Beneficiary

   a. General Rule

      If the Member is survived by a Designated Beneficiary, the Member's entire interest in the System shall be distributed over the life of the Designated Beneficiary or over a period certain that does not exceed the period specified in C.1.b

   b. Period Certain

      The period certain in C.1.a may not exceed the Designated Beneficiary's life expectancy determined using the Single Life Table in Treasury regulations section 1.401(a)(9)-9, Q&A-1. If the Annuity Starting Date is in the first Distribution Calendar Year, the life expectancy shall be determined using the Designated Beneficiary's age as of the beneficiary's birthday in the calendar year immediately following the calendar year of the Member's death. If the Annuity Starting Date is before the first Distribution Calendar Year, then the life expectancy is determined using the Designated Beneficiary's age in the calendar year that contains the Annuity Starting Date.

2. No Designated Beneficiary

   If there is no Designated Beneficiary as of the September 30 of the year following the year of the Member's death, distribution of the Member's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

3. Death of Surviving Spouse Before Distributions To Spouse Begin

   If the Member's surviving Spouse is the Member's sole Designated Beneficiary, and the surviving Spouse dies before distributions to the surviving Spouse begin, this Section IV.C shall apply as if the surviving Spouse were the Member, except that the time that distributions are required to begin is determined without regard to Section IV.A.1.

SECTION V. SPECIAL RULES

A. RMD Annuity Payment Increases

RMD Annuity payments will either not increase over time or increase only as follows:

1. Cost of Living Adjustments

a. Annual COLA Increases

RMD Annuity payments may increase by an annual percentage that does not exceed the percentage increase in an eligible cost-of-living index, as defined in Q&A-14(b) of section 1.401(a)(9)-6 of the Treasury regulations, for a 12-month period ending in the year during which the increase occurs or a prior year.

b. Cumulative COLA Increases

RMD Annuity payments may increase by a percentage increase that occurs at specified times and does not exceed the cumulative total of annual percentage increases in an eligible cost-of-living index, as defined in the preceding paragraph since the Annuity Starting Date, or if later, the date of the most recent percentage increase.

c. Additional COLA Increases

Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b) and taking into account the vested rights in retirement benefits created by the California Constitution, RMD Annuity payments may increase by a percentage or amount that is determined by the System, in accordance with the CERL, to represent an appropriate amount to take account of cost of living increases affecting retirees or beneficiaries.

2. "Pop-Up's"

RMD Annuity Payments may increase to the extent of the reduction in the amount of the Member's payments to provide for a survivor benefit, but only if there is no longer a survivor benefit because the beneficiary whose life was being used to determine the distribution period dies or is no longer the Member's beneficiary pursuant to a domestic relations order under applicable state law.

3. Single Sum Distribution

RMD Annuity Payments may increase to the extent necessary to allow a beneficiary to convert the survivor portion of a joint and survivor annuity into a single sum distribution upon the Member's death or under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-14(a)(5) and taking into account the vested rights in retirement benefits created by the California Constitution, to allow a beneficiary to select a lump sum distribution of all or part of the Member's interest under the System as provided in the CERL.

4. Plan Amendment

Benefits may increase if they result from an amendment to, or interpretation of, the County Employees Retirement Law, the California Government Code or any other applicable law governing benefits for Members or from an ordinance, resolution or regulation pursuant to such law.

5. Other Benefits

Benefits may increase (i) to the extent increases are permitted in accordance with paragraph (c) or (d) of Q&A-14 of section 1.401(a)(9)-6 of the Treasury regulations dealing with additional permitted increases for annuity payments under annuity contracts purchased from an insurance company and additional permitted increases for annuity payments from a qualified trust; (ii) pursuant to Article 5.5 of the CERL dealing with the Supplemental Retiree Benefit Reserve; (iii) pursuant to Section 31691.1 of the CERL; and (iv) pursuant to sections 31681.1 et. seq., and 31739 et. seq. of the CERL.

B. Additional Accruals After First Distribution Calendar Year

Any additional benefits accruing to the Member in a calendar year after the first Distribution Calendar Year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such benefit accrues.

C. Domestic Relations Orders

Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, if Article 8.4 of the CERL applies (relating to the establishment of separate accounts under domestic relations orders), then both the Member and the Member's former Spouse shall be deemed to be separate Members of the System for purposes of these regulations and section 401(a)(9) of the Code.

D. Reciprocal Member

Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, if a deferred Member is a current employee and a member of another retirement system with which the System has reciprocity under California law, then for purposes of determining the Required Beginning Date under the System the Member shall be treated as a current employee of the Association and as such, as if he or she had not retired, even if he or she has attained age 70½.

E. Public Safety Member Killed In Line of Duty

Under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(b), and taking into account the vested rights in retirement benefits created by the California Constitution, any additional retirement benefits paid under CERL section 31787.5 to the surviving Spouse of a public safety Member killed in the line of duty shall not be limited by Code section 401(a)(9) because they shall be treated as incidental death benefits.

F. Rollovers

Amounts that are required minimum distributions cannot be rolled over to another qualified retirement plan or other tax-favored vehicle. The amount that cannot be rolled over shall be determined in accordance with Treasury regulations section 1.402(c)-2, Q&A-7.

G. Payments to Surviving Child Treated as Made to Surviving Spouse

Solely to the extent required by section 401(a)(9) of Title 26 of the United States Code and under a good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, Q&A-2(c) and taking into account the vested rights in retirement benefits created by the California Constitution, for purposes of Code section 401(a)(9) and these regulations, payments to a Member's surviving child in accordance with the requirements of Q&A-15 of section 1.401(a)(9)-6 of the Treasury regulations shall be treated as if such payments had been made to the Member's surviving Spouse to the extent the payments become payable to the surviving Spouse upon the child's attainment of the age of majority, as determined in accordance with Q&A-15 of section 1.401(a)(9)-6 of the Treasury regulations, or upon the occurrence of such other event specified in Q&A-15 of section 1.401(a)(9)-6 of the Treasury regulations, or as otherwise specified in IRS guidance under section 401(a)(9) of the Code.

SECTION VI DEFINITIONS

A. Annuity Starting Date

"Annuity Starting Date" means the first day of the first period for which a retirement benefit is payable as an RMD Annuity or, in the case of a retirement benefit not payable in the form of an RMD Annuity, the first day on which all events have occurred which entitle the Member to payment.

B. Designated Beneficiary

"Designated Beneficiary" means the individual who is designated by the Member (or the Member's surviving Spouse) as the beneficiary of the Member's interest under the System and who is the designated beneficiary under section 401(a)(9) of the Code and section 1.401(a)(9)-4 of the Treasury regulations. Accordingly, entities other than individuals, such as the Member's estate or a trust, cannot be a Designated Beneficiary of a Member's interest in the System. However, the individuals who are beneficiaries under a designated trust shall be treated as Designated Beneficiaries for purposes of determining the distribution period under this regulation and Code section 401(a)(9) if all of the applicable requirements of Treasury regulation section 1.401(a)(9)-4, Q&A-5(b) are met. If all of such applicable requirements are not met, then the distribution of the Member's entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the Member's death.

C. Distribution Calendar Year

"Distribution Calendar Year" means a calendar year for which a minimum distribution is required. For distributions beginning before the Member's death, the first Distribution Calendar Year is the calendar year immediately preceding the calendar year which contains the Member's Required Beginning Date. For distributions beginning after the Member's death, the first Distribution Calendar Year is the calendar year in which distributions are required to begin pursuant to Section IV.A of this regulation.

D. Required Beginning Date

"Required Beginning Date" means April 1 of the calendar year following the later of the calendar year in which the Member attains age 70½ or the calendar year in which the Member retires.

E. RMD Annuity

"RMD Annuity" means, for purposes of the required minimum distribution rules in section 401(a)(9) of the Code, a distribution form providing for periodic payments for a specified period of time.

F. Spouse

Effective June 26, 2013, consistent with Federal tax rules, the term "Spouse" means a person who is lawfully married under California law, including marriages recognized under California Family Code section 308 that were entered into in another jurisdiction (another state, the District of Columbia, a United States territory or a foreign jurisdiction) which also include marriages of same-sex individuals that were validly entered into in another jurisdiction whose laws authorize the marriage of two individuals of the same sex even if the married couple is domiciled in a jurisdiction that does not recognize the validity of same-sex marriage. In accordance with Federal tax rules, the term "Spouse" does not include individuals who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under the law of another jurisdiction that is not denominated as a marriage under the laws of that state (whether opposite-sex or same-sex relationships).

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM BYLAWS

APPENDIX B

REGULATIONS FOR IRC CODE § 401(a)(17)

COMPENSATION LIMIT

REGULATIONS FOR IRC SECTION 401(a)(17)
COMPENSATION LIMIT

SECTION I. PURPOSE AND SCOPE

In accordance with section 31525 and section 31671 of the California Government Code, the regulations set forth herein are effective as of September 22, 2015, and reaffirm and clarify the existing practices of the Sacramento County Employees' Retirement System (the "System") with respect to the limit on annual compensation under section 401(a)(17) of the Internal Revenue Code (the "Code"). For these regulations, the Code includes Treasury regulations issued under section 401(a)(17).

These regulations are intended to be in accordance with the Code and the applicable Treasury regulations. To the extent there is a conflict between these regulations and the Code and Treasury regulations, the applicable federal law will govern.

The System may establish reasonable procedures for complying with the limit on annual compensation under section 401(a)(17) of the Code that it deems necessary or desirable to comply with applicable tax laws or for administrative purposes.

Terms defined in the County Employees Retirement Law apply here unless otherwise stated.

SECTION II. LIMITATION ON ANNUAL COMPENSATION EARNABLE

A. In General

1. <u>Annual Compensation Earnable Limit</u>

   The annual amount of compensation that is taken into account in determining all benefits provided by the System to affected Members for any year, which is referred to in the County Employees' Retirement Law of 1937 and in these Regulations as "Compensation Earnable", shall in no event be greater than the amount allowed by Code section 401(a)(17) adjusted in accordance with the Code for increases in the cost of living. This limit has been increased by cost of living adjustments to $260,000 for 2014. This limit is called the Annual Compensation Earnable Limit in these regulations. (Certain Members may also be subject to the limitation on Compensation Earnable under Government Code Section 7522.10(c) and (d) which would produce a lower limit than the limit under section 401(a)(17) of the Code.)

2. <u>Members Affected By the Annual Limit</u>

   a. <u>Not Applicable to Pre-January 1, 1996 for System Members</u>

      The Annual Compensation Earnable Limit does not apply to any individual who first became a Member of the System prior to January 1, 1996.

b. Applies to New Members of the System On and After January 1, 1996

In accordance with Government Code section 31671, the Annual Compensation Earnable Limit shall apply to all individuals who first become Members of the System on or after January 1, 1996.

c. Date First Becomes a Member

An individual first becomes a Member on the date that a Member first became a Member in the System, regardless of whether the Member terminated and resumed participation in the System at a later date.

B. Operational Rules, In General

This section applies to members who are not grandfathered under section A,2,a.

1. Limited Compensation Earnable

All Compensation Earnable that would be taken into account for determining benefits provided by the System without regard to these regulations is subject to the Annual Compensation Earnable Limit. Such Compensation Earnable is not limited to salary or to base salary.

2. Benefits Affected by the Limit

The Annual Compensation Earnable Limit applies to the determination of all benefits provided by the System including pensions, annuities, retirement allowances, death benefits, disability benefits, refunds and withdrawals that are determined by member contributions (including such contributions that are or may have been in the past “picked up” by the employer) and earnings thereon.

3. Compensation Earnable from More Than One Employer

If Compensation Earnable from more than one employer that participates in the System is taken into account in determining a Member’s benefits, the Annual Compensation Earnable Limit shall apply separately to the Compensation Earnable from each employer. For example, if the Compensation Earnable Limit is $260,000 for the year and the Member has Compensation Earnable of $200,000 from one participating employer and $100,000 from another participating employer, the unreduced total Compensation Earnable from each employer may be taken into account. The Annual Compensation Earnable Limit does not apply to the aggregate of Compensation Earnable earned from all employers that participate in the System.

4. <u>Proration for Short Plan Year</u>

If a plan year consists of fewer than 12 months, the Annual Compensation Earnable Limit is an amount equal to the otherwise applicable Annual Compensation Earnable Limit multiplied by a fraction, the numerator of which is the number of months in the short plan year, and the denominator of which is 12. No proration is required for participation of less than a full plan year.

5. <u>Reciprocity and New Membership in the System</u>

An individual who becomes a Member of the System on or after January 1, 1996, and who has reciprocity with another public sector retirement plan nevertheless is a new Member of the System. Membership before January 1, 1996 in another retirement plan with which the System has reciprocity does not create pre-January 1, 1996 System membership for purposes of the Annual Compensation Earnable Limit.

6. <u>Reciprocity and Prior Membership In the System</u>

A person who was a grandfathered Member of the System prior to January 1, 1996 under section A,2,a, who terminated employment with an employer that participated in the System, remains a Member of the System prior to January 1, 1996. Therefore, if the Member established reciprocity between another public sector retirement plan and the System, any higher Compensation Earnable that is earned under the other plan shall be taken into account by the System in accordance with the rules of reciprocity and that Compensation Earnable shall not be limited by the Annual Compensation Earnable Limit.

7. <u>Relationship Between Section 415 Limit and Compensation Earnable Limit</u>

The limits of Code section 415 and Code section 401(a)(17) are separate and independent. Each limit is operated according to its own rules and applies separately. Therefore, the Annual Compensation Earnable Limit may apply to a Member and the Code section 415 limit may not apply. Similarly, the Code section 415 limit may apply to a Member and the Annual Compensation Earnable Limit may not apply. Also, both of these limits may apply to the same Member.

8. <u>Clarification Concerning Member Contributions</u>

Because Member contributions are the basis for benefits provided by the System, Member contributions shall not be made by taking into account Compensation Earnable in excess of the Annual Compensation Earnable Limit. To the extent the provisions of the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), including Government Code Section 7522.10(h) include greater limitations on the manner in which Member contributions may be calculated, such limits shall apply to the calculation of Member contributions.

9. General Plan Year Rule for Determining the Limit

If Compensation Earnable for any prior plan year is taken into account in determining a Member's benefits for the current plan year, the Compensation Earnable for such prior plan year is subject to the applicable Annual Compensation Earnable Limit in effect for that prior plan year. In addition, in determining benefits for plan years beginning on or after January 1, 2002, the Annual Compensation Earnable Limit in effect for plan years beginning before that date is $200,000.

SECTION III. PLAN YEAR AND COST OF LIVING ADJUSTMENTS

A. Annual Adjustment for Cost-of-Living Increases

The Annual Compensation Earnable Limit may be adjusted annually by the Internal Revenue Service for cost of living changes in accordance with the Code.

B. General Rule--Application of Limit to a Plan Year

In general, the Annual Compensation Earnable Limit is applied to the Compensation Earnable for the plan year on which accruals of benefits from the System are based.

C. Plan Year Compensation Earnable

1. General Rule

To the extent that the System determines Compensation Earnable for benefit accruals for a plan year based on Compensation Earnable for the plan year, then the Annual Compensation Earnable Limit that applies for that plan year is the limit in effect for the calendar year in which the plan year begins. Since the System's plan year corresponds to the calendar year, the Compensation Earnable used to determine all benefit accruals for each plan year is limited to the Annual Compensation Earnable Limit in effect as of January 1 of the calendar year that coincides with that plan year.

2. Member Contributions

Since the System's plan year corresponds to the calendar year, the Compensation Earnable used to determine Member contributions for each plan year shall be limited to the Annual Compensation Earnable Limit in effect as of January 1 of the calendar year that coincides with the plan year.

D. Examples

1. Example - Retirement Allowance

The retirement allowance provided by the System for certain Members is based on the highest 12 consecutive months of Compensation Earnable ending within the plan year. The Annual Compensation Earnable Limit was $250,000 for the 2012 calendar year and $255,000 for the 2013 calendar year. A Member retires in May, 2013. The Member's highest 12 consecutive months of Compensation Earnable is for the period May 1, 2012 through April 30, 2013. The annual Compensation Earnable used for determining this Member's benefits for the 2013 year is limited to $250,000, not $255,000, because this is the limit in effect for the calendar year in which the 12-consecutive month period began.

For some Members of the System, including Members subject to the requirements enacted under the Public Employees' Pension Reform Act of 2013 ("PEPRA"), the retirement allowance provided by the System is based on the highest 36 consecutive months of Compensation Earnable ending within the plan year. The Annual Compensation Earnable Limit was $245,000 for 2011, $250,000 for 2012, and $255,000 for 2013. A Member retires in May 2014. The Member has $300,000 per year ($25,000 per month) of Compensation Earnable during the Member's highest 36 consecutive months of Compensation Earnable for the period May 1, 2011 through April 30, 2014. The System may not base the Member's benefits for 2014 on annual Compensation Earnable in excess of $250,000, the average of the limits in effect for each of the three 12-consecutive month periods: the May 1, 2011 through April 30, 2012 period is capped at $245,000, the 2011 limit; the May 1, 2012 through April 30, 2013 is capped at $250,000, the 2012 limit; and the May 1, 2013 through April 30, 2014 is capped at $255,000, the 2013 limit. The average of these capped amounts is the Annual Compensation Earnable Limit for determining benefits for the 2014 plan year for a member who retires in May, 2014 because that is the limit for the calendar year in which the member's average compensation earnable begins.

2. Example: Member Contributions

The refund or withdrawal benefits from Member contributions are accrued on an annual basis. The Annual Compensation Earnable Limit was $245,000 for the 2011 calendar year; $250,000 for the 2012 calendar year; and $255,000 for the 2013 calendar year.

Since the System's plan year corresponds to the calendar year, the Annual Compensation Earnable Limit for Member contributions was $245,000 for the 2011 plan year; $250,000 for the 2012 plan year; and $255,000 for the 2013 plan year.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM BYLAWS

APPENDIX C

REGULATIONS FOR IRC CODE § 401(a)(31) & 402(c)

ROLLOVERS

REGULATIONS FOR IRC SECTION 402(c) ROLLOVERS

SECTION I. PURPOSE AND SCOPE

In accordance with section 31485.15 and section 31525 of the California Government Code, the regulations set forth herein are effective as of September 22, 2015, and reaffirm and clarify the existing practices of the Sacramento County Employees' Retirement System (the "System") with respect to rollovers into and out of the System in accordance with the Internal Revenue Code (the "Code"). For these regulations, Code includes the Treasury regulations issued under the Code.

These regulations are intended to be in accordance with the Code and the applicable Treasury regulations. To the extent there is a conflict between these regulations and the Code and Treasury regulations, the applicable federal law will govern.

The System may establish any reasonable procedures for paying rollover distributions or accepting rollover contributions that it deems necessary or desirable for complying with applicable tax laws or for administrative purposes.

Terms defined in the County Employees Retirement Law apply here unless otherwise stated.

SECTION II. ROLLOVER DISTRIBUTIONS FROM THE SYSTEM

A. Rollovers

1. Direct Rollover

A "Direct Rollover" is that portion of an Eligible Rollover Distribution that the System pays directly to an Eligible Retirement Plan , and may also be referred to as a trustee-to-trustee transfer to an Eligible Retirement Plan, at the direction of an Eligible Individual.

2. Indirect Rollover

An "Indirect Rollover" is that portion of an Eligible Rollover Distribution that the System pays directly to an Eligible Individual.

B. Eligible Individuals

1. Eligible Individual

Only an "Eligible Individual" may elect a Direct Rollover. An "Eligible Individual" is:

a. Terminated From Employment

A Member who has terminated employment from the County (or other agency covered by the System) and who is eligible to withdraw his or her accumulated Member contributions under the System;

b. Surviving Spouse

A deceased Member's surviving Spouse;

c. Alternate Payee

A Member's or former Member's Spouse or former Spouse who is the alternate payee under a domestic relations order, as defined in Code section 414(p), with regard to the interest of the Spouse or former Spouse; and

d. Non-Spouse Beneficiary

A deceased Member's non-spouse beneficiary who is a "designated beneficiary" under Code section 401(a)(9)(E), subject to the non-spouse beneficiary provisions in Section II.G.

2. Spouse

Effective June 26, 2013, consistent with Federal tax rules, the term "Spouse" means a person who is lawfully married under California law, including marriages recognized under California Family Code section 308 that were entered into in another jurisdiction (another state, the District of Columbia, a United States territory or a foreign jurisdiction) which also include marriages of same-sex individuals that were validly entered into in another jurisdiction whose laws authorize the marriage of two individuals of the same sex even if the married couple is domiciled in a jurisdiction that does not recognize the validity of same-sex marriage. In accordance with Federal tax rules, the term "Spouse" does not include individuals who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under the law of another jurisdiction that is not denominated as a marriage under the laws of that state (whether opposite-sex or same-sex relationships).

C. Payments that Can and Cannot be Rolled Over

1. Eligible Rollover Distribution Required

The System will pay a Direct Rollover on behalf of an Eligible Individual only if the payment is an "Eligible Rollover Distribution."

2. Eligible Rollover Distribution Defined

An "Eligible Rollover Distribution" is any distribution to an Eligible Individual of all or any portion of the amount credited to the Eligible Individual under the

Association. These amounts may include (a) refunds of Member contributions plus accumulated interest, or (b) one-time lump sum death benefit payments.

3. After-Tax Portion

The portion of a distribution that consists of after-tax Member contributions may be rolled over if the after-tax funds are transferred in a direct trustee-to-trustee transfer to (a) a qualified trust or (b) an annuity contract described in Code Section 403(b). After-tax Member contributions may also be rolled over to an individual retirement account or annuity described in Code Section 408(a) or (b). The qualified trust or annuity contract must separately account for the transferred after-tax amounts, and must also separately account for the earnings on the after-tax amounts.

4. Exclusions From Eligible Rollover Distributions

An Eligible Rollover Distribution does not include the following kinds of payments:

a. Periodic Payments

Payments that are part of a series of substantially equal periodic payments (i) made at least once per year over the life (or life expectancy) of the Eligible Individual or the life (or life expectancy) of the Eligible Individual and his or her designated beneficiary, or (ii) made for a period of 10 years or more; or

b. Required Distributions

Payments that are "required minimum distributions" under Code Section 401(a)(9).

D. Eligible Retirement Plans

1. Payment to Eligible Retirement Plan

The System will pay an Eligible Rollover Distribution directly to an "Eligible Retirement Plan."

2. Eligible Retirement Plan Defined

An "Eligible Retirement Plan" is:

a. An annuity plan described in Code Section 403(a);

b. An annuity contract described in Code Section 403(b);

c. A governmental eligible deferred compensation plan described in Code Section 457(b) that agrees to separately account for amounts transferred into such plan from the System;

d. An individual retirement annuity described in Code Section 408(a);

e. An individual retirement account described in Code Section 408(b);

f. A Roth IRA described in Code Section 408A; or

g. A qualified trust described in Code section 401(a) (including defined benefit pension plans and defined contribution plans such as 401(k) plans, profit sharing plans, and money purchase plans).

3. Certain Exclusions

An Eligible Retirement Plan does not include, and a rollover cannot be made to, a SIMPLE IRA or a Coverdell Education Savings Account.

E. Direct Rollovers

1. Withholding and Direct Rollovers

The System will not withhold any federal or state income taxes from a Direct Rollover. The only exception is that the System will withhold federal or state income taxes from a Direct Rollover to a Roth IRA if the Eligible Individual requests that withholding on a form and in the manner prescribed by the System.

2. Administrative Requirements, In General

An Eligible Individual who requests a Direct Rollover must complete a distribution form in the manner and form that the System prescribes. The System may require the Eligible Individual to provide any reasonable information and/or documentation for purposes of administering the Direct Rollover in accordance with the Code.

3. Rollover Check

The Eligible Individual must provide the System with the name of the Eligible Retirement Plan to which the rollover check will be made payable for his or her benefit. If the Eligible Individual so chooses, the System will provide this rollover check directly to the Eligible Individual who will be responsible for delivering the check to the recipient IRA or plan.

4. Eligible Individual's Responsibility Re Recipient Plan

The Eligible Individual is responsible for ensuring that any Eligible Retirement Plan that he or she has designated to receive the Eligible Individual's distribution from the System in a Direct Rollover is an Eligible Retirement Plan that will accept and receive the rollover on his or her behalf in accordance with the applicable tax rules.

5. Time of Payment

The System will pay a Direct Rollover on behalf of an Eligible Individual as soon as is reasonably and administratively practicable in accordance with its withdrawal and/or death benefit payment processes.

F. Indirect Rollovers

1. Choice of Indirect Rollover

An Eligible Individual, other than a non-spouse beneficiary, may also choose to receive a rollover payment as an Indirect Rollover.

2. Indirect Rollover Withholding

An Indirect Rollover is subject to 20% federal income tax withholding and any applicable state withholding. The System will withhold and deduct these taxes on behalf of the Eligible Individual as prescribed by federal and applicable state law.

3. Eligible Individual's Responsibility Re Recipient Plan

It is the responsibility of the Eligible Individual to roll over all or some portion of his or her Indirect Rollover payment to an IRA or eligible employer plan within 60 days if he or she wants the payment to qualify as a rollover for tax purposes. If an Eligible Individual wants to roll over 100% of the payment, the Eligible Individual must replace the 20% that was withheld for federal income taxes (and any applicable state withholding) with other money.

G. Direct Rollover of a Non-Spousal Distribution

1. Trustee-To-Trustee Transfer Required

A rollover on behalf of a non-spouse beneficiary must be a direct or trustee-to-trustee transfer and may not be paid in the form of an Indirect Rollover.

2. Non-Spouse Beneficiaries Who May Rollover and Rollover to Inherited IRA Only

A non-spouse beneficiary who is a "designated beneficiary" under Code Section 401(a)(9)(E) may roll over all or any portion of the non-spouse beneficiary's Eligible Rollover Distribution to an IRA that is established by the non-spouse beneficiary for purposes of receiving the distribution and that is treated as an "inherited IRA" under the Code. The IRA must be established in a manner that identifies it as an IRA with respect to a deceased individual and it must identify the deceased individual and the beneficiary (for example, "Tom Smith as beneficiary of John Smith").

3. Trust as Beneficiary

If the non-spouse beneficiary is a trust, the System may make a Direct Rollover to an IRA on behalf of the trust, provided the beneficiaries of the trust satisfy the requirements to be designated beneficiaries within the meaning of Code Section 401(a)(9)(E). The IRA on behalf of the trust must be established in a manner that identifies it as an IRA with respect to a deceased individual and it must identify the deceased individual and the trust beneficiary (for example, “The Smith Family Trust as beneficiary of John Smith”).

H. Notice Requirements

1. 402(f) Notice From the System

The System will provide the tax notice required under Code Section 402(f) to each Eligible Individual who requests a withdrawal from the System.

2. Time Periods

The System will not process any withdrawals from the System until 30 days after the date such notice is received by the Eligible Individual requesting the withdrawal. If, however, the Eligible Individual waives this 30-day period on a form and in the manner prescribed by the System, the System may process the withdrawal before the 30-day period expires.

SECTION III. ROLLOVER CONTRIBUTIONS TO THE SYSTEM

Adoption of regulations providing for the acceptance of certain rollover contributions as determined below does not create any continuing entitlement for Eligible Members to make rollover contributions to the System in the future and the right to make rollover contributions to the System may be amended or terminated at any time and for any reason.

If the System has determined to permit any rollover contributions, the System will permit Eligible Members to make a rollover contribution to the System subject to the limitations and conditions described in this Section III.

A. General Rules

1. Eligible Member

An “Eligible Member” is (1) an active Member of the System, or (2) a Member of the System that has elected a deferred retirement.

2. Rollovers Allowed

The System will permit an Eligible Member to make a rollover contribution to the System for (a) a purchase of service credit (to the extent a purchase of service credit is not prohibited under the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), or (b) a redeposit of previously withdrawn funds plus accumulated interest.

3. Separate Accounting

The System will separately account for all rollover contributions.

4. Certification to the System By Member

Only eligible rollover distributions as defined by Code Section 402(c)(4) can be contributed to the System. In addition to any requirements under subsections B, C, and D below, each Eligible Member making a rollover contribution to the System must certify in writing the source of the rollover funds and that the rollover contribution is an eligible rollover distribution under the Code. The System will not accept rollovers of any after-tax contributions or amounts attributable to designated Roth contributions, amounts that represent minimum required distributions, or any rollover that is an indirect rollover.

5. Elections and System Discretion

An Eligible Member must make an election to purchase service credit or redeposit previously withdrawn contributions with a rollover contribution in the manner and form that is prescribed by the System. The System has final discretionary authority to determine whether any required information or documentation is satisfactory, whether a purchase of service credit would be prohibited under PEPRA, and whether the System will accept an Eligible Member's rollover contribution.

6. Correction of Errors

If the System accepts a rollover contribution that it later determines was not eligible to be rolled over to the System, the System will distribute, as soon as administratively possible, the amount of the rollover contribution back to the Eligible Member, plus accumulated interest.

B. Rollovers from Qualified Plans

1. Acceptance of Rollover

The System may accept a rollover from another plan that is qualified under Code Section 401(a) and exempt from tax under Code Section 501(a).

2. Required Due Diligence Procedure

The System must take reasonable steps to confirm the sending plan's tax-qualified status and that the rollover contribution is valid. The System may rely on IRS guidance such as that provided in Revenue Ruling 2014-9 and any successor guidance with respect to simplified due diligence processes that may be allowed by the Internal Revenue Service.

a. Eligible Member Certification

The Eligible Member must provide the following additional information to the System:

(i) A statement signed under penalty of perjury by the Eligible Member certifying that the rollover contribution is from a Code section 401(a) qualified plan, contains no after-tax or designated Roth contributions or earnings, or any amounts representing a required minimum distribution under Code section 401)(a)(9); or

(ii) A signed certification from the transferring plan's administrator that the rollover contribution contains no after-tax or designated Roth contributions or earnings, nor any amounts representing a required minimum distribution under Code section 401(a)(9). .

If an Eligible Member does not provide such evidence, the System will not accept the rollover.

b. System Verification of Payment Source

The System must take reasonable steps to verify that the payment source (on the incoming check or wire transfer) is the former 401(a) plan of the Eligible Member as represented by the Eligible Member on his or her request to make a rollover.

c. System Verification That the Plan is a Tax-Qualified Plan

The System must take reasonable steps to verify that the rollover will be from a tax-qualified plan which can include the following or any other methods allowed in guidance issued by the Internal Revenue Service.

(i) The System may look up the transferring plan's latest Form 5500 filing, if any, in the Department of Labor's EFAST2 database for assurance that the plan is intended to be a qualified plan. The System will check the entry on the line for characteristics indicating that the plan is intended to be a qualified plan (e.g. examining line 8a on the current Form 5500 or line 9a on Form 5500-SF). If Code 3C is not entered on these lines, the System may reasonably conclude that the plan is qualified, unless the System has any direct evidence to the contrary.

(ii) If the qualified plan is not required to file Form 5500 or Form 5500-SF, then the Eligible Member must provide one of the following to the System demonstrating that the source of the rollover contribution is a qualified plan: (a) a copy of the plan's most recent favorable determination letter from the Internal Revenue Service stating that the plan is tax-qualified and a written certification from the plan's administrator that the plan continues to be tax-qualified, or (b) a written and signed certification from the plan's administrator that the source of the eligible rollover distribution is a qualified plan under Code Section 401(a).

C. Rollovers from an IRA

1. Acceptance of Rollover

The System may accept a rollover from an individual retirement account or annuity (IRA) described in Code Section 408(a) or Code Section 408(b).

2. Required Due Diligence Procedure

The System must take reasonable steps to confirm the IRA's status and that the rollover contribution is valid. The System may rely on IRS guidance such as that provided in Revenue Ruling 2014-9 and any successor guidance with respect to simplified due diligence processes that may be allowed by the Internal Revenue Service.

a. Eligible Member Certification

The Eligible Member must provide the following additional information to the System:

(i) A statement signed under penalty of perjury by the Eligible Member certifying that the rollover contribution is from his or her IRA and contains no after-tax or designated Roth contributions or earnings, nor any amounts representing a required minimum distribution under Code section 401(a)(9)or ; or

(ii) If the Eligible Member cannot certify, with respect to the after-tax or designated Roth contributions, a signed certification from an accountant or tax advisor or the IRA trustee/custodian providing the amount of pre-tax contributions and after-tax or designated Roth contributions in the IRA .

The System will only accept a rollover contribution from the IRA in the amount of the pre-tax contributions and earnings. If an Eligible Member does not provide such evidence, the System will not accept the rollover.

b. System Verification of Payment Source

The System must take reasonable steps to verify that the payment source (on the incoming check or wire transfer) is the IRA of the Eligible Member as represented by the Eligible Member on his or her request to make a rollover.

D. Rollovers from Other Plans: 457(b) and 403(b)

1. Acceptance of Rollover

The System may accept rollover contributions from an eligible plan under Code section 457(b) that is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state (a "governmental 457(b) plan"), and an annuity contract described in Code section 403(b).

2. Required Due Diligence Procedure

The System must take reasonable steps to confirm the sending plan's statusas an eligible 457(b) plan or an eligible Code section 403(b) annuity or custodial account and that the rollover contribution is valid. The System may rely on IRS guidance such as that provided in Revenue Ruling 2014-9 and any successor guidance with respect to simplified due diligence processes that may be allowed by the Internal Revenue Service.

a. Eligible Member Certification

The Eligible Member must provide the following additional information to the System:

(i) A statement signed under penalty of perjury by the Eligible Member certifying that the rollover contribution is from an eligible 457(b) or 403(b) plan and contains no after-tax or designated Roth contributions or earnings; or

(ii) A signed certification from the transferring plan's administrator that the rollover contribution contains no after-tax or designated Roth contributions or earnings.

If an Eligible Member does not provide such evidence, the System will not accept the rollover.

b. System Verification of Payment Source

The System must take steps to verify that the payment source (on the incoming check or wire transfer) is the former eligible 457(b) or 403(b) plan of the Eligible Member as represented by the Eligible Member on his or her request to make a rollover.

c. System Verification That the Plan is an Eligible Plan

The System must take reasonable steps to verify that the rollover will be from an eligible 457(b) plan or 403(b) plan which can include the following or any other methods allowed in guidance issued by the Internal Revenue Service.

(i) The System may look up the transferring plan's latest Form 5500 filing, if any, in the Department of Labor's EFAST2 database for assurance that the plan is intended to be a qualified plan. The System will check the entry on the line for characteristics indicating the plan is intended to be an eligible 457(b) or 403(b) plan (e.g., examining line 8a on the current Form 5500 or line 9a on Form 5500-SF). If Code 3C is not entered on these lines, the System may reasonably conclude that the plan is an eligible plan, unless the System has any direct evidence to the contrary.

(ii) If the 457(b) or 403(b) plan is not required to file Form 5500 or Form 5500-SF, then the Eligible Member must provide one of the following to the System demonstrating that the source of the rollover contribution is an eligible governmental 457(b) plan or a Code section 403(b) plan: (a) a copy of the transferring plan's most recent private letter ruling from the Internal Revenue Service stating that the transferring plan qualifies as an eligible governmental 457(b) plan or a Code section 403(b) plan, as applicable, and a signed certification from the transferring plan's administrator that the transferring plan continues to be so qualified, or (b) a signed certification from the transferring plan's administrator that the rollover distribution source is an eligible governmental 457(b) plan or a Code section 403(b) plan, as applicable.

If the above verification cannot be made, the System will not accept the rollover.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM BYLAWS

APPENDIX D

REGULATIONS FOR IRC CODE § 401(h)

MEDICAL BENEFITS

REGULATIONS FOR IRC SECTION 401(h)
MEDICAL BENEFITS ACCOUNTS

SECTION I. GENERAL RULES

A. Purpose and Effective Date

In accordance with sections 31691 and 31694 of the California Government Code, the regulations set forth herein are effective as of September 22, 2015 and reaffirm and clarify the existing practices of the Sacramento County Employees' Retirement System (the "System") with respect to the requirements under section 401(h) of the Internal Revenue Code (the "Code").

These regulations are intended to be in accordance with the Code and the applicable Treasury Regulations. To the extent there is a conflict between these regulations and the Code and Treasury regulations, the applicable federal law will govern.

The System may establish reasonable procedures for complying with the requirements under section 401(h) of the Code that it deems necessary or desirable to comply with applicable tax laws or for administrative purposes.

SECTION II. COMPLIANCE WITH THE TAX CODE SECTION 401(h) REQUIREMENTS

A. General Rule

All retiree medical benefit payments made by the System will comply with all applicable federal laws, including Code § 401(h). To the extent there may be a conflict between these regulations and Code § 401(h) or the Treasury Regulations issued thereunder, the Code and Treasury Regulations shall govern.

B. Compliance with Provisions of the Code

1. The System must specify the medical benefits which will be available and must set out the amount that will be paid for those benefits.

2. Medical benefits must be subordinate to the retirement benefits, when added to any life insurance benefits. Contributions shall be limited to the extent necessary to ensure that the retiree health benefits are subordinate to the retirement benefits provided by the system as required by Code § 401(h).

3. A separate account must be maintained for contributions to fund the medical benefits.

4. Amounts credited to the 401(h) account may be invested with other System funds set aside for retirement purposes, without identification of which investments are allocable to each account. However, earnings on each account shall be allocated to each in a reasonable manner.

5. Amounts contributed for medical benefits must be reasonable and ascertainable. The County and any applicable participating employer will, at the time it makes a contribution to the System, designate in writing to the System that portion of the contribution allocable to the 401(h) account to be used solely for health benefits.

6. No part of the medical benefits account may be used for or diverted to any purpose other than providing medical benefits and paying necessary or appropriate expenses for the administration of the medical benefits account.

7. No retiree health benefits provided under the 401(h) account will discriminate in favor of highly compensated employees.

8. Any amounts remaining in the medical benefits account after satisfaction of all medical benefits liabilities for all Members, spouses and dependents must be returned to the employer.

9. If any Member's interest in the medical benefits account is forfeited prior to plan termination, an amount equal to the forfeiture must reduce employer contributions to fund the account.

10. Separate accounts are not required for key employees because no member of the System is a key employee under the definitions of the Code.

C. Compliance with the CERL

1. In accordance with Section 31592.4 of the CERL, amounts may be credited from the excess earnings of the System that are available at the end of the fiscal year to an employer advance reserves account which is used to pay annuity benefits (but not to pay health benefits), and such amounts will be treated as contributions by the employer to the System. Amounts shall be credited to the county advance reserves from the System excess earnings only to the extent that in the immediately succeeding fiscal year the employer transfers equal dollar amounts to the 401(h) account. In this way, both the requirements of the Code and the CERL will be met so retirees can receive tax-free health benefits.

2. To the extent required by the CERL, the 401(h) account shall be deemed to be an employer advance reserves account.

SECTION III. DEFINITION OF COUNTY ADVANCE RESERVE

County advance reserve means the account which records contributions to the System made by the County and additions to and subtractions from that account. For purposes of this regulation, county advance reserve includes a similar reserve, if any, held for a district or a court that contributes to the System. A county advance reserve account records a portion of all of the assets held by the System solely to provide for retirement benefits (including disability, death and other ancillary benefits) of all Members and to provide for reasonable administrative expenses, along with other accounts that record assets used solely for these purposes including but not limited to Member contribution accounts and other reserve accounts. A transfer between any of these accounts is a transfer for recording purposes only and is not a transfer between accounts that are used for retirement benefits and for any other purpose.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM BYLAWS

APPENDIX E

REGULATIONS FOR IRC CODE § 415

ANNUAL LIMITS

REGULATIONS FOR IRC SECTION 415(b)

LIMITS ON ANNUAL BENEFITS

SECTION I. PURPOSE AND SCOPE

In accordance with section 31525 and section 31899 et. seq. of the California Government Code, the regulations set forth herein are effective as of September 22, 2015, and reaffirm and clarify the existing practices of the Sacramento County Employees' Retirement System (the "System") with respect to the limits on benefits under section 415(b) of the Internal Revenue Code (the "Code"). For these regulations, the Code includes Treasury regulations issued under section 415(b). To the extent there is a conflict between these regulations and the Code, the Code governs.

The System may establish reasonable procedures for complying with the limits on benefits under section 415(b) of the Code that it deems necessary or advisable for complying with applicable tax laws or for administrative purposes.

Capitalized terms used in this Regulation are defined in Section VII. Terms defined in the County Employees Retirement Law apply here unless otherwise stated.

SECTION II. ANNUAL BENEFIT LIMIT

A. Annual Benefit Limit, In General

1. Annual Limit

Unless the alternative limit described in subsection E of this Section applies, the Annual Benefit payable to a Member under the System at any time shall not exceed $210,000 (for 2014) or such other dollar limit specified under section 415(b)(1)(A) of the Code), automatically adjusted under § 415(d) of the Code, effective January 1 of each year, as provided by the Internal Revenue Service.

2. Maximum Payment

If the benefit the Member would otherwise be paid in a Limitation Year would be in excess of the limit in A.1, the benefit shall be limited to a benefit that does not exceed the limit.

3. COLA Adjustment

In the case of a Member who has had a severance from employment with the Employer, the Annual Benefit Limit applicable to the Member in any Limitation Year beginning after the date of severance shall be automatically adjusted under § 415(d) of the Code.

4. Multiple Annuity Starting Dates

   a. For a Member who has or will have distributions commencing at more than one Annuity Starting Date, the Annual Benefit shall be determined as of each such Annuity Starting Date (and shall satisfy the limitations of these regulations as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other Annuity Starting Dates.

   b. For this purpose, the determination of whether a new starting date has occurred shall be made in accordance with section 1.415(b)-1(b)(1)(iii)(B) and (C) of the Treasury regulations.

5. Actuarial Adjustment For Forms Of Benefit

   Except as provided in paragraph 6 of this Section II.A, if the Member's benefit is payable in a form other than a Straight Life Annuity, then solely for purposes of applying the limits of Code section 415 and of this regulation, the actuarially equivalent Straight Life Annuity shall be determined in accordance with paragraph a or b below, whichever is applicable.

   a. Annuities. If the Member's benefit is payable in the form of a non-decreasing life annuity or other form of benefit described in Treasury regulation section 1.417(e)-1(d)(6) (e.g., other than a lump sum, installments, a decreasing annuity or a term certain), then the actuarially equivalent Straight Life Annuity is equal to the greater of:

      i. The Straight Life Annuity (if any) payable to the Member under the System commencing at the same annuity starting date as the form of benefit payable to the Member, or

      ii. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member computed using:

         A. The Applicable Mortality Table; and

         B. A 5% interest assumption.

   b. Lump sums, installments, etc. If the Member's benefit is payable in the form of a lump sum, installments, a decreasing annuity, term certain or other form of benefit not described in Treasury regulations section 1.417(e)-1(d)(6), then the Straight Life Annuity that is actuarially equivalent to the Member's form of benefit is equal to the greatest of:

      i. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member computed using the interest rate and the mortality table specified in the Plan for adjusting benefits in the same form;

ii. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member computed using a 5.5 percent interest rate and the Applicable Mortality Table; or

iii. The annual amount of the Straight Life Annuity commencing at the same annuity starting date that has the same actuarial present value as the form of benefit payable to the Member computed using the Applicable Interest Rate and the Applicable Mortality Table divided by 1.05.

6. <u>No Actuarial Adjustment (Or Limitation) Required For Certain Benefits</u>.

In determining the Annual Benefit, no actuarial adjustment to the benefit shall be made for the following benefits or benefit forms:

a. <u>Qualified joint and survivor annuity</u>. Survivor benefits payable to a surviving Spouse under a joint and survivor annuity that would qualify as a qualified joint and survivor annuity defined in section 417(b) of the Code. If benefits are paid partly in the form of a qualified joint and survivor annuity and partly in some other form (such as a single sum distribution), the rule of this paragraph applies only to the survivor annuity payments under the portion of the benefit that is paid in the form of a qualified joint and survivor annuity.

b. <u>Benefits that are not "retirement benefits"</u>. Benefits that are not directly related to retirement benefits (such as pre-retirement qualified disability benefits, preretirement incidental death benefits, and postretirement medical benefits). Additionally, these benefits shall not be subject to the Annual Benefit Limit.

c. <u>Certain automatic benefit increases</u>. Benefits that meet the following requirements: (i) the System provides for automatic periodic increases such as a form of benefit that automatically increases the benefit paid according to a specified percentage or objective index (but not a benefit that is increased on an ad hoc basis or a basis that is separately determined by action of the System's Board of Retirement or the County's Board of Supervisors) and (ii) the form of benefit complies with Code section 415(b) without regard to the automatic benefit increase.

In no event shall the amount payable to the Member under the form of benefit in any Limitation Year be greater than the Annual Benefit Limit applicable at the Annuity Starting Date increased by the amounts provided in Code section 415(d). Also if the form of benefit without regard to the automatic benefit increase is not a Straight

Life Annuity, then the Annual Benefit at the Annuity Starting Date is determined by converting the form of benefit to an actuarially equivalent Straight Life Annuity, as provided in section II.B.1 of this regulation.

7. Rules for Determining Annual Benefit.

a. Social Security Supplements, Etc. The determination of the Annual Benefit shall take into account social security supplements described in § 411(a)(9) of the Code and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant § 1.411(d)-4, Q&A-3(c), of the Treasury regulations.

b. Member Contributions. The determination of the Annual Benefit shall disregard benefits attributable to Member contributions or rollover contributions. Benefits attributable to Member contributions do not include any benefits that are made on a pre-tax basis such as pickups under Code section 414(h)(2) or such as Member contributions that are actually paid by the Member's employer.

c. Rollovers. The amount of any benefits attributable to Member contributions and to rollover contributions shall be determined in accordance with Code section 415.

d. Voluntary Contributions. Member contributions that are defined as "voluntary" contributions under Code section 415 (such as certain contribution under California Government Code section 31627) are not subject to the limits of this regulation but are subject to the limits of Code section 415(c) concerning defined contribution plans.

B. Reduction for Less Than 10 Years of Participation

1. Reduction

If the Member has less than 10 Years of Participation in the System, the Annual Benefit Limit shall be multiplied by a fraction -- (i) the numerator of which is the number of years (or part thereof, but not less than one year) of participation in the System, and (ii) the denominator of which is 10.

2. Counting Years of Participation

The Member is credited with a Year of Participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (i) the Member is credited with at least the number of hours of service or period of service for benefit accrual purposes, required under the terms of the System in order to accrue a benefit for the accrual computation period, and (ii) the Member is included as a Member under the eligibility provisions of the System for at least one day of the accrual computation period. If these two conditions are met, the portion of a Year of Participation credited to the Member shall equal the portion of a year of benefit accrual service credited to the Member for such accrual computation period. A Member who is permanently and totally disabled within the meaning of § 415(c)(3)(C)(i) of the Code for an accrual computation period shall receive a Year of Participation with respect to that period. In no event shall more than one Year of Participation be credited for any 12-month period. For example, if under the System, a Member receives 1/10 of a year of benefit accrual service for an accrual computation period for each 200 hours of service, and the Member is credited with 1,000 hours of service for the period, the Member is credited with 1/2 year of participation for purposes of this subsection.

3. Disability and Death Benefits

The reduction described in paragraph 1 of this subsection shall not apply to disability benefits or death benefits as provided in the Code.

C. Reduction for Commencement Before Age 62 For Certain Members

1. No Reduction For Certain Safety Members

The adjustment described in this subsection shall not apply if the Member's benefit is based on at least 15 years as a full-time employee of any police or fire department of an Employer that maintains the System or as a member of the armed forces of the United States. Such police or fire department must be organized to provide police protection, firefighting services or emergency medical services for any area within the jurisdiction of such Employer.

2. Reduction For Benefits Commencing Before Age 62

If the Member's benefits commence before the Member attains age 62, the Annual Benefit Limit is equal to the lesser of:

a. The Annual Benefit Limit reduced in accordance with Code section 415(b) to its actuarial equivalent using:

   i. The Applicable Mortality Table; and

   ii. A 5% interest rate; or

b. The Annual Benefit Limit multiplied by the ratio of the immediately commencing Straight Life Annuity under the System at the Member's Annuity Starting Date to the annual amount of the Straight Life Annuity under the System commencing at age 62, both determined without applying the limitations of this regulation.

3. Probability of Death

No adjustment will be made to the annual benefit limit to reflect the probability of death between the Annuity Starting Date and age 62 unless the Member's benefit is forfeited at death before the Annuity Starting Date.

4. Death and Disability

The adjustment described in paragraph 1 of this subsection shall not apply to disability benefits or death benefits.

D. Increase for Commencement After Age 65

1. Increase For Benefits Commencing After 65

If the Member's benefits commence after the Member attains age 65, the Annual Benefit Limit is equal to the lesser of:

a. The Annual Benefit Limit increased in accordance with Code section 415(b) to its actuarial equivalent using:

i. The Applicable Mortality Table; and

ii. A 5% interest rate; or

b. The Annual Benefit Limit multiplied by the ratio of the annual amount of the adjusted immediately commencing Straight Life Annuity under the System at the Member's Annuity Starting Date to the annual amount of the adjusted immediately commencing Straight Life Annuity under the System at age 65, both determined without applying the limitations of this regulation. For this purpose, the adjusted immediately commencing Straight Life Annuity under the System at the Member's Annuity Starting Date is the annual amount of such annuity payable to the Member, computed disregarding the Member's accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing Straight Life Annuity under the System at age 65 is the annual amount of such annuity that would be payable under the System to a hypothetical Member who is age 65 and has the same accrued benefit as the Member.

2. Probability of Death

No adjustment will be made to the Annual Benefit Limit to reflect the probability of death between age 65 and the Annuity Starting Date unless the Member's benefit is forfeited at death before the Annuity Starting Date.

E. Minimum Benefit Permitted

The benefit otherwise accrued or payable to a Member under the System is treated as not exceeding the Annual Benefit Limit if:

1. Minimum Benefit Limit Allowed

The sum of the retirement benefits payable under any form of benefit with respect to the Member for the Limitation Year or for any prior Limitation Year under the System and all other defined benefit plans (without regard to whether a plan has been terminated) ever maintained by the Member's Employer does not exceed $10,000 multiplied by a fraction – (i) the numerator of which is the Member's number of years (or part thereof, but not less than one year) of service (not to exceed 10) with the Member's Employer or an Affiliated Employer, and (ii) the denominator of which is 10; and

2. Condition

The Member has never participated in any qualified defined contribution plan maintained by the Member's Employer or an Affiliated Employer.

SECTION III. PARTICIPATION IN MULTIPLE DEFINED BENEFIT PLANS

A. Application of Limit to Aggregate Benefits

If the Member is, or has ever been, a participant in another qualified defined benefit plan (without regard to whether the plan has been terminated) maintained by the Member's Employer, the sum of the participant's Annual Benefits from all such plans may not exceed the Annual Benefit Limit.

B. Multiple Plan Benefit Limit Coordination

Where the Member's employer-provided benefits under all such defined benefit plans (determined as of the same age) would exceed the Annual Benefit Limit applicable at that age, the benefits accrued under all such other plans shall be reduced first in order to avoid exceeding the limit and shall be reduced under the System only to the extent that the reduction under such other plans is insufficient to avoid exceeding the limit.

SECTION IV. MULTIPLE EMPLOYER PLAN

Benefits attributable to the Member attributable to all of the Employers participating in the System are taken into account for purposes of applying the Annual Benefit Limit.

SECTION V. GRANDFATHER RULES

A. Annual Benefit Limit Equals Accrued Benefit

Notwithstanding anything herein to the contrary, the Annual Benefit Limit with respect to a Qualified Member shall not be less than the accrued benefit of the Qualified Member under the System determined without regard to any amendment made after October 14, 1987.

B. Qualified Participant

For purposes of this section, the term "Qualified Member" means a Member who first became a Member in the System before January 1, 1990.

C. Election

Pursuant to Section 31899 et. seq. of the California Government Code, the election has been made to have this Section apply.

SECTION VI. PURCHASE OF PERMISSIVE SERVICE CREDIT

A. General Rule

To the extent a Member is not prohibited by the California Public Employees' Pension Reform Act of 2013 ("PEPRA"), if a Member makes one or more contributions to the System to purchase Permissive Service Credit under the System, then the requirements of this regulation will be treated as met only if:

1. The requirements of this regulation are met, determined by treating the accrued benefit derived from all such contributions as an Annual Benefit for purposes of this regulation; or

2. The requirements of the System's regulation governing the limits on annual additions applicable to defined contribution plans are met by treating all such contributions as annual additions.

B. Permissive Service Credit

1. Permissive Service Credit Defined

   For purposes of this Section, "Permissive Service Credit" means credit:

   a. recognized by the System for purposes of calculating a Member's benefit under the System;

   b. which such Member has not received under the System; and

   c. which the Member may receive only by making a voluntary additional contribution in an amount determined under the System, which does not exceed the amount necessary to fund the benefit attributable to the service credit purchased.

   Permissive Service Credit also includes service credit for periods for which there is no performance of service and, notwithstanding subparagraph b of this paragraph, may include service credited in order to provide an increased benefit for service credit which a Member is receiving under the System, but only to the extent not prohibited by PEPRA.

2. Limitation on Nonqualified Service Credit

   The System will fail to satisfy the requirements of this regulation if

   a. More than 5 years of Nonqualified Service Credit is taken into account for purposes of this Section; or

b. Any Nonqualified Service Credit is taken into account under this Section before the Member has at least 5 Years of Participation under the System.

3. Nonqualified Service Credit

For purposes of paragraph 2 of this subsection, the term “Nonqualified Service Credit” means permissive service credit other than that allowed with respect to:

a. Service (including parental, medical, sabbatical, and similar leave) as an employee of the government of the United States, an State or political subdivision thereof, or any agency or instrumentality of any of the foregoing (other than military service or service for credit which was obtained as a result of repayment described in subsection C of this Section);

b. Service (including parental, medical, sabbatical, and similar leave) as an employee (other than as an employee described in subparagraph (a) of this paragraph) of an educational organization described in Code section 170(b)(1)(A)(ii) which is a public, private, or sectarian school which provides elementary or secondary education (through grade 12), or a comparable level of education, as determined under the applicable law of the jurisdiction in which the service was performed,

c. Service as an employee of an association of employees who are described in subparagraph (a) of this paragraph; or

d. military service (other than qualified military service under Code section 414(u)) recognized by the Association.

In the case of service described in subparagraphs a, b or c of this paragraph, such service will be nonqualified service if recognition of such service would cause a Member to receive a retirement benefit for the same period of service under more than one plan.

Even if any proposed service credit purchase meets the above requirements, to the extent such proposed service credit purchase is prohibited under the terms of PEPRA, the System will not process such service credit purchase.

4. Trustee-to-Trustee Transfers

In the case of a trustee-to-trustee transfer to the System to which Code section 403(b)(13)(A) or 457(e)(17)(A) applies, (without regard to whether the transfer is made form a plan that is maintained by the same Employer):

a. the limitations of paragraph 2 of this subsection shall not apply in determining whether the transfer is for the purchase of Permissive Service Credit; and

b. the distribution rules applicable under the Code to the System shall apply to such amounts and any benefits attributable to such amounts.

C. Repayment of Cashouts

In the case of any repayment of contributions (including interest) to the System with respect to an amount previously refunded upon a forfeiture of service credit under the System or under another governmental plan maintained by a state or local government employer with in the State of California, any such repayment shall not be taken into account for purposes of this regulation.

SECTION VII. DEFINITIONS

A. Annual Benefit

"Annual Benefit" means a benefit that is payable annually in the form of a Straight Life Annuity. Except as provided in Section II.A.5, where a benefit is payable in a form other than a Straight Life Annuity, the benefit shall be adjusted (solely for purposes of applying the limits of Code section 415 and of this regulation) pursuant to Section II.A.7 to an actuarially equivalent Straight Life Annuity that begins at the same time as such other form of benefit and is payable on the first day of each month.

B. Annual Benefit Limit

"Annual Benefit Limit" means the limit described in Section II.A.1 of this regulation.

C. Annuity

"Annuity" for purposes of this regulation does **not** mean "annuity" as defined in the County Employee Retirement Law but instead means a retirement benefit that is payable by the System, as provided in section 415 of the Code.

D. Annuity Starting Date

"Annuity Starting Date" means the first day of the first period for which a retirement benefit is payable as an annuity or, in the case of a retirement benefit not payable in the form of an annuity, the first day on which all events have occurred which entitle the Member to payment under the System.

E. Applicable Interest Rate

"Applicable Interest Rate" means the "applicable interest rate" defined in section 417(e)(3)(C) of the Code and shall be such rate of interest determined as of the first month preceding the stability period, which shall be the month containing the Annuity Starting Date for the distribution and for which the Applicable Interest Rate shall remain constant.

F. Applicable Mortality Table

"Applicable Mortality Table" means the "applicable mortality table" defined in section 417(e)(3)(B) of the Code.

G. Employer

"Employer" means the participating County or District that participates in the System and employs the Member. The term "Employer" also includes any Affiliated Employer. Solely to the extent provided in the Code with respect to public agencies, the term "Affiliated Employer" means all members of a controlled group of an Employer.

H. Limitation Year

"Limitation Year" means the calendar year.

I. Spouse

Effective June 26, 2013, consistent with Federal tax rules, the term "Spouse" means a person who is lawfully married under California law, including marriages recognized under California Family Code section 308 that were entered into in another jurisdiction (another state, the District of Columbia, a United States territory or a foreign jurisdiction) which also include marriages of same-sex individuals that were validly entered into in another jurisdiction whose laws authorize the marriage of two individuals of the same sex even if the married couple is domiciled in a jurisdiction that does not recognize the validity of same-sex marriage. In accordance with Federal tax rules, the term "Spouse" does not include individuals who have entered into a registered domestic partnership, civil union, or other similar formal relationship recognized under the law of another jurisdiction that is not denominated as a marriage under the laws of that state (whether opposite-sex or same-sex relationships).

J. Straight Life Annuity

"Straight Life Annuity" means an Annuity payable in equal installments for the life of the member and terminating on the Member's death.

REGULATIONS FOR IRC SECTION 415(c)

DEFINED CONTRIBUTION LIMITS

SECTION I. PURPOSE AND SCOPE

In accordance with section 31525 and section 31899 et. seq. of the California Government Code, the regulations set forth herein are effective as of September 22, 2015, and reaffirm and clarify the existing practices of the Sacramento County Employees' Retirement System (the "System") with respect to the limits on annual additions under section 415(c) of the Internal Revenue Code (the "Code"). For these regulations, the Code includes Treasury regulations issued under section 415(c). To the extent there is a conflict between these regulations and the Code, the Code governs.

The System may establish reasonable procedures for complying with the limits on annual additions under section 415(c) of the Code that it deems necessary or advisable for complying with applicable tax laws or for administrative purposes.

Capitalized terms used in this Regulation are defined in Section III. Terms defined in the County Employees Retirement Law apply here unless otherwise stated.

SECTION II. ANNUAL ADDITIONS LIMITATION

A. Annual Additions Limit, In General

Notwithstanding anything to the contrary contained in the System, the total Annual Additions allocated to a Member's Account under the System, when added to the Annual Additions allocated to the Member's accounts under all other Aggregated Plans maintained by the Employer or an Affiliate for any Limitation Year, shall not exceed the Maximum Permissible Amount; provided, however, that the limit described in III.G.2 shall not apply to an individual medical benefit account (as defined in section 415(l) of the Code).

SECTION III. DEFINITIONS

Solely for purposes of this regulation, the following definitions shall apply:

A. Account

"Account" means the separate Member account provided under the System for benefits that are separate and apart from the retirement benefits (annuity and pension) otherwise provided under the County Employees Retirement Law.

B. Affiliate

Solely to the extent provided in the Code with respect to public agencies, the term "Affiliate" means all members of a controlled group of an Employer.

C. Aggregated Plan

"Aggregated Plan" means any defined contribution plan which is aggregated with the System pursuant to Section III of this regulation.

D. Annual Additions

"Annual Additions" means the sum of the following amounts credited to a Member's Accounts under the System and any Aggregated Plans for the Limitation Year:

1. Employer contributions allocated to the Member's Account that is separate and apart from any pension or annuity benefits provided under the County Employees Retirement Law;

2. Employee contributions (after-tax), including mandatory contributions (as defined in section 411(c)(2)(C) of the Code and Treasury regulations issued thereunder), as well as voluntary employee contributions used to purchase permissive service credit (as defined in Code section 415(n)(3)), to the extent such service credit purchase is not prohibited under PEPRA, if an election is made to treat those amounts as Annual Additions in the year contributed pursuant to Code section 415(n)(1).

3. Forfeitures;

4. Amounts allocated to the Member's individual medical account (within the meaning of section 415(l)(2) of the Code), which is part of a pension or annuity plan maintained by the Employer or Affiliate, except that such amounts are not included in Annual Additions for purposes of applying the 100% of compensation limit.

The term "Annual Additions" excludes:

1. Repayments of cash-outs as described in Code section 415(k)(3) (for example, to purchase restoration of an accrued benefit that was lost when employee contributions were previously cashed out) for the limitation year in which the restoration occurs;

2. Catch-up contributions made in accordance with Code section 414(v);

3. Restorative payment described in Treasury regulations section 1.415(c)-1(b)(2)(ii)(C);

4. Excess deferrals that are distributed in accordance with Treasury regulations section 1.402(g)-1(e)(2) or (3);

5. Rollover contributions (as described in Sections 401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8), 408(d) and 457(e)(16) of the Code);

6. Loan repayments;

7. Employee contributions to a qualified cost-of-living arrangement described in Code section 415(k)(2)(B);

8. Employee contributions picked up by the Employer under Code section 414(h)(2);

9. Make-up contributions attributable to a period of qualified military service, as defined in Code section 414(u), with respect to the year in which the contribution is made (but not with respect to the year to which the contribution relates); and

10. Employee contributions to purchase permissive service credit (as defined in Code section 415(n)(3)) to the extent such service credit purchase is allowed under PEPRA and if an election is made to treat the accrued benefit derived from all such contributions as an annual benefit subject to the limits of Code section 415(b).

E. Employer

"Employer" means the participating County or District that participates in the System and employs the Member.

F. Limitation Year

"Limitation Year" means the calendar year.

G. Maximum Permissible Amount

"Maximum Permissible Amount" means the lesser of:

1. $52,000 (for 2014), as adjusted for increases in the cost-of-living under section 415(d) of the Code; or

2. 100 percent of the Member's Total Compensation for the Limitation Year.

H. Severance From Employment

"Severance From Employment" means the Member ceases to be an employee of the Employer. A Member does not have a Severance From Employment if, in connection with a change of employment, the Member's new employer maintains the System with respect to the Member.

I. Total Compensation

"Total Compensation" means all items of remuneration described in paragraph (1) and excludes all items of remuneration described in paragraph (2), below.

1. Items Included

Total Compensation includes all of the following items of remuneration for services:

a. A Member's wages, salaries, fees for professional services, and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer and any Affiliate to the extent that the amounts are includible in gross income (or to the extent that amounts would have been includible in gross income but for an election under Code section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b)). These amounts include, but are not limited to, bonuses, fringe benefits, and reimbursements, or other expense allowances under a non-accountable plan, as described in Treasury regulations section 1.62-2(c);

b. Amounts described in Code section 104(a)(3), 105(a), or 105(h), but only to the extent that these amounts are includible in the gross income of the Member;

c. Amounts paid or reimbursed by the Employer or an Affiliate for moving expenses incurred by a Member, but only to the extent that at the time of the payment it is reasonable to believe that these amounts are not deductible by the Member under Code section 217;

d. The amount includible in the gross income of an Member upon making the election described in Code section 83(b);

e. Amounts that are includible in the gross income of a Member under the rules of Code section 409A or Code section 457(f)(1)(A), or because the amounts are constructively received by the Member; and

f. An amount that is excludable under Code section 106 that is not available to a Member in cash in lieu of group health coverage because the Member is unable to certify that he or she has other health coverage; provided, however, that the Employer does not request or collect information regarding the Member's other health coverage as part of the enrollment process for the health plan.

g. Differential wage payments as defined in Internal Revenue Code section 3401(h)(2).

2. Items Excluded

The following items are excluded from Total Compensation:

a. Employer contributions (other than elective contributions described in Code section 402(e)(3), 408(k)(6), 408(p)(2)(A)(i), or 457(b)) to a deferred compensation plan (including a simplified employee pension described in Code section 408(k) or a simple retirement account described in Code section 408(p), and whether or not qualified) to the extent such contributions are not includable in the Member's gross income for the taxable year in which contributed, and any distributions (whether or not includible in gross income when distributed) from a deferred compensation plan (whether or not qualified) other than amounts received during the year by a Member pursuant to a nonqualified unfunded deferred compensation plan to the extent includible in gross income;

b. Other amounts that receive special tax benefits, such as premiums for group term life insurance (but only to the extent that the premiums are excludible from the gross income of the Member, and are not salary reduction amounts that are described in Code section 125);

c. Other items of remuneration that are similar to any of the items listed in a and b, above.

3. Timing

a. In order to be taken into account for a Limitation Year, Total Compensation must be paid or made available (or, if earlier, includible in the gross income of the Member) during the Limitation Year. For this purpose, compensation is treated as paid on a date if it is actually paid on that date or it would have been paid on that date but for an election under Code section 125, 132(f)(4), 401(k), 403(b), 408(k), 408(p)(2)(A)(i), or 457(b)).

b. In order to be taken into account for a Limitation Year, Total Compensation must be paid or treated as paid to the Member prior to the Member's Severance From Employment with the Employer; provided, however, that Total Compensation includes amounts paid to the Member by the later of 2½ months after Severance From Employment or the end of the Limitation Year if the amounts are regular compensation for services during the Member's regular working hours, compensation for services outside the Member's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar compensation that absent a Severance From Employment would have been paid to the Member while the Member continued in employment with the Employer.

c. Total Compensation does not include amounts paid after Severance From Employment that are severance pay, unfunded nonqualified deferred compensation, or any other payment that is not described in the preceding paragraph, even if paid within 2½ months, except for:

   i. Payments to an individual who does not currently perform services for the Employer by reason of Qualified Military Service to the extent that these payments do not exceed the amounts that the individual would have received if the individual had continued to perform services for the

Employer rather than entering Qualified Military Service; and

ii. Payments to a Member who is permanently and totally disabled; provided, however that salary continuation applies to all Members who are permanently and totally disabled for a fixed or determinable period. For this purpose, a Member is permanently and totally disabled only if the Member is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted, or can be expected to last, for a continuous period of not less than 12 months.

4. Limit

A Member's Total Compensation shall not include compensation in excess of the limitation of Code section 401(a)(17) that is in effect for the calendar year in which such Limitation Year begins.

SECTION III. AGGREGATION WITH OTHER DEFINED CONTRIBUTION PLANS

All defined contribution plans (as defined in section 1.415(c)-1(a)(2) of the Treasury regulations and whether or not terminated) maintained by the Employer or an Affiliate shall be aggregated with the System, and all plans so aggregated shall be considered as one plan in applying the limitations of this regulation.

SECTION IV. COORDINATION WITH OTHER DEFINED CONTRIBUTION PLANS

In the event that a Member participates in another defined contribution plan of the Employer or of an Affiliate that is a tax-qualified defined contribution plan, contributions or allocations that would otherwise be made on behalf of the Member to the System shall be reduced to the extent necessary to avoid exceeding the limitations of this regulation when contributions are aggregated as described above.

SECTION V. CORRECTION

Any excess Annual Additions shall be corrected using the methods specified in guidance promulgated by the Secretary of the Treasury describing the procedures for correcting excess Annual Additions under the Employee Plans Compliance Resolution System ("EPCRS") or its successor.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM BYLAWS

APPENDIX F

REGULATIONS FOR IRC CODE § 401(a)

DISTRIBUTION RESTRICTIONS

REGULATIONS FOR IRC SECTION 401(a)
RETURN TO WORK AND SEPARATION FROM SERVICE

SECTION I. PURPOSE AND SCOPE

In accordance with section 31485.15 and section 31525 of the California Government Code, the regulations set forth herein are effective as of [___], and reaffirm and clarify the existing practices of the Sacramento County Employees Retirement System (the "System") with respect to the return to work of retired Members and a bona fide separation from service prior to such return to work applicable for the System in accordance with the Internal Revenue Code (the "Code"). For these regulations, Code includes the Treasury regulations issued under the Code.

These regulations are intended to be in accordance with the Code and the applicable Treasury regulations. To the extent there is a conflict between these regulations and the Code and Treasury regulations, the applicable federal law will govern.

The System may establish any reasonable procedures dealing with the return to work of Members following retirement under the System and the requirement for a bona fide separation of service that it deems necessary or desirable for complying with applicable tax laws or for administrative purposes.

Terms defined in the County Employees Retirement Law apply here unless otherwise stated.

SECTION II. RETURN TO WORK AND BONA FIDE SEPARATION FROM SERVICE

For purposes of employment with the County or a participating employer under the System after retirement for service, a Member who has not attained normal retirement age shall have a bona fide separation from service to the extent required by section 401(a) of Title 26 of the United States Code. A bona fide separation from service is defined as follows:

1. The Member has not entered into any predetermined agreement (either written or unwritten) with the County or a participating employer under the System prior to retirement to return to work for the Member's employer after retirement, regardless of the length of the separation.

2. Prior to entering into an agreement to return or returning to employment with the County or a participating employer under the System while retired, the Member must have a separation from service of at least the greater of (a) any required separation from service prior to return to work required under the terms of the California Public Employees' Pension Reform Act of 2013 or (b) a 15 calendar day separation from service.

3. The Member may be employed by the County or a participating employer under the System prior to the time in sections 1 and 2 for emergency situations as defined in Government Code section 8558.

SACRAMENTO COUNTY EMPLOYEES' RETIREMENT SYSTEM BYLAWS

APPENDIX G

REGULATIONS FOR IRC CODE § 401(a)(36)

NORMAL RETIREMENT AGE

REGULATIONS FOR IRC SECTION 401(a)(36)

NORMAL RETIREMENT AGE

SECTION I. PURPOSE AND SCOPE

In accordance with section 31485.15 and section 31525 of the California Government Code, the regulations set forth herein are effective as of September 22, 2015, and reaffirm and clarify the existing practices of the Sacramento County Employees' Retirement System (the "System") with respect to the normal retirement age applicable for the System in accordance with the Internal Revenue Code (the "Code"). For these regulations, Code includes the Treasury regulations issued under the Code.

These regulations are intended to be in accordance with the Code and the applicable Treasury regulations. To the extent there is a conflict between these regulations and the Code and Treasury regulations, the applicable federal law will govern.

The System may establish any reasonable procedures for determining and applying the normal retirement age requirements that it deems necessary or desirable for complying with applicable tax laws or for administrative purposes.

Terms defined in the County Employees Retirement Law apply here unless otherwise stated.

SECTION II. NORMAL RETIREMENT AGE

1. Normal Retirement Age for general Members is age 62, or if later, the date at which a Member is otherwise eligible to receive retirement benefits from the System. Normal retirement age is not later than age 70.

2. Normal Retirement Age for safety members is age 50, or if later, the date at which a Member is otherwise eligible to receive retirement benefits from the System. Normal retirement age is not later than age 70.

3. The normal retirement age for general Members is based on safe harbor provisions in Treasury Regulation Section 1.401(a)-1(b)(2)(ii). The normal retirement age for safety Members is based on safe harbor provisions in Treasury Regulation Section 1.401(a)-1(b)(2)(v) applicable to for qualified public safety employees.

4. The Board may change the normal retirement age determined herein to the extent required to comply with section 401(a) of Title 26 of the United States Code or for any other reasons determined by the Board. The normal retirement age determined herein does not create any "vested rights" under California or federal law including but not limited to the contracts clause of the California Constitution.