

**SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
ELIGIBLE ROLLOVER DISTRIBUTIONS – CODE SECTION 401(A)(31) POLICY**

**I. PURPOSE**

To clarify that the San Diego County Employees Retirement Association (the “Association”) will comply with the requirements of section 401(a)(31) of the Internal Revenue Code of 1986, as amended (the “Code”) and to clarify Section 31485.15 of the California Government Code.

**II. POLICY**

A. Current Policy

1. Notwithstanding any provision of the Association, any “eligible rollover distribution” (within the meaning of Code section 402(c)(4)) may be rolled over to an “eligible retirement plan.”
2. For purposes of subsection (1) an “eligible retirement plan” is any program defined in Code section 401(a)(31) and 402(c)(8)(B), that accepts the distributee’s eligible rollover distribution, as follows: (1) an individual retirement account described in Code section 408(a), (2) an individual retirement annuity described in Code section 408(b), (3) an annuity plan described in Code section 403(a), or (4) a qualified trust described in Code section 401(a). The term “eligible retirement plan” shall also mean an annuity contract described in Code Section 403(b) or an eligible deferred compensation plan under Code section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state that agrees to separately account for amounts transferred into such plan from this plan.
3. For purposes of subsection (1), an “eligible rollover distribution” is any distribution of all or any portion of the balance in this plan to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee’s designated beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code section 401(a)(9); any distribution made upon the hardship of a Member or beneficiary; the portion of any other distribution(s) that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities); and any other distribution(s) that is reasonably expected to total less than \$200 during a year. A portion of a distribution shall not fail to be an “eligible rollover distribution” merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to: (1) an individual retirement account or annuity described in Code section 408(a) or Code section 408(b); (2) for taxable years beginning after December 31, 2001 and before

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January 1, 2007, to a qualified trust which is part of a defined contribution plan that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible; or (3) for taxable years beginning after December 31, 2006, to a qualified defined benefit plan as described in Code section 401(a) or to an annuity contract described in Code section 403(b), if such trust or contract provides for separate accounting for amounts so transferred (including interest thereon), including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible. Effective for distributions after December 31, 2007, a portion of a distribution shall not fail to be an “eligible rollover distribution” merely because it is transferred to a Roth individual retirement account as described in Code section 408A.

4. The election and rollover of an “eligible rollover distribution” shall be effected in a manner consistent with Code section 401(a)(31).
5. For purposes of this policy, a “distributee” includes a member or terminated member. It also includes the member’s or terminated member’s surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Code section 414(p). Notwithstanding the foregoing, effective July 1, 2010, a non-spouse beneficiary as defined by Code section 401(a)(9)(E) may elect to make a direct rollover to an individual retirement account or annuity described in Code section 408(a) or Code section 408(b) that is established on behalf of the non-spouse beneficiary, but such account or annuity shall be treated as an “inherited” individual retirement account or annuity. Such rollover shall be made in a manner consistent with the Code section 402(c)(11) and any other applicable guidance.
6. Notwithstanding any provision of the Association to the contrary, if a terminated Member does not make a distribution election and the value of the terminated Member’s accrued benefit exceeds \$1,000 on the actual date of distribution, to the extent required by Code section 401(a)(31)(B), such amount shall be distributed in a direct rollover to an individual retirement plan in accordance with Code section 401(a)(31)(B), as soon as administratively practicable after the Member’s termination date.
7. Notwithstanding any provision of the Association to the contrary, the Association shall comply with Code section 401(a)(31) and applicable Treasury Regulations thereunder.

**B. Prior Policy**

1. Notwithstanding any provision of the Association to the contrary, the Association shall comply with Code section 401(a)(31) and applicable Treasury Regulations thereunder.

**REVIEW**

This policy shall be reviewed by the Board at least every three (3) years and may be amended at any time.

**HISTORY**

December 19, 2013	Adopted, effective immediately
June 7, 2012	Adopted, effective immediately
December 19, 2003	Reviewed and amended
December 15, 2016	Reviewed and amended