

NOTICE OF PROPOSED AMENDMENTS IN THE ALASKA DEFERRED
COMPENSATION PROGRAM IN THE DEPARTMENT OF ADMINISTRATION,
DIVISION OF RETIREMENT AND BENEFITS

The Division of Retirement and Benefits proposes to adopt amendments in the Alaska Deferred Compensation Program (DCP) Plan Document, dealing with new in-service distributions for participants of the DCP. Under legislation that includes the SECURE Act, governmental 457(b) plan sponsors can now offer in-service distributions to participants starting at age 59-1/2 (rather than the previous threshold of age 70-1/2) for plan years beginning after December 31, 2019. This allows participants who remain employed after age 59-1/2 the option of taking a distribution at any time. The SECURE Act also allows 457 plans to permit qualified birth or adoption distributions up to \$5,000.

These amendments will update the 457(b) Alaska Deferred Compensation Program, implementing three new IRS-approved distribution/withdrawal options:

- Age 59-1/2,
- A one-time-only Small Account, and
- Birth or Adoption.

These options will make funds available to the qualified participant shortly before age 60, in preparation for retirement, administratively reduce the workload managing small, inactive accounts, and make funds available to parents of a new baby or a new adopted child.

Under the American Miners Act of 2019, portion of the legislation that includes the SECURE Act, governmental 457(b) plan sponsors can now offer in-service distributions to participants starting at age 59-1/2 (rather than the previous threshold of age 70-1/2) for plan years beginning after December 31, 2019. This allows participants who remain employed after age 59-1/2 the option of taking a distribution at any time. The Alaska DCP has decided to adopt this provision to allow members to access their DCP account at age 59-1/2 regardless of employment status. The Division of Retirement and Benefits (Division) believes that by making this amendment, DCP participants can access their fund if desired or needed near the end of their careers to facilitate retirement planning.

Section 457(e)(9)(A) was added to section 457 under the Small Business Job Protection Act 1996 (SBJPA). This new section provides that the total amount payable to a participant under the plan will not be treated as made available merely because the participant may elect to receive such amount (or the plan may distribute such amount without the participant's consent) if the amount in the participant's account is less than the statutory dollar threshold and the participant has not availed themselves of small account distribution in the past. The Division believes that by making this amendment, DCP participants can reduce the administrative burden of rolling over or otherwise maintaining small accounts.

The SECURE Act allows 457 plans to permit qualified birth or adoption distributions (up to \$5,000). The Division believes that by making this amendment, DCP participants can help parents defray the expenses of a new baby or an adoption.

Specifically, amendments will be adopted to clarify qualifications for the new in-service distributions from the Alaska Deferred Compensation Program as of August 30, 2021, as follows:

NOTICE OF PROPOSED AMENDMENTS IN THE ALASKA DEFERRED
COMPENSATION PROGRAM IN THE DEPARTMENT OF ADMINISTRATION,
DIVISION OF RETIREMENT AND BENEFITS

- **Age 59-1/2 distribution:** *Current DCP participants* who qualify for the new age 59-1/2 in-service distribution must go online to the Custodian's website and download the ***In-Service Age 59-1/2*** application form. After completing and submitting to the Custodian, the application is processed and the in-service distribution will be deposited as instructed by the participant. DCP participants may *not* make amounts deferred available to a participant earlier than:
 - 1) age 59-1/2,
 - 2) severance of employment,
 - 3) retirement,
 - 4) an "unforeseeable emergency" (457(b) version of a financial hardship),
 - 5) Required minimum distributions (RMDs),
 - 6) Qualified Domestic Relations Order (QDRO) pursuant to a divorce, or
 - 7) plan termination.
- **Small Account Distribution:** DCP participants who qualify for the "small account" in-service distribution must follow the steps previously shared for the age 59-1/2 in-service distribution. Small account distributions may be authorized provided if:
 - 1) the amount does not exceed \$5,000, and
 - 2) such amount may be distributed only if:
 - a. no amount has been deferred under the plan with respect to such participant during the 2-year period ending on the date of the distribution, and
 - b. there has been no prior distribution under the plan to such participant under this option.
- **Birth or Adoption Distribution:** DCP participants who qualify for birth or adoption distributions must go online to the Custodian's website and download an ***In-Service*** application form. After completing and submitting to the Custodian, the application is processed and the in-service distribution will be deposited as instructed by the participant. A "Qualified Birth or Adoption Distribution" means a distribution made to a Participant within the one-year period, beginning on the date on which a child of the Participant is born or on which the legal adoption by the Participant of an eligible adoptee is finalized.

You may comment on the proposed amendments by submitting written comments to:

- **Mail:** Attn: Jim Puckett
Alaska Division of Retirement and Benefits
P.O. Box 110203
Juneau, Alaska 99811-0203
- **Email:** jim.puckett@alaska.gov

NOTICE OF PROPOSED AMENDMENTS IN THE ALASKA DEFERRED
COMPENSATION PROGRAM IN THE DEPARTMENT OF ADMINISTRATION,
DIVISION OF RETIREMENT AND BENEFITS

Comments must be received no later than 5:00 p.m. on August 30, 2021.

If you are a person with a disability who needs a special accommodation to participate in this process, please contact **Jim Puckett** at **(907) 465-3226** no later than **Monday, August 23, 2021**, to ensure that any necessary accommodations can be provided.

A copy of the proposed amendments and of material to be adopted by reference is available on the [Alaska Online Public Notice System](#), the [Division of Retirement and Benefits website](#), and by contacting **Jim Puckett** at **P.O. Box 110203, Juneau, Alaska 99811-0203** or at jim.puckett@alaska.gov.

After the public comment period ends, the Division of Retirement and Benefits will either adopt the proposed amendments or other provisions dealing with the same subject, without further notice, or decide to take no action. The language of the final amendments may be different from that of the proposed amendments. You should comment during the time allowed if your interests could be affected.

DCP Plan Document Article Being Implemented, Interpreted, or Made Specific: Articles V; (B), (D), (E), (F), (L), and VII; (A)

Fiscal Information: No increased appropriations are anticipated.