

**SUMMARY OF KEY AMENDMENTS
TO THE RESTATED
GEORGIA MUNICIPAL EMPLOYEES BENEFIT SYSTEM
DEFINED BENEFIT RETIREMENT PLAN**

I. GENERAL OVERVIEW

On August 31, 2023, the IRS issued a favorable opinion letter for the Amended and Restated Third Six-Year Cycle Georgia Municipal Employees Benefit System Defined Benefit Retirement Plan ("DB Plan" or "Plan"). The Plan, as approved, incorporates required federal law updates, as well as administrative updates adopted by the Board of Trustees of GMEBS over the last several years. The IRS requires that each Adopting Employer sign an updated DB Plan Adoption Agreement (and Addendum, if applicable).

II. SUMMARY OF KEY CHANGES TO THE BASIC PLAN DOCUMENT

Participating employers have already been apprised of the content of all amendments adopted by the Board before August 31, 2023. However, during its review, the IRS required GMEBS to include additional amendments in the restated Plan documents. The following information summarizes those amendments, as well as Amendment 1 to the Basic Plan Document, which was approved by the Board of Trustees on September 22, 2023.

- ❖ **Change from “Master Plan Document” to “Basic Plan Document”** – The IRS changed its terminology for pre-approved plan documents from “Master Plan document” to Basic Plan Document.”
- ❖ **Removal of Outdated Language** – GMEBS amended the Plan for administrative purposes to move provisions that were no longer in effect or no longer applicable.
- ❖ **Minimum Age Limits for In-Service Distribution** – As a general rule, employees or elected officials may not draw retirement benefits while employed. The Basic Plan document states that if a plan allows in-service distribution, a participant must be at least age 62, or satisfy certain “safe harbor” age and service combinations established in IRS regulations, to receive retirement benefits while employed. If a plan allows in-service distribution and has an alternative normal retirement provision with a minimum age of at least 50 specifically for public safety employees (or that satisfies certain IRS “safe harbor” age and service qualifications that apply to public safety employees), public safety employees who are eligible for the alternative normal retirement may receive an in-service distribution even if they are younger than age 62. Though Congress amended federal law in 2019 to allow plans to set normal retirement ages at a minimum age of 59 ½, the IRS’s opinion letter for the DB Plan specified it would not apply to plans that allowed in-service distribution at ages younger than 62 (or 50 for public safety employees) or that did not satisfy one of the IRS’s safe harbors for in-service distribution. **As in prior restatements, GMEBS plans that currently have in-service distribution provisions that don’t meet these requirements will have the opportunity to file for separate IRS approval of these provisions.** “In-service distribution” means a distribution of normal or alternative normal retirement benefits without a bona fide separation from service. A “bona fide

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separation from service” is a separation from service of at least six months with no expectation of returning to service.

- ❖ **Removal of Public Employment Related Crime Provisions** – At the request of the IRS, GMEBS removed language concerning the reduction or forfeiture of a participant’s benefits following a final conviction of a public employment related crime from the Basic Plan Document. State laws requiring a reduction in or forfeiture of retirement benefits if a participant is convicted of a public employment related crime still apply but are no longer mentioned in the Plan documents.
- ❖ **Clarification of Process for Locating an Individual Owed Benefits** – As required by the IRS, the restated Basic Plan Document details the steps an employer offering benefits under the DB Plan must take to locate an individual to whom benefits are owed under the Plan. These steps include searching Plan-related and publicly available records or directories for alternative contact information; sending certified mail to the individual’s last known mailing address and reaching out through appropriate means for address or contact information (such as email addresses and phone numbers) available to the employer; and using either a commercial locator service, a credit reporting agency or internet search tools to find the individual.
- ❖ **Federal Tax Law Updates** – The Basic Plan Document contains several federal tax law updates, including allowing rollovers to SIMPLE IRAs in certain situations, updating mortality table language relating to annual benefit limits, and allowing employers to amend the plan as necessary to satisfy Section 415 of the Internal Revenue Code, even if doing so impacts benefits.
- ❖ **Voting Representative; Trustees** – GMEBS updated language in the Basic Plan Document designating employers’ voting representative for GMEBS purposes to be consistent with the GMEBS Bylaws. The language provides that, unless otherwise directed by an employer’s chief executive, a GMEBS trustee will be considered his or her employer’s designated voting representative. For all other employers, the chief executive or administrative officer will be the employer’s voting representative.
- ❖ **Use of Trust Fund Assets** – The Basic Plan Document stipulates that trust fund assets can be used to pay reasonable fees, taxes and expenses of the Plan and Trust.
- ❖ **Reversion of Assets in Event of Plan Termination** – Per the request of the IRS, GMEBS amended the Basic Plan Document to state that, in the event an employer’s plan is terminated, excess trust fund assets remaining after paying all vested accrued benefits to all participants can only revert to the employer if the excess was due to an actuarial error.
- ❖ **Added Language to Adoption Agreement Regarding Compliance with Federal Law when an Employer Has More than One Defined Benefit Retirement Plan** – Per the request of the IRS, the Adoption Agreement contains a new Section 15(G) concerning Section 415(b) of the Internal Revenue Code, when an employer has more than one defined benefit retirement plan. This provision will be blank in most GMEBS employers’ Adoption Agreements.

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- ❖ **Adjusted Minimum Ages for Commencement of Required Minimum Contributions** – The SECURE Act of 2019 and 2022’s SECURE 2.0 raised the age at which participants have to start drawing retirement benefits. These changes were not included in the restated Basic Plan Document reviewed by the IRS. However, on September 23, 2023, the Board of Trustees of GMEBS adopted Amendment 1 to the Restated Plan to implement these updates. Currently, a terminated vested participant must retire no later than the April 1 following the date the participant turns 73. Starting in 2033, a terminated vested participant must retire no later than the April 1 following the date the participant turns 75.