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BULLETIN

To: Liaison Officers

From: Tina Leiss, Operations Officer

Date: January 28, 2010

Re: IRS Delays Normal Retirement Age Regulations – Update

In May of 2007, the IRS issued final regulations for the distribution of governmental retirement benefits after a normal retirement age of 62 or later for regular members and age 50 or later for qualified public safety employees.

The IRS then issued a bulletin in October of 2008 delaying the implementation of the normal retirement age regulations until January 1, 2011 as it is applied to governmental plans. This was the first step in the process to have the regulation changed, withdrawn, or modified.

A follow-up IRS bulletin published in November 2009 stated that the IRS intends to again extend the time by which a governmental retirement plan, such as PERS, must comply with final normal retirement age regulations. Most governmental public pension plans use a service based formula and in recognizing that, the IRS has extended the implementation of these regulations to plan years beginning after January 1, 2013.

In the 2009 bulletin, it was noted that the normal retirement age regulations do not contain guidelines for governmental plans, like PERS, which change a participant's normal retirement age to an earlier date based upon the completion of a stated number of service years, such as retirement after 30 years at any age.

The new extension of time will allow the IRS to consider comments received by government pension funds across the country as well as national organizations with regards to the effect of normal retirement age regulations and government retirement plans.