

Executive Team:

Dominic D. Brown, CPA, CFE
Chief Executive Officer

Daryn Miller, CFA
Chief Investment Officer

Jennifer Zahry, JD
Chief Legal Officer

Matthew Henry, CFE
Chief Operations Officer



Board of Retirement:

David Couch, Chair
Dustin Contreras, Vice-Chair
Phil Franey
Ajaib Gill
Joseph D. Hughes
Jordan Kaufman
Rick Kratt
Rocio Mosqueda
John Sanders
Tyler Whitezell
Chase Nunneley, Alternate
Robb Seibly, Alternate

November 25, 2025

Trustees, Board of Retirement
Other Interested Parties

Subject: Meeting of the Kern County Employees' Retirement Association
Administrative Committee

Ladies and Gentlemen:

A meeting of the Kern County Employees' Retirement Association Administrative Committee will be held on Wednesday, December 3, at 1:00 p.m. in the KCERA Boardroom, 11125 River Run Boulevard, Bakersfield, California, 93311.

How to Participate: Listen to or View the Board Meeting

To listen to the live audio of the Board meeting, please dial one of the following numbers and enter ID# 873 7144 5511

- (669) 900-9128; U.S. Toll-free: (888) 788-0099 or (877) 853-5247

To access live audio and video of the Board meeting, please use the following:

- <https://us02web.zoom.us/j/87371445511?pwd=qpfYxpHEwvoTbIk56bkvyGH9T8qm4n.1>
- Passcode: 066564

Items of business will be limited to the matters shown on the attached agenda. If you have any questions or require additional service, please contact KCERA at (661) 381-7700 or send an email to Administration@kcera.org.

Sincerely,

A handwritten signature in blue ink that reads 'Dominic D. Brown'.

Dominic D. Brown
Chief Executive Officer

Attachments

AGENDA:

All agenda item supporting documentation is available for public review on KCERA's website at www.kcera.org following the posting of the agenda. Any supporting documentation that relates to an agenda item for an open session of any regular meeting that is distributed after the agenda is posted and prior to the meeting will also be available for review at the same location.

**AMERICANS WITH DISABILITIES ACT
(Government Code §54953.2)**

Disabled individuals who need special assistance to listen to and/or participate in the meeting of the Board of Retirement may request assistance by calling (661) 381-7700 or sending an email to Administration@kcera.org. Every effort will be made to reasonably accommodate individuals with disabilities by making meeting materials and access available in alternative formats. Requests for assistance should be made at least two (2) days in advance of a meeting whenever possible.

CALL TO ORDER

ROLL CALL (IN PERSON)

AB 2449 REMOTE APPEARANCE(S)

Items 1 and/or 2 withdrawn from agenda if no trustee(s) request to appear remotely:

1. JUST CAUSE CIRCUMSTANCE(S):
 - a) The following Trustee(s) have notified the Committee of a "Just Cause" to attend this meeting via teleconference. (See Government Code § 54953).
 - NONE
 - b) Call for Trustee(s) who wish to notify the Committee of a "Just Cause" to attend this meeting via teleconference. (See Government Code § 54953) – RECEIVE/HEAR REQUEST(S); NO COMMITTEE ACTION REQUIRED
2. EMERGENCY CIRCUMSTANCE(S):
 - a) The following Trustee(s) have requested the Committee approve their attendance of this meeting via teleconference due to an "Emergency Circumstance." (See Government Code § 54953).
 - NONE
 - b) Call for Trustee(s) requesting the Committee approve their attendance of this meeting via teleconference due to an "Emergency Circumstance." (See Government Code § 54953) – TAKE ACTION ON REQUEST(S) FOR REMOTE APPEARANCE DUE TO EMERGENCY CIRCUMSTANCE

CONSENT MATTERS

All items listed with an asterisk (*) are considered to be routine and non-controversial by staff and will be approved by one motion if no member of the Committee or public wishes to comment or ask questions. If comment or discussion is desired by anyone, the item will be removed from the consent agenda and will be considered in the listed sequence with an opportunity for any member of the public to address the Committee concerning the item before action is taken. Staff recommendations are shown in caps after each item.

- *3. [Annual Review of KCERA Insurance Coverages – RECEIVE AND FILE](#)

PUBLIC COMMENTS

4. The public is provided the opportunity to comment on agenda items at the time those agenda items are discussed by the Committee. This portion of the meeting is reserved for persons to address the Committee on any matter not on this agenda but under the jurisdiction of the Committee. Committee members may respond briefly to statements made or questions posed. They may ask a question for clarification and, through the Chair, make a referral to staff for factual information or request staff to report back to the Committee at a later meeting. Speakers are limited to two minutes. Please state your name for the record prior to making a presentation.

MATTERS FOR CONSIDERATION

Staff recommendations are shown in caps after each item.

5. [Presentation on proposed updates to KCERA's Model Tax Compliance Regulations](#) presented by Chief Executive Officer Dominic Brown, Chief Legal Officer Jennifer Zahry, and Tax Counsel Robert Gauss and Audra Ferguson, Ice Miller – RECOMMEND BOARD OF RETIREMENT ADOPT AND REFER TO BOARD OF SUPERVISORS FOR APPROVAL
6. [Presentation on proposed revisions to KCERA's Post-Retirement Employment Policy](#) by Chief Executive Officer Dominic Brown and Chief Legal Officer Jennifer Zahry – RECOMMEND THE BOARD OF RETIREMENT APPROVE PROPOSED CHANGES

CALL FOR PUBLIC COMMENT ON EXECUTIVE SESSION ITEM(S)

EXECUTIVE SESSION

7. PUBLIC EMPLOYEE PERFORMANCE EVALUATION (pursuant to GOVERNMENT CODE §54957) – Title: Chief Executive Officer

RETURN TO PUBLIC SESSION

ROLL CALL TO CONFIRM QUORUM

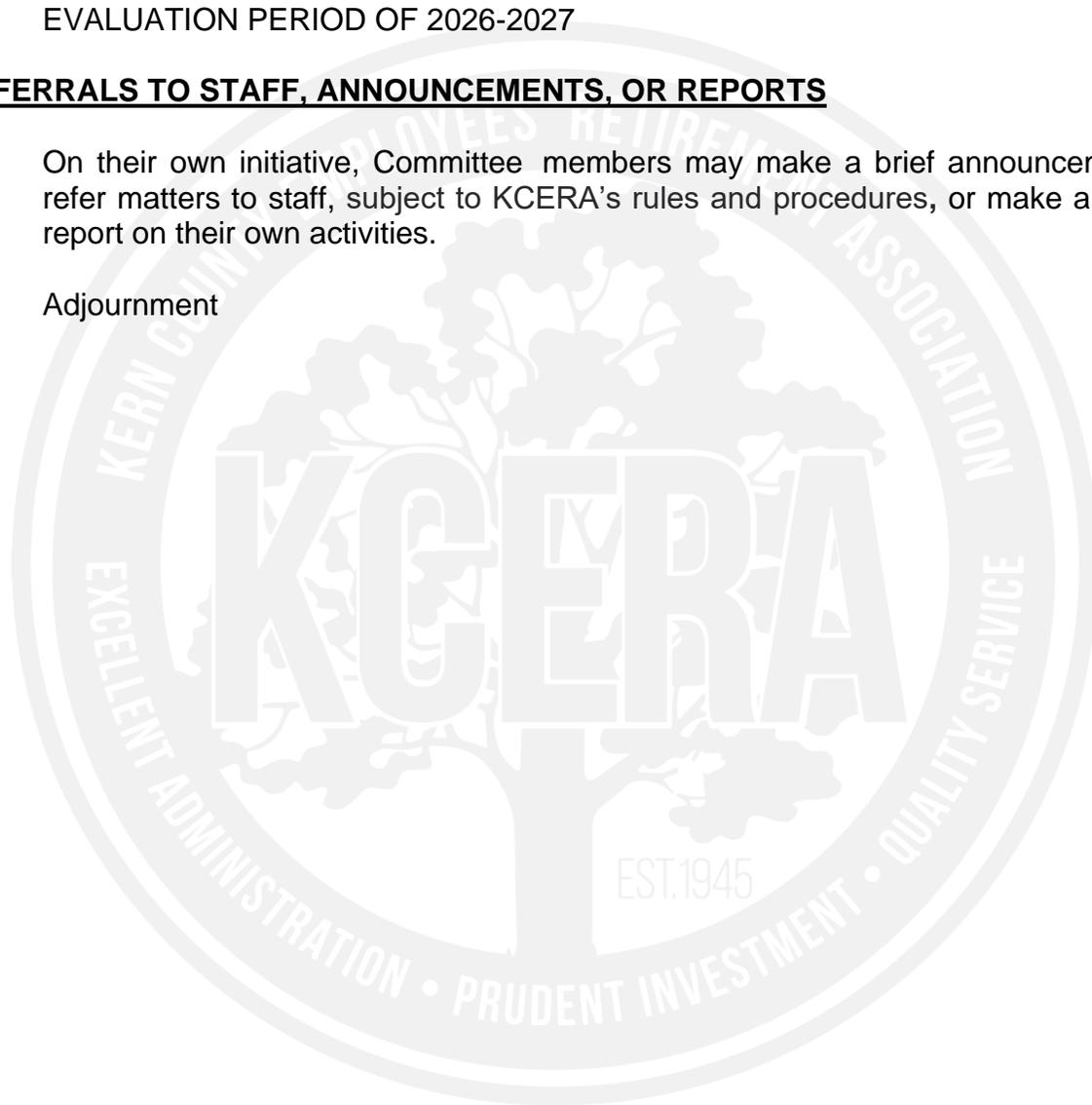
REPORT OF EXECUTIVE SESSION ACTIONS, IF APPLICABLE

ADMINISTRATIVE MATTERS (CONTINUED)

8. [Discussion and review of the 2026-2027 Chief Executive Officer Performance Evaluation Criteria](#) presented by Chief Executive Officer Dominic Brown –
RECOMMEND THE BOARD OF RETIREMENT APPROVE THE CHIEF EXECUTIVE OFFICER PERFORMANCE EVALUATION CRITERIA FOR EVALUATION PERIOD OF 2026-2027

REFERRALS TO STAFF, ANNOUNCEMENTS, OR REPORTS

9. On their own initiative, Committee members may make a brief announcement, refer matters to staff, subject to KCERA's rules and procedures, or make a brief report on their own activities.
10. Adjournment





Date: December 3, 2025
To: Trustees, Administrative Committee
From: Dominic D. Brown, Chief Executive Officer
Subject: **KCERA Insurance Coverages**

This report updates the Administrative Committee on insurance coverage maintained by KCERA for the fiscal year 2025-2026 pursuant to section 6(a) of the Administrative Committee Charter.

1. Types and Costs of Insurance:

	<u>2025-2026</u>	<u>2024-2025</u>
KCERA Building Contents	\$5,386.00	\$5,616.00
Worker's Comp	\$36,170.00	\$30,156.00
Crime	\$431.00	\$337.00
Cyber liability	\$1,747.00	\$2,020.00
General liability	\$16,216.00	\$10,437.00
Total County	\$ 59,950.00	\$48,566.00

KCERA private coverages

	<u>2025-2026</u>	<u>2024-2025</u>
Fiduciary	\$155,498.00	\$155,498.00
Building	\$5,879.00	\$5,814.00
Earthquake & Flood	\$9,997.00	\$10,553.00
Total Private	\$171,374.00	\$171,865.00

KCERA maintains several policies to cover the exposures inherent in administering a public pension plan. County-provided insurance coverages for worker's compensation, crime, cyber liability, general liability, and the contents of our building are charged on a fiscal year basis, and the cost estimates are provided to KCERA by the County during the County's budget development process.

KCERA also maintains insurance coverage through private brokers for fiduciary and building insurance policies with Los Angeles-based broker The Liberty Company Insurance Brokers.

2. KCERA Insurance Profile

KCERA is profiled by insurers when determining premium costs. KCERA is classified as a "public entity" on its insurance applications. No other entity classification breakdown is provided. Insurance companies set KCERA's premiums based on the number of its employees and trustees, amount of plan assets, and on its policy deductibles.

3. General Liability

The general liability coverage provided by County Risk Management includes a variety of coverages, including Employment Practices Liability coverage, errors and omissions, employer's liability and public official's liability (directors and officers).

4. Fiduciary Insurance Coverage

KCERA maintains fiduciary insurance to pay, on behalf of the insured (i.e., the Plan, past, present, and future trustees, and employees of the plan), covered losses and claims expenses arising from claims alleging "wrongful acts" by KCERA's fiduciaries or its employees. This includes losses resulting from any breach of fiduciary duty by the Board or any negligent acts, errors, and omissions by any trustee or KCERA employee.

KCERA's coverage has remained at \$15 million since 2015 and Staff does not recommend a change to that level.

5. Building and Building Contents

KCERA's property insurance covers the building structure, but not the contents of the building. The contents of the building are covered under KCERA's coverage through the County. In 2023, KCERA added Earthquake and Flood coverage not previously included in property insurance policy.

6. Waiver of Recourse

The Board is provided with the ability to purchase waiver of recourse coverage from their personal funds. Waiver of Recourse, or non-recourse, coverage is an endorsement to a fiduciary liability insurance policy that prevents an insurer from exercising its subrogation rights against an insured fiduciary. Waiver of Recourse Coverage with Hudson Insurance Company, for those who elect to purchase it, has been secured for the period of July 8, 2025 through July 8, 2026 to provide eligible KCERA fiduciaries and management with defense and indemnification coverage.

Staff recommends that the Administrative Committee receive and file this report.

Model IRS Regulation Updates

December 2025

IceMiller



Agenda



Regulations for Code § 401(a)(17): Compensation Limits

Regulations for Code § 415: Benefit Limits

Regulations for Code § 401(a)(36): Normal Retirement Age

Regulations for Code § 401(a): Distribution Restrictions

Regulations for Code § 401(a)(9): RMD Rules

Regulations for Code §§ 401(a)(31) and 402(c): Rollovers

Regulations for Code § 401(a)(17):

Compensation Limits

Limits on Compensation

The only change in the policy is to update the 2025 limit (\$350,000).
For 2026, the 401(a)(17) limit is \$360,000.

Regulations for Code § 415:

Annual Limits

Limits on Benefits Code § 415(b)

- The annual benefit paid to a member from a qualified plan each limitation year cannot exceed the 415(b) Limit.
 - TAMRA protection for individuals who became members prior to January 1, 1990
- The limit is adjusted for:
 - ✓ optional forms of benefit payment;
 - ✓ starting benefits before age 62 or after age 65 (unless public safety or military);
 - ✓ less than 10 years of service;
 - ✓ benefits under \$10,000;
 - ✓ ancillary benefits, and benefits attributable to after-tax and rollover contributions; and permissible service credit purchases.
- Dollar Limit is adjusted annually for cost of living.
- **The only change in the policy is to update the 2025 limit (\$280,000).** Note that for 2026, the 415(b) Dollar Limit is \$290,000.

Limits on Contributions Code § 415(c)

- Annual Additions cannot exceed the 415(c) Limit
- The Dollar Limit is adjusted annually for cost of living. For 2025, the limit is the lesser of:
 - ✓ 100% of the member's includable compensation, or
 - ✓ **\$70,000** (*Note this is the only change in the policy, which uses the 2025 limit. The 2026 limit is \$72,000*)
- For KCERA, annual additions include:
 - ✓ Employer contributions allocated to the member's account that is separate from CERL benefits;
 - ✓ After-tax employee contributions;
 - ✓ Forfeitures.

Regulations for Code § 401(a)(36)

Normal Retirement Age

Normal Retirement Age:

Federal Overview

- To be qualified, plans must provide for the payment of “**definitely determinable benefits**” for a period of years **after retirement** or the **attainment of normal retirement age**.
 - ✓ Two very different events.
 - ✓ Retirement may occur prior to this age.
 - ✓ Distributions may happen in-service upon attaining normal retirement age.
- The Treasury Regulations define normal retirement age as an age that is not earlier than the earliest age that is reasonably representative of the typical retirement age for the industry in which the covered workforce is employed (“**reasonably representative requirement**”).
 - ✓ If a governmental plan permits in-service distributions, the normal retirement age must meet this requirement.

Summary of Changes

Section	Explanation of Change
I	Effective date of policy
II(1)	Grandfathered normal retirement age for general members (53) and safety members (51) hired prior to November 5, 2025. Applies this regulation to those hired after.
II(2)	Sets normal retirement age for General Members and DA investigators at age 53 with 10 years of service.
II(3)	Sets normal retirement age for “qualified public safety employees” as the earlier of age 50 or 20 years of service.
II(4)	Sets normal retirement age for probation officers in a Safety Tier at age 53 with 10 years of service.
II(5)	Applies the federal standard for setting normal retirement age, which shall not be later than age 70.

Regulations for Code § 401(a):

Distribution Restrictions

Retiree Reemployment Considerations

Taxation Issues

- ✓ If Participant is under age 59½, 10% penalty may apply to distribution if no bona fide separation from service
- ✓ Normal retirement age is not exception to penalty.
- ✓ Two primary exceptions to 10% penalty require bona fide separation from service:
 - ✓ Age 55 (or age 50 or 25 years of service for public safety employee).
 - ✓ Substantially equal periodic payments.

In-Service Distributions

- ✓ A Qualified Plan may permit in-service distributions at “Normal Retirement Age”
- ✓ There is no “safe harbor” period to show bona fide separation.
- ✓ For in-service distributions, IRS Proposed Regulations establish Safe Harbors.
- ✓ In addition to Normal Retirement Age, at age 59 ½, in-service distributions are permissible.

Summary of Changes

Section	Explanation of Change
I	Effective date of policy
II(1)	Brought predetermined agreement requirement in line with federal requirements
II(2)-(3)	Brought bona fide separation from service requirement in line with federal requirements and brought plan into compliance with state law change
II(4)	Provided authority to collect overpaid benefits received in violation of the regulation and brought in compliance with state law amendment
III(1)	Added for CERL compliance: member must reimburse KCERA for any pension overpayments, as well as pay missed contributions, plus interest and reasonable administrative expenses, for period of reemployment
III(2)	Added for CERL compliance: entity employing retiree must pay associated employer contribution plus may pay a fine for every month after rehire that the employer fails to reinstate the retiree to active membership

Regulations for Code § 401(a)(9):

Required Minimum Distribution Rules

SECURE ACT 1.0

- Made substantial changes to the RMD rules regarding beneficiary withdrawals.
 - Previously, an individual beneficiary (“designated beneficiary”) could take RMDs over the course of their own life expectancy.
- Added Code § 401(a)(9)(H):
 - A designated beneficiary must receive the entire inherited account within 10 years, unless they are an eligible designated beneficiary (generally a spouse, minor child or certain other relatives).
 - For an eligible designated beneficiary, distributions are permitted over the beneficiary’s life expectancy, but the 10-year rule would then apply following their death.

SECURE ACT 2.0

- Overhauled age RMDs must begin.
- This was a mandatory change, effective January 1, 2023.
 - Plans must be amended by December 31, 2029.
- Participants must begin to take required minimum distributions (RMDs) by April 1 of the calendar year after the later of:
 - the calendar year in which the participant attains the Applicable Age; or
 - the calendar year in which the participant retires.
- The Applicable Age that applies to a participant is dictated by his or her birthdate.

Increase in the Applicable Age for RMDs

FOR PARTICIPANTS WHO -	APPLICABLE AGE
Are born before July 1, 1949 <i>Turned age 70 ½ before 2020</i>	70 ½
Are born on or after July 1, 1949, but before 1951 <i>Turned age 70 ½ after 2019 and age 72 before 2023</i>	72
Are born in 1951 to 1959 <i>Turned age 72 after 2022 and age 73 before 2033</i>	73
Are born in 1960 or later <i>Will turn age 73 after 2032</i>	75

Summary of Changes

Section	Explanation of Change
I	Effective date of policy
II(B)	Removed purchase of annuity contracts (not applicable) and updated federal references
III(D)(3) III(E) IV(C)(1)(b)	Beneficiary rules were updated (see SECURE 1.0)
IV(A)(1)	Changed RMD age from 70 ½ to “Applicable Age” (see SECURE 2.0)
VI(A)	Defined “Applicable Age” (see SECURE 2.0)
I(B) V(D)-(E)	Updated compliance standard (reasonable and good faith) and added citation.

*Obsolete federal references (Internal Revenue Code and/or Treasury Regulation) were updated in the following sections:
II(B); III(D)(1)-(2); IV(C)(1)(b); V(A)(1)(c), (A)(3), (D)-(G); VI(C)-(A)*

Regulations for Code §§ 401(a)(31) & 402(c):

Rollovers

Rollover Basics

An eligible retirement plan is:

- ✓ IRA
 - 408(a) or 408(b) (other than endowment contract)
- ✓ Qualified plan (401(a))
- ✓ Qualified annuity (403(a))
- ✓ Tax-sheltered annuity (403(b))
- ✓ Governmental deferred compensation (457(b))
- ✓ Roth IRA (408A)
- ✓ **SIMPLE IRA (408(p))**

Outgoing rollover

- Any eligible rollover distribution
- Must be paid to eligible retirement plan

Incoming rollover

- Accepted for
 - Permissive service credit
 - Repayment of withdrawn contributions
- Must be pre-tax amounts
- Cannot accept Roth funds

Addition of SIMPLE IRAs



Protecting Americans from Tax Hikes Act § 306 amended Code § 408(p)(1)(B) to expand the types of plans from which SIMPLE IRAs can accept rollovers, made after enactment (12/18/15)



Permits taxpayers to roll over assets from traditional and SEP IRAs, as well as from employer- sponsored 401(k), 403(b), or 457(b) plans, into a SIMPLE IRA .



Restrictions apply:

- SIMPLE IRAs can't accept rollovers from Roth or designated Roth IRAs;
- Only to applies rollovers made after first two years of participation;
- The one-per-year limitation applies

Summary of Changes

Section	Explanation of Change
I	Effective date of policy
II(A)(1)	Internal Revenue Code citations added
II(D)(2)(h) III(C)(2)(a)(i)	Added to reflect SIMPLE IRA change
II(D)(3)	Removed because SIMPLE IRAs are no longer excluded from “Eligible Retirement Plans”
III(A)(6)	Broadened correction language given the flexibility under SECURE 2.0.

Questions?



Audra Ferguson

Partner

Audra.Ferguson@icemiller.com

(317) 236-2249



Robert Gauss

Partner

Robert.Gauss@icemiller.com

(317) 236-2133



1125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

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

December 2025

PROCESSED

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 December 31, 2025, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") 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 Association 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 of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. LIMITATION ON ANNUAL COMPENSATION EARNABLE

A. In General

1. Annual Compensation Earnable Limit

The annual amount of compensation that is taken into account in determining all benefits provided by the Association to affected Members for any year, which is referred to in the CERL 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 \$350,000 for 2025. 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. Members Affected By the Annual Limit

a. Not Applicable to Pre-July 1, 1996 for System Members

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

b. Applies to New Members of the Association On and After July 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 Association on or after July 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 Association, regardless of whether the Member terminated and resumed participation in the Association 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 Association 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 Association 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 Association 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 \$350,000 for the year and the Member has Compensation Earnable of \$270,000 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 Association.

4. Proration for Short Plan Year

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. Reciprocity and New Membership in the Association

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

6. Reciprocity and Prior Membership In the Association

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

7. Relationship Between Section 415 Limit and Compensation Earnable Limit

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. Clarification Concerning Member Contributions

Because Member contributions are the basis for benefits provided by the Association, 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 Association are based.

C. Plan Year Compensation Earnable

1. General Rule

To the extent that the Association 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 Association's plan year corresponds to the fiscal year beginning on the first day of July, 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 in which the plan year begins.

2. Member Contributions

Since the Association's plan year is the fiscal year beginning on the first day of July, 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 in which the plan year begins.

D. Examples

1. Example - Retirement Allowance

The retirement allowance provided by the Association 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 \$345,000 for the 2024 calendar year and \$350,000 for the 2025 calendar year. A Member retires in May 2025. The Member's highest 12 consecutive months of Compensation Earnable is for the period May 1, 2024 through April 30, 2025. The annual Compensation Earnable used for determining this Member's benefits for the 2025 year is limited to \$345,000, not \$350,000, because this is the limit in effect for the calendar year in which the 12-consecutive month period began.

For some Members of the Association, including Members subject to the requirements enacted under the Public Employees' Pension Reform Act of 2013 ("PEPRA"), the retirement allowance provided by the Association is based on the highest 36 consecutive months of Compensation Earnable ending within the plan year. The Annual Compensation Earnable Limit was \$330,000 for 2023, \$345,000 for 2024, and \$350,000 for 2025. A Member retires in May 2026. The Member has \$420,000 per year (\$35,000 per month) of Compensation Earnable during the Member's highest 36 consecutive months of Compensation Earnable for the period May 1, 2023 through April 30, 2026. The Association may not base the Member's benefits for 2026 on annual Compensation Earnable in excess of \$341,666.67, the average of the limits in effect for each of the three 12-consecutive month periods: the May 1, 2023 through April 30, 2024 period is capped at \$330,000, the 2023 limit; the May 1, 2024 through April 30, 2025 is capped at \$345,000, the 2024 limit; and the May 1, 2025 through April 30, 2026 is capped at \$350,000, the 2025 limit. The average of these capped amounts is the Annual Compensation Earnable Limit for determining benefits for the 2026 plan year for a member who retires in May, 2026 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 \$330,000 for the 2023 calendar year; \$345,000 for the 2024 calendar year; and \$350,000 for the 2025 calendar year.

Since the Association's plan year corresponds to the fiscal year, the Annual Compensation Earnable Limit was \$330,000 for the entire plan year beginning July 1, 2023 and ending June 30, 2024; \$345,000 for the entire plan year beginning

July 1, 2024 and ending June 30, 2025; and \$350,000 for the entire plan year beginning July 1, 2025 and ending June 30, 2026.

PROPOSED

REVIEW AND HISTORY

- 1) This regulation was:
 - a) Adopted by the Board on November 5, 2014.
 - b) Amended **December XX, 2025**.

|

**KERN COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION**

REGULATIONS FOR

IRC § 401(a)(17)

COMPENSATION LIMIT

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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 December 31, 20~~14~~²⁵, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") 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 Association 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 of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. LIMITATION ON ANNUAL COMPENSATION EARNABLE

A. In General

1. Annual Compensation Earnable Limit

The annual amount of compensation that is taken into account in determining all benefits provided by the Association to affected Members for any year, which is referred to in the CERL 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 \$~~352~~³⁵²60,000 for 20~~14~~²⁵. 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. Members Affected By the Annual Limit

a. Not Applicable to Pre-July 1, 1996 for System Members

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

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

- b. Applies to New Members of the Association On and After July 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 Association on or after July 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 Association, regardless of whether the Member terminated and resumed participation in the Association 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 Association 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 Association 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 Association 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 ~~\$35260,000~~ for the year and the Member has Compensation Earnable of ~~\$2790,000~~ 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 Association.

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

4. Proration for Short Plan Year

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. Reciprocity and New Membership in the Association

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

6. Reciprocity and Prior Membership In the Association

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

7. Relationship Between Section 415 Limit and Compensation Earnable Limit

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. Clarification Concerning Member Contributions

Because Member contributions are the basis for benefits provided by the Association, 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.

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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 Association are based.

C. Plan Year Compensation Earnable

1. General Rule

To the extent that the Association 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 Association's plan year corresponds to the fiscal year beginning on the first day of July, 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 in which the plan year begins.

2. Member Contributions

Since the Association's plan year is the fiscal year beginning on the first day of July, 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 in which the plan year begins.

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

D. Examples

1. Example - Retirement Allowance

The retirement allowance provided by the Association 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~~\$345,000 for the ~~2012~~2024 calendar year and ~~\$350,255~~,000 for the ~~2025~~13 calendar year. A Member retires in May, ~~2013~~25. The Member's highest 12 consecutive months of Compensation Earnable is for the period May 1, ~~2012~~2024 through April 30, ~~2013~~2025. The annual Compensation Earnable used for determining this Member's benefits for the ~~2013~~2025 year is limited to ~~\$250,000~~\$345,000, not ~~\$255,000~~\$350,000, because this is the limit in effect for the calendar year in which the 12-consecutive month period began.

For some Members of the Association, including Members subject to the requirements enacted under the Public Employees' Pension Reform Act of 2013 ("PEPRA"), the retirement allowance provided by the Association is based on the highest 36 consecutive months of Compensation Earnable ending within the plan year. The Annual Compensation Earnable Limit was ~~\$245,000~~\$330,000 for ~~2011~~2023, ~~\$250,000~~\$345,000 for ~~2012~~2024, and ~~\$255,000~~\$350,000 for ~~2013~~2025. A Member retires in May ~~2014~~2026. The Member has ~~\$30420~~,000 per year (~~\$325~~,000 per month) of Compensation Earnable during the Member's highest 36 consecutive months of Compensation Earnable for the period May 1, ~~2011~~2023 through April 30, ~~2014~~2026. The Association may not base the Member's benefits for ~~2014~~2026 on annual Compensation Earnable in excess of ~~\$341,666.67~~\$250,000, the average of the limits in effect for each of the three 12-consecutive month periods: the May 1, ~~2011~~2023 through April 30, ~~2012~~2024 period is capped at ~~\$245,000~~\$330,000, the ~~2011~~2023 limit; the May 1, ~~2012~~2024 through April 30, ~~2013~~2025 is capped at ~~\$250,000~~\$345,000, the ~~2012~~2024 limit; and the May 1, ~~2013~~2025 through April 30, ~~2014~~2026 is capped at ~~\$255,000~~\$350,000, the ~~2013~~2025 limit. The average of these capped amounts is the Annual Compensation Earnable Limit for determining benefits for the ~~2014~~2026 plan year for a member who retires in May, ~~2014~~2026 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~~\$330,000 for the ~~2011~~2023 calendar year; ~~\$250,000~~\$345,000 for the ~~2012~~2024 calendar year; and ~~\$255,000~~\$350,000 for the ~~2013~~2025 calendar year.

Since the Association's plan year corresponds to the fiscal year, the Annual Compensation Earnable Limit was ~~\$245,000~~\$330,000 for the entire plan year beginning July 1, ~~2011~~2023 and ending June 30, ~~2012~~2024;

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

\$~~250,000~~345,000 for the entire plan year beginning July 1, ~~2012~~2024 and ending June 30, ~~2013~~2025; and \$~~255,000~~350,000 for the entire plan year beginning July 1, ~~2013~~2025 and ending June 30, ~~2014~~2026.



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

REGULATIONS FOR

IRC § 415

ANNUAL LIMITS

December 2025

PROCESSED

IRC § 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 December 31, 2025, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") 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 Association 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 of 1937 (the "CERL") 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 Association at any time shall not exceed \$280,000 (for 2025) 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 Association 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. No Actuarial Adjustment (Or Limitation) Required For Certain Benefits.

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

- a. Qualified joint and survivor annuity. 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. Benefits that are not "retirement benefits". 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. Certain automatic benefit increases. Benefits that meet the following requirements: (i) the Association 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 Association'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.A.5 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 Association, 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 Association, 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 Association 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 Association 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 Association, 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 Association 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 Association at the Member's Annuity Starting Date to the annual amount of the Straight Life Annuity under the Association 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 Association at the Member's Annuity Starting Date to the annual amount of the adjusted immediately commencing Straight Life Annuity under the Association at age 65, both determined without applying the limitations of this regulation. For this purpose, the adjusted immediately commencing Straight Life Annuity under the Association 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 Association at age 65 is the annual amount of such annuity that would be payable under the Association 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 Association 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 Association 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 Association only to the extent that the reduction under such other plans is insufficient to avoid exceeding the limit.

SECTION IV. MULTIPLE EMPLOYER PLAN

Employer-provided benefits for the Member attributable to all of the Employers participating in the Association 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 Association 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 Association before January 1, 1990.

C. Election

By the enactment of Section 31899 et. seq. of the California Government Code, the "grandfather" election under Internal Revenue Code section 415(b)(10) was made for the Association and all retirement systems maintained under the CERL. 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 Association to purchase Permissive Service Credit under the Association, 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 Association'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 Association for purposes of calculating a Member's benefit under the Association;
- b. which such Member has not received under the Association; and
- c. which the Member may receive only by making a voluntary additional contribution in an amount determined under the Association, 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 Association, but only to the extent not prohibited by PEPRA.

2. Limitation on Nonqualified Service Credit

The Association 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 Association.

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 Association will not process such service credit purchase.

4. Trustee-to-Trustee Transfers

In the case of a trustee-to-trustee transfer to the Association to which Code section 403(b)(13)(A) or 457(e)(17)(A) applies, (without regard to whether the transfer is made from 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 Association 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 Association with respect to an amount previously refunded upon a forfeiture of service credit under the Association or under another governmental plan maintained by a state or local government employer within 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 CERL but instead means a retirement benefit that is payable by the Association, 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 Association.

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 fourth month preceding the stability period, which shall be the calendar year 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 other governmental employer that participates in the Association 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.

IRC § 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 December 31, 2025, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") 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 Association 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 of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. ANNUAL ADDITIONS LIMITATION

A. Annual Additions Limit, In General

Notwithstanding anything to the contrary contained in the Association, the total Annual Additions allocated to a Member's Account under the Association, 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 Association for benefits that are separate and apart from the retirement benefits (annuity and pension) otherwise provided under the CERL.

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 Association 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 Association 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 CERL;
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 and those amounts are treated 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 the accrued benefit derived from all such contributions is treated as an annual benefit subject to the limits of Code section 415(b).

E. Employer

“Employer” means the participating County or other governmental employer that participates in the Association 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. \$70,000 (for 2025), 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 Association 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.

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 Association, 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 Association 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”), its successor, or any other permissible corrective approach under federal law.

PROPOSED

REVIEW AND HISTORY

- 1) This regulation was:
 - a) Adopted by the Board on November 5, 2014.
 - b) Amended December XX, 2025.

|

**KERN COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION**

REGULATIONS FOR

IRC § 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 December 31, 2025~~14~~, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") 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 Association 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 of 1937 (the "CERL") 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 Association at any time shall not exceed \$~~28~~40,000 (for 2014~~2025~~) 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.

Kern County Employees' Retirement Association

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 Association 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:

Kern County Employees' Retirement Association

- 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. No Actuarial Adjustment (Or Limitation) Required For Certain Benefits.

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

- a. Qualified joint and survivor annuity. 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. Benefits that are not "retirement benefits". 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. Certain automatic benefit increases. Benefits that meet the following requirements: (i) the Association 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 Association'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.

Kern County Employees' Retirement Association

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.[AB.54](#) 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 Association, 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 Association, 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

Kern County Employees' Retirement Association

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 Association 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 Association 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 Association, 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 Association 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 Association at the Member's Annuity Starting Date to the annual amount of the Straight Life Annuity under the Association commencing at age

Kern County Employees' Retirement Association

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 Association at the Member's Annuity Starting Date to the annual amount of the adjusted immediately commencing Straight Life Annuity under the Association at age 65, both determined without applying the limitations of this regulation. For this purpose, the adjusted immediately commencing Straight Life Annuity under the Association 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 Association at age 65 is the annual amount of such annuity that would be payable under the Association 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.

Kern County Employees' Retirement Association

E. Minimum Benefit Permitted

The benefit otherwise accrued or payable to a Member under the Association 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 Association 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 Association only to the extent that the reduction under such other plans is insufficient to avoid exceeding the limit.

SECTION IV. MULTIPLE EMPLOYER PLAN

Employer-provided benefits for the Member attributable to all of the Employers participating in the Association 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 Association 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 Association before January 1, 1990.

C. Election

By the enactment of Section 31899 et. seq. of the California Government Code, the "grandfather" election under Internal Revenue Code section 415(b)(10) was made for the Association and all retirement systems maintained under the CERL. 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 Association to purchase Permissive Service Credit under the Association, 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 Association'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 Association for purposes of calculating a Member's benefit under the Association;
- b. which such Member has not received under the Association; and
- c. which the Member may receive only by making a voluntary additional contribution in an amount determined under the

Kern County Employees' Retirement Association

Association, 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 Association, but only to the extent not prohibited by PEPRA.

2. Limitation on Nonqualified Service Credit

The Association 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 Association.

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

Kern County Employees' Retirement Association

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 Association will not process such service credit purchase.

4. Trustee-to-Trustee Transfers

In the case of a trustee-to-trustee transfer to the Association to which Code section 403(b)(13)(A) or 457(e)(17)(A) applies, (without regard to whether the transfer is made from 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 Association 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 Association with respect to an amount previously refunded upon a forfeiture of service credit under the Association or under another governmental plan maintained by a state or local government employer within 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

Kern County Employees' Retirement Association

“Annuity” for purposes of this regulation does not mean “annuity” as defined in the CERL but instead means a retirement benefit that is payable by the Association, 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 Association.

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 fourth month preceding the stability period, which shall be the calendar year 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 other governmental employer that participates in the Association 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.

DRAFT

Kern County Employees' Retirement Association

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 December 31, ~~2014~~2025, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") 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 Association 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 of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. ANNUAL ADDITIONS LIMITATION

A. Annual Additions Limit, In General

Notwithstanding anything to the contrary contained in the Association, the total Annual Additions allocated to a Member's Account under the Association, 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 Association for benefits that are separate and apart from the retirement benefits (annuity and pension) otherwise provided under the CERL.

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

Kern County Employees' Retirement Association

“Aggregated Plan” means any defined contribution plan which is aggregated with the Association 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 Association 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 CERL;
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 and those amounts are treated 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);

Kern County Employees' Retirement Association

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 the accrued benefit derived from all such contributions is treated as an annual benefit subject to the limits of Code section 415(b).

E. Employer

“Employer” means the participating County or other governmental employer that participates in the Association 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. \$~~7052~~,000 (for ~~2014~~~~2025~~), 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 Association 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

Kern County Employees' Retirement Association

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.

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

Kern County Employees' Retirement Association

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

Kern County Employees' Retirement Association

- 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 Association, 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 Association 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~~, or any other permissible corrective approach under federal law.



1125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

REGULATIONS FOR
IRC § 401(a)(36)
NORMAL RETIREMENT AGE
December 2025

PROCESSED

IRC § 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 December 31, 2025, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") with respect to the normal retirement age applicable for the Association 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 Association 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 of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. NORMAL RETIREMENT AGE

1. For KCERA members who retired prior to 11/5/2025, Normal Retirement Age is age 53 for general members and age 51 for safety members. For KCERA members retiring on or after 11/5/2025, the Normal Retirement Age shall be as set forth in this regulation.
2. Normal Retirement Age for general members and safety members who are District Attorney Investigators is age 55 years with 10 years of service.
3. Normal Retirement Age for a "qualified public safety employee," as defined under 26 U.S.C. § 72(t)(10)(B), is the earlier of age 50 or 20 years of service.
4. Normal Retirement Age for KCERA members, who are Probation Officers and are included within a KCERA Safety Tier, is age 53 with 10 years of service.
5. The Board of Retirement will determine the Normal Retirement Age for each of the above classes of membership based upon the retirement age(s) reasonably representative of the employee population, including adoption of any Safe Harbor Normal Retirement Age offered by the IRS and/or demographic and retirement information available from the actuary. However, Normal Retirement Age shall not be later than age 70.
6. The Board of Retirement for the Association may periodically review and change the Normal Retirement Age of its Members based on the criteria described in Section 4 above as deemed necessary by the Board, or 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.

PROPOSED

REVIEW AND HISTORY

- 1) This policy was:
 - a) Adopted by the Board on November 5, 2014.
 - b) Amended **December XX, 2025**.

|

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

IRC § 401(a)(36)

NORMAL RETIREMENT AGE

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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 December 31, 2025~~14~~, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") with respect to the normal retirement age applicable for the Association 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 Association 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 of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. NORMAL RETIREMENT AGE

1. For KCERA members who retired prior to 11/5/2025, Normal Retirement Age is age 53 for general members and age 51 for safety members. For KCERA members retiring on or after 11/5/2025, the Normal Retirement Age shall be as set forth in this regulation.
- ~~1.2.~~ Normal Retirement Age for general members and safety members who are District Attorney Investigators is age 53 years with 10 years of service, or if later, the date at which a Member vests in his or her right to receive a monthly retirement allowance from the Association. In accordance with the CERL, normal retirement age is not later than age 70 years.
- ~~2.3.~~ Normal Retirement Age for a "qualified public safety employee members," as defined under 26 U.S.C. § 72(t)(10)(B), is the earlier of age 54 or 20 years of service, or if later, the date at which a Member vests in his or her right to receive a monthly retirement allowance from the Association. In accordance with the CERL, normal retirement age is not later than age 70 years.
4. Normal Retirement Age for KCERA members, who are Probation Officers and are included within a KCERA Safety Tier, is age 53 with 10 years of service.
5. The Board of Retirement will determine the Normal Retirement Age for each of the above classes of membership based upon the retirement age(s) reasonably representative of the employee population, including adoption of any Safe Harbor

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

Normal Retirement Age offered by the IRS and/or demographic and retirement information available from the actuary. However, Normal Retirement Age shall not be later than age 70.

~~3. Normal Retirement Age for each class of membership (safety and general) is based on the average age at time of retirement for each class of the measuring period recommended by the Association's actuary and as determined by the Association's actuary, and has been determined by the Board of Retirement to be the earliest age that is reasonably representative of the typical retirement age for California public employees similarly situated.~~

4.6. The Board of Retirement for the Association may periodically review and change the Normal Retirement Age of its Members based on the criteria described in Section 4.3 above as deemed necessary by the Board, or 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.

DRAFT



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

REGULATIONS FOR
IRC § 401(a)
DISTRIBUTION RESTRICTIONS
December 2025

PROCESSED

IRC § 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 December 31, 2025, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") 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 Association 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 Association may establish any reasonable procedures dealing with the return to work of Members following retirement under the Association 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 of 1937 (the "CERL") 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 of the Association after retirement for service, a Member who has not attained Normal Retirement Age (as established by the Association) 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), prior to retirement, to return to work with the County or any participating employer of the Association, 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 Association while retired, the Member must have a bona fide separation from service as required under the terms of the California Public Employees' Pension Reform Act of 2013.
3. The Member may be employed by the County or a participating employer of the Association for emergency situations as defined in Government Code section 8558 and under the PEPRA restrictions without meeting the bona fide separation requirements in sections 1 and 2 above, only if the Member has attained Normal Retirement Age.

4. The Member must acknowledge in writing to KCERA at the time of retirement that the Member has been informed of the requirements set forth in this regulation imposing limitations on post-retirement employment and that no prearrangement to be reemployed while retired exists. The Member also must agree that, if any of the provisions of this regulation regarding bona fide separation from service are violated as determined by the Board of Retirement, the Member's retirement allowance shall be suspended immediately and shall not be reinstated until the Member has a bona fide separation from service or reaches Normal Retirement Age as established by the Association, whichever occurs first. In addition, the Association may (1) collect any overpaid benefits received by the Member in violation of this regulation, (2) initiate actions allowed under the CERL section 31680.9 and/or PEPR, and (3) issue corrected Forms 1099-R, as required.

SECTION III. REEMPLOYMENT WITHOUT REINSTATEMENT

In accordance with section 31680.9 of the California Government Code, any retired member and employer in violation of section 31680.2, 31680.3, 31680.6, or 7522.56 shall comply with all requirements under section 31680.9, including the following:

1. The retired member shall (1) reimburse KCERA for any retirement allowance received during the period of employment in violation of the law, (2) pay the amount of employee contributions that otherwise would have been paid, plus interest, and (3) reimburse KCERA for any reasonable administrative expenses incurred as a result of the violation.
2. The employer employing the retired member in violation shall (1) pay the amount of employer contributions that otherwise would have been paid, plus interest, and (2) may be assessed \$200 per month if the employer fails to reinstate the retired member into membership within 30 days of the effective date of hire.

REVIEW AND HISTORY

- 1) This policy was:
 - a) Adopted by the Board on November 5, 2014.
 - b) Amended **December XX, 2025**.

|

**KERN COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION**

REGULATIONS FOR

IRC § 401(a)

DISTRIBUTION RESTRICTIONS

Kern County Employees' Retirement Association

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 December 31, 2025~~14~~, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") 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 Association 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 Association may establish any reasonable procedures dealing with the return to work of Members following retirement under the Association 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 of 1937 (the "CERL") 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 ~~of~~under the Association after retirement for service, a Member who has not attained Normal Retirement Age (as established by the Association) 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), prior to retirement, to return to work with the County or any participating employer under of the Association ~~prior to retirement to return to work 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 Association while retired, the Member must have a bona fide separation from service ~~of at least the greater of (a) any required separation from service prior to return to work as~~ required under the terms of the California Public Employees' Pension Reform Act of 2013 ~~or (b) a 60- calendar day separation from service.~~

~~2.~~

Kern County Employees' Retirement Association

3. The Member may be employed by the County or a participating employer under of the Association ~~prior to the time in sections 1 and 2~~ for emergency situations as defined in Government Code section 8558 and under the PEPRA ~~return-to-work~~ restrictions without meeting the bona fide separation requirements in sections 1 and 2 above, only if the Member has attained Normal Retirement Age.
~~3.~~
4. The Member must acknowledge in writing to KCERA at the time of retirement that the Member has been informed of the requirements set forth in this regulation imposing limitations on post-retirement employment and that no prearrangement to be reemployed while retired exists. The Member also must ~~also~~ agree that, if any of the provisions of this regulation regarding bona fide separation from service are violated as determined by the Board of Retirement, the Member's retirement allowance shall be suspended immediately and shall not be reinstated until the Member has a bona fide separation from service or reaches Normal Retirement Age as established by the Association, whichever occurs first. In addition, the Association may (1) collect- any overpaid benefits received by the Member in violation of this regulation, (2) initiate actions allowed under the CERL section 31680.9 and/or PEPRA, -and (3) may be required to issue corrected Forms 1099-R, as required.

SECTION III. REEMPLOYMENT WITHOUT REINSTATEMENT

In accordance with section 31680.9 of the California Government Code, any retired member and employer in violation of section 31680.2, 31680.3, 31680.6, or 7522.56 shall comply with all requirements under section 31680.9, including the following:

1. The retired member shall (1) reimburse KCERA for any retirement allowance received during the period of employment in violation of the law, (2) pay the amount of employee contributions that otherwise would have been paid, plus interest, and (3) reimburse KCERA for any reasonable administrative expenses incurred as a result of the violation.
2. The employer employing the retired member in violation shall (1) pay the amount of employer contributions that otherwise would have been paid, plus interest, and (2) may be assessed \$200 per month if the employer fails to reinstate the retired member into membership within 30 days of the effective date of hire.



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

REGULATIONS FOR
IRC § 401(a)(9)
REQUIRED MINIMUM DISTRIBUTION RULES
December 2025

PROCESSED

IRC § 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 December 31, 2025, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") 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 Association 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") and Treasury regulation § 1.401(a)(9)-1(a)(3), 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 Internal Revenue Code and applicable Treasury regulations as they apply under a reasonable and 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 of 1937 (the "CERL") 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 Association 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. 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 and good faith interpretation of section 401(a)(9) of the Code.

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 section 1.401(a)(9)-6(n) of the Treasury regulations.

e. Commencement

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

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(b)(2)(iii), as determined in the manner described therein. 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(b), (p), 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.

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 the Applicable Age.

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 that does not exceed the period specified in C.1.b

b. Period

The period 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(b). 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 of section 1.401(a)(9)-6(o) 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(b), (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(o)(vii), 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 Association as provided in the CERL.

4. Plan Amendment

Benefits may increase if they result from an amendment to, or interpretation of, the CERL, 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 section 1.401(a)(9)-6(l)(3), (4) 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, 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 reasonable and good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, 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 Association has reciprocity under California law, then for purposes of determining the Required Beginning Date under the Association 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 the Applicable Age.

E. Public Safety Member Killed In Line of Duty

Under a reasonable and good faith interpretation of the Code and Treasury regulations section 1.401(a)(9)-6, 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 section 401(a)(9) of the Code 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(f).

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 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 section 1.401(a)(9)-6(p) 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 section 1.401(a)(9)-6(p) of the Treasury regulations, or upon the occurrence of such other event specified in section 1.401(a)(9)-6(p) of the Treasury regulations, or as otherwise specified in IRS guidance under section 401(a)(9) of the Code.

SECTION VI DEFINITIONS

A. Applicable Age

“Applicable Age” means: (i) age 70½ (if the member or vested former member was born before July 1, 1949), (ii) age 72 (if the member or vested former member was born on or after July 1, 1949 but before January 1, 1951), (iii) age 73 (if the member or vested former member was born on or after January 1, 1951 but before January 1, 1960); (iv) age 75 (if the member or vested former member was born on or after January 1, 1960); or (v) other applicable age as set forth under section 401(a)(9)(C)(v) of the Code.

B. 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.

C. 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 Association 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 Association. 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 section 401(a)(9) of the Code if all of the applicable requirements of Treasury regulation section 1.401(a)(9)-4(f)(2), 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.

D. 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 prior to 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.

E. 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 the Applicable Age or the calendar year in which the Member retires.

F. 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. “RMD Annuity” for purposes of this regulation does **not** mean “annuity” as defined in the County Employees Retirement Law but instead means a retirement benefit that is payable by the Association.

G. 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).

REVIEW AND HISTORY

- 1) This policy was:
 - a) Adopted by the Board on November 5, 2014.
 - b) Amended **December XX, 2025**.

|

**Kern County Employees' Retirement
Association**

REGULATIONS FOR IRC § 401(a)(9)

REQUIRED MINIMUM DISTRIBUTION RULES

DRAFT

**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 December 31, 202544, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") 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 Association 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") and Treasury regulation § 1.401(a)(9)-1(a)(3), 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 Internal Revenue Code and applicable Treasury regulations as they apply under a reasonable and 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 of 1937 (the "CERL") 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 Association 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 and good faith interpretation of ~~Code~~ section 401(a)(9) of the Code.

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(n) 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(b)(2)(iii), ~~Q&A-2(c)(2)~~, as determined in the manner described ~~therein 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(b), ~~(p), 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 reasonable and 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 survivor benefit is payable to a person other than a surviving Spouse of the Member (or surviving child under paragraph 2 of this subsection D), 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 survivor benefits.~~

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 the Applicable Age, 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 ~~(b), 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(o) 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(b), ~~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(o)(vii), ~~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 Association as provided in the CERL.

4. Plan Amendment

Benefits may increase if they result from an amendment to, or interpretation of, the CERL, 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(l)(3), (4) 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 reasonable and 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 Association has reciprocity under California law, then for purposes of determining the Required Beginning Date under the Association 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 the Applicable Age. age-70½.

E. Public Safety Member Killed In Line of Duty

Under a reasonable and 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) of the Code 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(~~f~~), ~~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(e)~~ 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(p) 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(p) of the Treasury regulations, or upon the occurrence of such other event specified in ~~Q&A-15 of~~ section 1.401(a)(9)-6(p) of the Treasury regulations, or as otherwise specified in IRS guidance under section 401(a)(9) of the Code.

SECTION VI DEFINITIONS

A. Applicable Age

“Applicable Age” means: (i) age 70½ (if the member or vested former member was born before July 1, 1949), (ii) age 72 (if the member or vested former member was born on or after July 1, 1949 but before January 1, 1951), (iii) age 73 (if the member or vested former member was born on or after January 1, 1951 but before January 1, 1960); (iv) age 75 (if the member or vested former member was born on or after January 1, 1960); or (v) other applicable age as set forth under section 401(a)(9)(C)(v) of the Code.

A.B. 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.C. 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 Association 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 Association. 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) of the Code if all of the applicable requirements of Treasury regulation section 1.401(a)(9)-4 ~~(f)(2), 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.D. 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~~ prior to 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.E. 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 the Applicable Age ~~age 70½~~ or the calendar year in which the Member retires.

E.F. 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. “RMD 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 Association.

F.G. 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).



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

REGULATIONS FOR
IRC §§ 401(a)(31) & 402(c)
ROLLOVERS
December 2025

PROCESSED

IRC §§ 401(a)(31) and 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 December 31, 2025, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") with respect to rollovers into and out of the Association 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 Association 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 of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. ROLLOVER DISTRIBUTIONS FROM THE ASSOCIATION

A. Rollovers

1. Direct Rollover

A "Direct Rollover" is that portion of an Eligible Rollover Distribution that the Association pays directly to an Eligible Retirement Plan, in compliance with Code section 401(a)(31) 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 Association 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 Association) and who is eligible to withdraw his or her accumulated Member contributions under the Association;

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 Association 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 Association 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;
- 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); or
- h. Effective December 18, 2015, a SIMPLE IRA as described in Code section 408(p), provided that the rollover contribution is made after the two-year period beginning on the date the Member first participated in any qualified salary reduction arrangement maintained by the Member's employer under Code section 408(p)(2), as described in Code section 72(t)(6).

E. Direct Rollovers

1. Withholding and Direct Rollovers

The Association will not withhold any federal or state income taxes from a Direct Rollover. The only exception is that the Association 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 Association.

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 Association prescribes. The Association 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 Association 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 Association 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 Association 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 Association 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 Association 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 Association 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 Association

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

2. Time Periods

The Association will not process any withdrawals from the Association 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 Association, the Association may process the withdrawal before the 30-day period expires.

SECTION III. ROLLOVER CONTRIBUTIONS TO THE ASSOCIATION

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 Association in the future and the right to make rollover contributions to the Association may be amended or terminated at any time and for any reason.

If the Association has determined to permit any rollover contributions, the Association will permit Eligible Members to make a rollover contribution to the Association 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 Association, or (2) a Member of the Association that has elected a deferred retirement.

2. Rollovers Allowed

The Association will permit an Eligible Member to make a rollover contribution to the Association 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 Association will separately account for all rollover contributions.

4. Certification to the Association By Member

Only eligible rollover distributions as defined by Code section 402(c)(4) can be contributed to the Association. In addition to any requirements under subsections B, C, and D below, each Eligible Member making a rollover contribution to the Association must certify in writing the source of the rollover funds and that the rollover contribution is an eligible rollover distribution under the Code. The Association 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 Association 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 Association. The Association 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 Association will accept an Eligible Member's rollover contribution.

6. Correction of Errors

If the Association accepts a rollover contribution that it later determines was not eligible to be rolled over to the Association, the Association will make any required correction.

B. Rollovers from Qualified Plans

1. Acceptance of Rollover

The Association 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 Association must take reasonable steps to confirm the sending plan's tax-qualified status and that the rollover contribution is valid. The Association 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 Association:

- 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 Association will not accept the rollover.

b. Association Verification of Payment Source

The Association 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. Association Verification That the Plan is a Tax-Qualified Plan

The Association 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 Association 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 Association 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 Association may reasonably conclude that the plan is qualified, unless the Association 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 Association 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 Association 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 Association must take reasonable steps to confirm the IRA's status and that the rollover contribution is valid. The Association 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 Association:

- 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), and for a SIMPLE IRA, the Eligible Member shall certify that the rollover contribution is made after the required two-year period; 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 Association 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 Association will not accept the rollover.

b. Association Verification of Payment Source

The Association 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 Association 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 Association must take reasonable steps to confirm the sending plan's status as an eligible 457(b) plan or an eligible Code section 403(b) annuity or custodial account and that the rollover contribution is valid. The Association 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 Association:

- 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 Association will not accept the rollover.

b. Association Verification of Payment Source

The Association 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. Association Verification That the Plan is an Eligible Plan

The Association 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 Association 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 Association 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 Association will not accept the rollover.

REVIEW AND HISTORY

- 1) This policy was:
 - a) Adopted by the Board on November 5, 2014.
 - b) Amended **December XX, 2025**.

|

**KERN COUNTY EMPLOYEES' RETIREMENT
ASSOCIATION**

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

ROLLOVERS

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

REGULATIONS FOR IRC SECTIONS 401(a)(31) AND 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 December 31, 2025~~14~~, and reaffirm and clarify the existing practices of the Kern County Employees' Retirement Association (the "Association") with respect to rollovers into and out of the Association 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 Association 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 of 1937 (the "CERL") apply here unless otherwise stated.

SECTION II. ROLLOVER DISTRIBUTIONS FROM THE ASSOCIATION

A. Rollovers

1. Direct Rollover

A "Direct Rollover" is that portion of an Eligible Rollover Distribution that the Association pays directly to an Eligible Retirement Plan, in compliance with Code section 401(a)(31) 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 Association 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:

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

a. Terminated From Employment

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

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 Association 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

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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 Association 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);

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

- e. An individual retirement account described in Code Section 408(b);
- f. A Roth IRA described in Code Section 408A; ~~or~~
- ~~g.~~ 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); ~~or~~
- ~~g.h.~~ g.h. Effective December 18, 2015, a SIMPLE IRA as described in Code section 408(p), provided that the rollover contribution is made after the two-year period beginning on the date the Member first participated in any qualified salary reduction arrangement maintained by the Member's employer under Code Section 408(p)(2), as described in Code Section 72(t)(6).

~~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 Association will not withhold any federal or state income taxes from a Direct Rollover. The only exception is that the Association 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 Association.

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 Association prescribes. The Association 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 Association 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 Association 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 Association in a Direct Rollover is an Eligible Retirement

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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 Association 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 Association 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

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

“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 Association 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 Association

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

2. Time Periods

The Association will not process any withdrawals from the Association 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 Association, the Association may process the withdrawal before the 30-day period expires.

SECTION III. ROLLOVER CONTRIBUTIONS TO THE ASSOCIATION

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 Association in the future and the right to make rollover contributions to the Association may be amended or terminated at any time and for any reason.

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

A. **General Rules**

1. Eligible Member

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

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

2. Rollovers Allowed

The Association will permit an Eligible Member to make a rollover contribution to the Association 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 Association will separately account for all rollover contributions.

4. Certification to the Association By Member

Only eligible rollover distributions as defined by Code Section 402(c)(4) can be contributed to the Association. In addition to any requirements under subsections B, C, and D below, each Eligible Member making a rollover contribution to the Association must certify in writing the source of the rollover funds and that the rollover contribution is an eligible rollover distribution under the Code. The Association 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 Association 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 Association. The Association 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 Association will accept an Eligible Member's rollover contribution.

6. Correction of Errors

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

B. Rollovers from Qualified Plans

1. Acceptance of Rollover

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

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

2. Required Due Diligence Procedure

The Association must take reasonable steps to confirm the sending plan's tax-qualified status and that the rollover contribution is valid. The Association 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 Association:

(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 Association will not accept the rollover.

b. Association Verification of Payment Source

The Association 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. Association Verification That the Plan is a Tax-Qualified Plan

The Association 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 Association 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 Association 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 Association may reasonably

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

conclude that the plan is qualified, unless the Association 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 Association 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 Association 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 Association must take reasonable steps to confirm the IRA's status and that the rollover contribution is valid. The Association 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 Association:

(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), and for a SIMPLE IRA, the Eligible Member shall certify that the rollover contribution is made after the required two-year period; 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 Association 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 Association will not accept the rollover.

b. Association Verification of Payment Source

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

The Association 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 Association 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 Association must take reasonable steps to confirm the sending plan's status as an eligible 457(b) plan or an eligible Code section 403(b) annuity or custodial account and that the rollover contribution is valid. The Association 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 Association:

(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 Association will not accept the rollover.

b. Association Verification of Payment Source

The Association 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. Association Verification That the Plan is an Eligible Plan

The Association 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.

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

(i) The Association 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 Association 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 Association will not accept the rollover.



Post-Retirement Employment Policy Updates

Jennifer Zahry, Chief Legal Officer

Topics to Cover

- What has changed?
 - Changes in the Law
 - Changes in the Structure of the Policy
 - Guidelines – statutory
 - Process – updated forms
 - Failure to Comply – statutory

Guidelines for Appointments

- Applicability – all KCERA employers
- Definitions – see list
- Eligibility – emergency/limited duration work
- Rate of Pay – same or similar as active members
- Limited Duration – 2 fiscal years
- Starting Employment – Bona Fide Separation
- Other Statutory Limits – Unemployment cooling off

Process

- Documented Procedures – Attachment 1
- Obtain and Complete Certification Request
- KCERA Review and Response
- Approval by appointing power/governing body
- Report to KCERA – return completed form
- Written Notice – by Employer to Retiree

Failure to Comply

- Potential Consequences for Retiree
 - Suspended Pension
 - Reinstatement (plus contributions and interest)
 - Repayment of pension paid
 - Payment of reasonable admin costs to KCERA
 - Corrected 1099-R

Failure to Comply

- Potential Consequences for KCERA Employer
 - Payment of Employer Contributions plus interest if reinstatement
 - Payment of reasonable admin costs to KCERA
 - \$200 per retiree per month for failure to provide information
 - Cannot pass on fees to retiree

Other Clarifications

- Objections to be handled according to KCERA's Administrative Appeal Policy
- KCERA to submit its Appointment Requests to CEO and Board of Retirement

Other Clarifications

- Non-substantive amendments can be made internally without Board approval
 - “To facilitate the orderly and efficient administration of Post-Retirement Employment Certifications for KCERA Employers, the Board hereby delegates to KCERA’s Chief Executive Officer the authority to approve process changes of a minor, non-substantive nature that do not alter the applicable law or fundamental responsibilities of any affected member or KCERA Employer. The scope of this delegation of authority includes typographical errors, format revisions, conforming terminology, revision of forms, changes to facilitate information exchange and other similar amendments.”



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

POST-RETIREMENT EMPLOYMENT POLICY

The County Employees Retirement Act of 1937, the Public Employees' Pension Reform Act of 2013, the Internal Revenue Code and KCERA policy and procedures limit the circumstances under which a retired member can work for a KCERA Employer and receive a monthly retirement benefit from KCERA. These laws not only restrict the date of employment, the compensation rate, and the duration of employment, they may subject retired members and KCERA Employers who violate these applicable laws to financial consequences, including but not limited to, reinstatement of the retiree to active membership under Cal. Gov. Code section 31680.7, repayment of overpaid benefits or underpaid contributions to the retirement system, and/or assessment of fees under Cal. Gov. Code section 31680.9.

This Policy summarizes the legal restrictions governing Post-Retirement Employment, describes the process for appointing a retiree to a Post-Retirement Employment position, and outlines potential consequences for retired KCERA members and employers who do not comply.

I. GUIDELINES FOR POST-RETIREMENT APPOINTMENTS

A. APPLICABILITY

This Policy applies to a KCERA Employer who employs or seeks to employ a KCERA retiree in any capacity, without reinstatement to active membership, and any KCERA retiree who accepts or intends to accept such employment.

B. DEFINITIONS

1. **Applicable Law** – refers to portions of the CERL, PEPRA, or the Internal Revenue code that govern Post-Retirement Employment, including Cal. Gov. Code §§ 7522.56, 31680.6 and 31680.9, and I.R.C § 401(a)(36) and § 401(a).
2. **Appointment/Appointed** – refers to the approval by the governing body or appointing power of the KCERA Employer to hire a KCERA retiree into a Post-Retirement Employment position without reinstatement.
3. **Bona Fide Separation** – refers to a genuine and honest break between a member's retirement and their Post-Retirement Employment. The determination of whether a Bona Fide Separation occurred is based on facts and circumstances including passage of time, the absence of any pre-arranged agreement (oral or written) to begin Post-Retirement Employment, or other relevant information. (See also KCERA Model Tax Regulations 401(a).)

4. **KCERA Employer** – refers to the following employers:
 - a. Berrenda Mesa Water District
 - b. Buttonwillow Recreation and Park District
 - c. East Kern Cemetery District
 - d. Inyokern Community Services District
 - e. Kern County¹
 - f. Kern County Superior Court
 - g. Kern County Water Agency
 - h. Kern Medical
 - i. Kern Mosquito and Vector Control District
 - j. North of the River Sanitary District
 - k. San Joaquin Valley Air Pollution Control District
 - l. Shafter Recreation and Park District
 - m. West Side Cemetery District
 - n. West Side Mosquito and Vector Control District
 - o. West Side Recreation and Park District

5. **Limited Duration** – refers to a Post-Retirement Employment appointment period that either (1) relates to a specific project or assignment with a definite start and end date (not to exceed two fiscal years) or (2) involves tasks of an on-going nature needed to fill a vacancy or train staff for no more than two fiscal years. An appointment made any time before the end of the fiscal year is counted as a full fiscal year for purposes of determining the two-year limited duration period.

6. **Normal Retirement Age** – For KCERA members who retired prior to 11/05/2025, Normal Retirement Age is age 53 for general members and age 51 for safety members.

For KCERA members retiring on or after 11/05/2025, the Normal Retirement Ages are:

- a. For general members and safety members who are District Attorney Investigators, age 55 years with 10 years of service;
- b. For a “qualified public safety employee,” (Sheriff and Fire Departments), the earlier of age 50 or 20 years of service; and
- c. For members who are Probation Officers and are included within a KCERA Safety Tier, age 53 with 10 years of service

¹ KCERA is a public agency with personnel who are county employees. (Cal. Gov. Code, § 31522.1.) KCERA maintains an annual budget which is separate and distinct from the County of Kern and is approved by its nine-member Board of Retirement. For this reason, and based on prior direction from the County, KCERA shall submit any request for Post-Retirement Employment Appointments to its CEO and Board of Retirement, as the appointing power(s).

(See also KCERA Model Tax Regulations 401(a)(36).)

7. **Post-Retirement Employment** – refers to retired KCERA members who are receiving a monthly pension benefit while working for a KCERA Employer.
8. **Reinstatement/Reinstate** – refers to retired KCERA members who return to active membership in KCERA, begin paying employee contributions, and earn service credit for their hours worked.

C. ELIGIBILITY FOR POST-RETIREMENT EMPLOYMENT – Cal. Gov. Code, § 7522.56(c)

A KCERA retiree can be appointed to a Post-Retirement Employment position without reinstatement or loss or interruption of pension benefits **only** for the following reasons:

1. an emergency exists and the retired member's employment is needed to prevent the stoppage of public business; or
2. the retiree has skills needed to perform work of **limited duration**.

D. RATE OF PAY

The retired member's hourly rate of pay must be the same as other active employees who perform comparable duties (i.e., the rate cannot be less than the minimum or more than the maximum). (Cal.Gov. Code, § 7522.56(d).)

E. DURATION OF POST-RETIREMENT EMPLOYMENT

1. A retired member may only serve in a Post-Retirement Employment position for a **Limited Duration**.
2. The Limited Duration period of two fiscal years refers to the total length of the Post-Retirement Employment Appointment. Within each fiscal year of the Limited Duration period, each member's Appointment is limited to 960 total hours across all KCERA Employers.

F. STARTING POST-RETIREMENT EMPLOYMENT

1. A retired member generally cannot begin a Post-Retirement Employment Appointment without a Bona Fide Separation from service.

A Bona Fide Separation from service includes, at a minimum, that (1) 180 days or more have passed since the member's retirement date; **and** (2) no arrangement (written or oral) was made before retirement for the member to thereafter work in a Post-Retirement Employment position.

2. A retired member may begin a Post-Retirement Employment Appointment without a Bona Fide Separation from service ONLY when:
 - a. the retired member has reached Normal Retirement Age; **AND**
 - b. either of the following apply:
 - i. The retired member was a KCERA “safety member” prior to retirement and is being appointed to perform a function or functions regularly performed by a Public Safety Officer or Firefighter; or
 - ii. The employer certifies that the appointment is needed to fill a critically needed position sooner than 180 days from the member’s retirement date AND the appointment is listed as a regular agenda item (not on a consent calendar) before the KCERA Employer’s governing body.
 - a) This critical need exception to the 180-day waiting requirement is not available to retired members who have accepted a retirement incentive (i.e., “golden handshake”) upon retirement. (Cal. Gov. Code, § 7522.56(g).)

G. OTHER STATUTORY LIMITS

1. Unemployment Insurance
 - a. The Retired Member cannot be Appointed to a Post-Retirement Employment position if they have received unemployment insurance compensation arising out of prior employment with any public employer within 12 months of the Appointment;
 - b. The retired member must certify in writing upon accepting the Appointment that they have not received unemployment insurance compensation within the 12 months before the Appointment.

II. PROCESS

- A. A KCERA Employer interested in pursuing a Post-Retirement Employment Appointment must follow the instructions described in the applicable Procedures. (See Attachment “1”).
- B. The Procedures describe how to submit the Request for Certification form to KCERA.

- C. The Chief Executive Officer (CEO) or his designee will notify the requesting KCERA Employer in writing that KCERA has either certified the retiree for Post-Retirement Employment, rejected the request, or returned the form for correction.
- D. Once Certified by KCERA, the KCERA Employer reports the Appointment by signing and returning the form to KCERA.
- E. All KCERA Employers who Appoint a retired member to Post-Retirement Employment must provide written notice (via email or mail) to the retiree before the retiree is within 80 hours of the retiree reaching the 960-hour fiscal year limit and/or within 10 days of the end of the Certification Period. (See Cal. Gov. Code, § 31690.9(g).)

III. FAILURE TO COMPLY

Failure to comply with the requirements of Cal. Gov. Code §§ 7522.56 and 31680.6, as implemented through this Policy, may result in the following:

A. For retired members:

- 1. Immediate suspension of the monthly retirement benefit;
- 2. Reinstatement to active membership;
- 3. Requirement to reimburse KCERA for any retirement allowance received during the period or periods of employment that are in violation of law. The retirement allowance that was paid in violation of law shall be considered an overpayment subject to collection by KCERA. (Cal. Gov. Code, § 31680.9(b)(1).)
- 4. If reinstated, payment to KCERA of an amount equal to the employee contributions that would otherwise have been paid during the period or periods of unlawful employment, plus interest thereon. (Cal. Gov. Code, § 31680.9(b)(2).)
- 5. A payment toward reimbursement of KCERA for reasonable administrative expenses incurred in responding to this situation, to the extent the member is determined by KCERA's CEO to be at fault. (Cal. Gov. Code § 31680.9(b)(3)).
- 6. Initiation of actions allowed under the CERL section 31680.9 and/or PEPRRA, and
- 7. Issuance of a corrected Form 1099-R by KCERA, as required. (Any adjustments to a member's IRS tax filings are their responsibility.)

B. For KCERA Employers:

- 1. If the retired member is reinstated, pay to KCERA an amount equal to employer contributions that would otherwise have been paid for the period or periods of time

that the member is employed in violation of this article, plus interest thereon. (Cal.Gov. Code, § 31680.9(c)(1).)

2. Contribute toward reimbursement of KCERA for reasonable administrative expenses incurred in responding to this situation, to the extent the employer is determined by KCERA's CEO to be at fault. (Cal.Gov. Code, § 31680.9(c)(2).)
 3. If a KCERA Employer makes an Appointment or allows a KCERA retiree to work in a Post-Retirement Employment position before receiving Certification from KCERA and fails to submit the information required by KCERA within 30 days of the effective date of Appointment or employment, KCERA may assess the KCERA Employer a fee of two hundred dollars (\$200) per retired member per month until the Certification is completed. (Cal. Gov. Code, § 31680.9(d).)
 4. If a KCERA Employer fails to report the pay rate and number of hours worked of a retired member employed in any capacity without reinstatement, at periods determined by the system in the Certification form, KCERA may assess the KCERA Employer a fee of two hundred dollars (\$200) per retired member per month until the information is reported. (Cal. Gov. Code, § 31680.9(e).)
 5. A KCERA Employer shall not pass on any fees assessed under this Policy to a retired member. (Cal. Gov. Code, § 31680.9(f).)
- C. KCERA staff shall monitor compliance with this policy through methods determined by the Chief Executive Officer or his or her designee, which may include, but shall not be limited to, the following:
1. Requiring KCERA Employers to report to KCERA when any re-employed retiree has worked at least 700 hours in any fiscal year, or to provide KCERA with access to the employer's payroll system in a manner that permits KCERA staff to directly access such information;
 2. Requiring KCERA Employers to report when a retiree has less than one month remaining on an Appointment, any instance in which a retiree continues to work beyond the originally stated end-date;
 3. Requiring documentation of compliance with any of the requirements of Cal. Gov. Code § 7522.56.
- D. Any objections to KCERA's Post-Retirement Employment determinations shall be handled according to KCERA's Administrative Appeal Policy.
- E. Amendments. This Policy may be amended at any regular or specially noticed meeting of the KCERA Board of Retirement ("Board"). To facilitate the orderly and efficient

administration of Post-Retirement Employment Certifications for KCERA Employers, the Board hereby delegates to KCERA's Chief Executive Officer the authority to approve process changes of a minor, non-substantive nature that do not alter the applicable law or fundamental responsibilities of any affected member or KCERA Employer. The scope of this delegation of authority includes typographical errors, format revisions, conforming terminology, revision of forms, changes to facilitate information exchange and other similar amendments.

PROPOSED

POLICY REVIEW AND HISTORY

- 1) This policy shall be reviewed at least every five (5) years.
- 2) This policy was:
 - a) Adopted by the Board on August 8, 2018.
 - b) Amended June 8, 2022 and December XX, 2025.



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

Kern County:
Procedures for Submitting a Request to Certify a KCERA Retiree for
Post-Retirement Employment

The following procedures will be used when requesting KCERA Certify a retired member for a Post-Retirement Employment Appointment. These Procedures will allow the County and KCERA to validate that retirees placed on the Board of Supervisors' agendas are eligible for Appointment into Post-Retirement Employment in accordance with applicable law and KCERA and County policies.

1. The requesting County Department should obtain the most current version of KCERA's CERTIFICATION form (from KCERA's website at <https://www.kcera.org/forms>). The Department and employee must review, complete, sign the form.
2. The Department must attach the signed form to position control in AuditorNet. Position control must include the reason the position is needed and the anticipated employment date. When requesting a retiree be Appointed for a second fiscal year, indicate this in the comment section and attach the previously approved KCERA Certification form, if any, which Certifies the retiree for the second fiscal year.
3. County Administrative Analysts will review for budget issues. If approved, Analyst will move the form to "Reviewed" status.
4. Post-Employment positions will be reviewed each week with any other hiring request on Thursday afternoons by the Executive Group.
5. Approved positions from step 4 will be forwarded to KCERA the following day (Friday).
6. KCERA will review the form for compliance and respond to the County Administrative Office before close of business Thursday of the following week or sooner (approx. 5 days to review).
7. The Human Resources Division will submit all KCERA approved Certifications for Board approval on Friday of the same week for the next available agenda using a form letter.
8. Once approved by the Board of Supervisors, Post-Retirement Employment Appointments will be "Approved" in position control for the department to create the Notice of Employment. A comment will be added noting the Board approval date.
9. The Human Resources Division will report the Appointment to KCERA by completing the remainder of the Certification form and returning the fully completed form to KCERA.



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

Non-County Employer: **Procedures for Submitting a Request to Certify a KCERA Retiree for** **Post-Retirement Employment**

The following procedures will be used when requesting KCERA Certify a retired member for a Post-Retirement Employment Appointment. These Procedures will allow the KCERA Employer and KCERA to validate that retirees placed on the agendas of KCERA Employers (or before their appointing power) are eligible for Appointment into Post-Retirement Employment in accordance with applicable law and KCERA policies.

1. The requesting KCERA Employer should obtain the most current version KCERA's CERTIFICATION form for Post-Retirement Employment of Non-County Retiree (from KCERA's website at <https://www.kcera.org/forms>).
2. The KCERA Employer sends the form to KCERA (legal@kcera.org).
3. KCERA will review the form for compliance and respond to the KCERA Employer within approximately 5 days.
4. Once approved by the KCERA Employer's appointing power, the KCERA Employer will report the Appointment to KCERA by completing the remainder of the Certification form and returning the a copy of the fully completed form and any supporting documentation (i.e. meeting minutes) to KCERA.



POST-RETIREMENT EMPLOYMENT POLICY

RE-EMPLOYMENT OF RETIREES

~~KCERA is responsible for ensuring the proper payment of benefits to retirees who have earned and are legally entitled to those benefits, and also for ensuring that the benefits it pays are limited to those to which the recipients are legally entitled. Under applicable law, including the County Employees' Retirement Act of 1937, and the Public Employees' Pension Reform Act of 2013, the Internal Revenue Code and KCERA policy and procedures limit the circumstances under which a retired member persons can work for a KCERA Employer and receiving a monthly retirement benefitallowances from KCERA. may work for KCERA employers only under These laws not only restrict the date of employment, the compensation rate, and the duration of employment, they may subject limited circumstances. Thus, it is necessary for KCERA to monitor the KCERA retirees who return to work for KCERA's participating employers, in order to ensure that benefits are paid to such re-employed retirees when, and only when, such payments comply with the law, including but not limited to sections 7522.56 and 31680.6 of the California Government Code.⁴ Further, KCERA must ensure thatretired members and KCERA Employers who, when such re-employment violates these applicable lawsimits, proper to financial consequences, action is taken under the law, including, but not limited to, reinstatement of the re-employed retiree to active membership under Cal. Gov. Code section 31680.7, repayment of overpaid benefits or underpaid contributions to the retirement system, and/or assessment of fees under Cal. Gov. Code section 31680.9. Finally, KCERA must ensure that implementation of these provisions remains consistent with its fiduciary duties.~~

~~This Policy summarizes the legal restrictions governing Post-Retirement Employment, describes the process for appointing a retiree to a Post-Retirement Employment position, and outlines potential consequences for retired KCERA members and employers who do not comply.~~

RE-EMPLOYMENT ELIGIBILITY

I. GUIDELINES FOR POST-RETIREMENT EMPLOYMENT APPOINTMENTS

A. APPLICABILITY

~~This Policy applies to a KCERA Employer who employs or seeks to employ~~

~~⁴All statutory references relate to the California Government Code unless otherwise specified.~~

a KCERA retiree in any capacity, without reinstatement to active membership, and any KCERA retiree who accepts or intends to accept such employment.

B. DEFINITIONS

1. **Applicable Law** - refers to portions of the CERL, PEPPRA, or the Internal Revenue Code that govern Post-Retirement Employment, including Cal. Gov. Code §§ 7522.56, 31680.6 and 31680.9 and I.R.C §401(a)(36) and §401(a).

2. **Appointment/Appointed** – refers to the approval by the appointing power of the KCERA Employer to hire a KCERA retiree into a Post-Retirement Employment position without reinstatement.

3. **Bona Fide Separation** – refers to a genuine and honest break between a member's retirement and their Post-Retirement Employment. The determination of whether a Bona Fide Separation occurred is based on facts and circumstances including passage of time, the absence of any pre-arranged agreement (oral or written) to begin Post-Retirement Employment, or other relevant information. (See also KCERA Model Tax Regulation 401(a)).

4. **KCERA Employer** - refers to the following employers:

- a. Berrenda Mesa Water District
- b. Buttonwillow Recreation and Park District
- c. East Kern Cemetery District
- d. Inyokern Community Services District
- e. Kern County²
- f. Kern County Superior Court
- g. Kern County Water Agency
- h. Kern Medical
- i. Kern Mosquito and Vector Control District
- j. North of the River Sanitary District
- k. San Joaquin Valley Air Pollution Control District
- l. Shafter Recreation and Park District
- m. West Side Cemetery District
- n. West Side Mosquito and Vector Control District
- o. West Side Recreation and Park District

~~**Applicable Law** – refers to portions of the CERL, PEPPRA, or the Internal Revenue Code that govern Post-Retirement Employment, including Cal. Gov. Code §§ 7522.56, 31680.6 and 31680.9 and I.R.C §401(a)(36) and §401(a).~~

5. **Limited Duration** – refers to a Post-Retirement Employment

² KCERA is a public agency with personnel who are county employees. (Cal. Gov. Code § 31522.1). KCERA maintains an annual budget which is separate and distinct from the County of Kern and is approved by its nine-member Board of Retirement. For this reason, and based on prior direction from the County, KCERA shall submit any request for Post-Retirement Employment Appointments to its CEO and Board of Retirement, as the appointing power(s).

appointment period that either (1) relates to a specific project or assignment with a definite start and end date (not to exceed two fiscal years) or (2) involves tasks of an on-going nature needed to fill a vacancy or train staff (not to exceed two fiscal years). An appointment made any time before the end of the fiscal year is counted as a full fiscal year for purposes of determining the two-year limited duration period.

6. **Normal Retirement Age** – For KCERA members who retired prior to 11/05/2025, Normal Retirement Age is age 53 for general members and age 51 for safety members.

For KCERA members retiring on or after 11/05/2025, the Normal Retirement Ages are:

- a. For general members and safety members who are District Attorney Investigators, age 55 years with 10 years of service;
- b. For a “qualified public safety employee,” (Sheriff and Fire Departments), the earlier of age 50 or 20 years of service; and
- c. For members who are Probation Officers and are included within a KCERA Safety Tier, age 53 with 10 years of service (See also KCERA Model Tax Regulation 401(a)(36)).

7. **Post-Retirement Employment** – refers to retired KCERA members who are allowed to receive a monthly pension benefit while working for a KCERA Employer.

8. **Reinstatement/Reinstate** - refers to retired KCERA members who return to active membership in KCERA, begin paying employee contributions, and earn service credit for their hours worked.

~~1. **Post Retirement Employment** – refers to retired KCERA members who are allowed to receive a monthly pension benefit while working for a KCERA Employer.~~

~~**Limited Duration** – refers to a Post-Retirement Employment appointment period that either (1) relates to a specific project or assignment with a definite start and end date (not to exceed two fiscal years) or (2) involves tasks of an on-going nature needed to fill a vacancy or train staff (not to exceed two fiscal years). An appointment made any time before the end of the fiscal year is counted as a full fiscal year for purposes of determining the two-year limited duration period.~~

~~1. **Bona Fide Separation** – refers to a genuine and honest break between a member’s retirement and their Post-Retirement Employment. The determination of whether a Bona Fide Separation occurred is based on facts and circumstances including passage of time, the absence of any~~

~~pre-arranged agreement (oral or written) to begin Post-Retirement Employment, or other relevant information. (See also KCERA Model Tax Regulation 401(a)).~~

~~**Normal Retirement Age** — For KCERA members who retired prior to 11/05/2025, Normal Retirement Age is age 53 for general members and age 51 for safety members. For KCERA members retiring on or after 11/05/2025, the Normal Retirement Ages are:~~

~~— For general members and safety members who are District Attorney Investigators, age 55 years with 10 years of service;~~

~~— For a “qualified public safety employee,” (Sheriff and Fire Departments), the earlier of age 50 or 20 years of service; and~~

~~— For members who are Probation Officers and are included within a KCERA Safety Tier, age 53 with 10 years of service~~

~~insert description from revised model reg ((See also KCERA Model Tax Regulation 401(a)(36))).~~

~~**Appointment/Appointed** — refers to the approval by the appointing power of the of KCERA Employer to hire a KCERA retiree into a Post-Retirement Employment position without reinstatement.~~

~~**APPLICABILITY**~~

~~I. This Policy applies to a~~

~~When a KCERA participating employer who employs or seeks proposes to employ a KCERA retiree in any capacity, whether as an employee or through a contract directly with the employer, without reinstatement but does not intend to restore that retiree to active membership, and any KCERA retiree who accepts or intends to accept such employment, the following shall apply:~~

~~A. **ELIGIBILITY FOR POST-RETIREMENT EMPLOYMENT** – (Cal. Gov. Code § 7522.56(c)).~~

~~C.~~

~~A KCERA retiree can be appointed to a Post-Retirement Employment position without reinstatement or loss or interruption of pension benefits **only** for the following reasons:~~

~~1. an emergency exists and the retired member’s employment is needed to prevent the stoppage of public business; or~~

~~2. the retiree has skills needed to perform work of **limited duration**.~~

~~D. **RATE OF PAY**~~

The retired member's hourly rate of pay must be the same as other active employees who perform comparable duties (i.e., the rate cannot be less than the minimum or more than the maximum). (Cal. Gov. Code § 7522.56(d)).

E. ~~E.~~ DURATION OF POST-RETIREMENT EMPLOYMENT

~~Appointments are limited to 960 total hours per fiscal year across all KCERA Employers.~~

1. A retired member may only serve in a Post-Retirement Employment position for a **Limited Duration**.
2. The Limited Duration period of ~~two~~2 fiscal years refers to the total length of the ~~Post-Retirement Employment Appointment period in total~~. Within each fiscal year of the Limited Duration period, each member's Appointments ~~is~~are limited to 960 total hours across all KCERA Employers.

F. STARTING POST-RETIREMENT EMPLOYMENT

1. A retired member generally cannot begin a Post-Retirement Employment Appointment without a Bona Fide Separation from service.

A Bona Fide Separation from service includes, at a minimum, that (1) 180 days or more have passed since the member's retirement date; and (2) no arrangement (written or oral) was made (before retirement) for the member to thereafter work in a Post-Retirement Employment position.

2. A retired member may begin a Post-Retirement Employment Appointment without a Bona Fide Separation from service ONLY when:

a. the retired member has reached Normal Retirement Age; **AND**

b. either of the following apply:

i. The retired member was a KCERA "safety member" prior to retirement and is being appointed to perform a function or functions regularly performed by a Public Safety Officer or Firefighter; or

ii. The employer certifies that the appointment is needed to fill a critically needed position sooner than 180 days from the member's retirement date AND the appointment is listed as a regular agenda item (not on

a consent calendar) before the KCERA Employer's governing body.

a) This critical need exception to the 180-day waiting requirement is not available to retired members who have accepted a retirement incentive (i.e., "golden handshake") upon retirement. Cal. Gov. Code § 7522.56(g).

G. OTHER STATUTORY LIMITS

1. Unemployment Insurance

a. The Retired Member cannot be Appointed to a Post-Retirement Employment position if they have received unemployment insurance compensation arising out of prior employment with any public employer within the 12 months of the Appointment;

b. The retired member must certify in writing upon accepting the Appointment that they have not received unemployment insurance compensation within the 12 months before the Appointment.

H. PROCESS

A. 1. Prior to placing the retiree on payroll, the KCERA Employer interested in pursuing a Post-Retirement Employment Appointment shall submit follow the instructions a proposed re-employment report to KCERA for acceptance. The report shall be signed by both the employer and the retiree described in the applicable Procedures. (See Attachment "1"). Procedures Post Ret Cert for COUNT Retiree _____ or Procedures Post Ret Cert for PLAN SPONSOR Retiree [insert name of letter one for county and one for districts]., and shall contain at least the following information:

B. The Instruction Procedures describe how to submit the Request for Certification form to KCERA Instruction Procedure.

C. The Chief Executive Officer (CEO) or his designee will notify the requesting KCERA Employer in writing that KCERA has either certified the retiree for Post-Retirement Employment, rejected the request, or returned the form for correction.

A. Once Certified by KCERA, the KCERA Employer reports the Appointment by signing and returning the form to KCERA.

D.

~~If a KCERA Employer makes an Appointment or allows a KCERA retiree to work in a Post-Retirement Employment position before receiving a Certification from KCERA and fails to submit the required information within 30 days of the effective date of Appointment or employment, KCERA may assess the KCERA Employer a fee of two hundred dollars (\$200) per retired member per month until the Certification is completed. (31680.9(d)).~~

~~If a KCERA Employer fails to report the pay rate and number of hours worked of a retired member employed in any capacity, without reinstatement, at periods determined by the system in the Certification form, KCERA may assess the KCERA Employer a fee of two hundred dollars (\$200) per retired member per month until the information is reported. (31680.9(e)).~~

~~A KCERA Employer shall not pass on any fees assessed under this Policy to a retired member. (31680.9(f)).~~

B-E. All KCERA Employers who Appoint a retired member to Post-Retirement Employment must provide written notice (via email or mail) to the retiree before the retiree is within 80 hours of the retiree reaching the 960-hour fiscal year limit and/or within 10 days of the end of the Certification Period. (See Cal. Gov. Code §section 31690.9(g)).

~~a. An acknowledgement by the employer and the retiree that they are aware of, and agree to comply with, the requirements of California Government Code sections 7522.56 and 31680.6 and this Policy.~~

~~b. A certification that one of the following is true:~~

~~1) the re-employment is necessary during an emergency to prevent stoppage of public business; or~~

~~2) the retiree has skills needed to perform work of limited duration.~~

~~c. An explanation of the limit or limits on the duration of the re-employment.~~

~~d. Certification that the retiree will not commence re-employment within 180 days following the date of retirement, or, if re-employment commenced or will commence within 180 days of retirement, that the retiree did not receive a retirement incentive upon retirement and that one or more of the following is true:~~

~~1) that the employee is a public safety officer or firefighter, and that the appointment is for the performance of functions regularly performed by a~~

~~public safety officer or firefighter; or~~

- ~~2) that the appointment is necessary to fill a critically needed position before 180 days have passed, and the matter has been approved by the governing body of the employer in a public meeting which matter was not listed on the consent calendar.~~
- ~~e. Certification that the employee has not, during the twelve months prior to re-employment, received any unemployment insurance compensation arising out of the employee's prior employment with a public employer.~~
- ~~f. An acknowledgement that the employee will not work more than 960 hours in any fiscal year.~~
- ~~g. Certification that the employee's rate of pay during re-employment will be not less than the minimum, nor greater than the maximum, paid to other employees performing comparable job duties.~~

~~A statement that the retiree understands that while KCERA and the employer will cooperate with the retiree and with one another to facilitate compliance, compliance is ultimately the retiree's responsibility, and failure to comply with the requirements of Government Code sections 7522.56 and 31680.6, as implemented through this Policy, may, at the discretion of the Board of Retirement, result in the following, effective on the date upon which the re-employment ceased to be in compliance with those sections:~~

~~FAILURE TO COMPLY~~

~~III.~~

~~Failure to comply with the requirements of applicable law Cal. Gov. Code §§, as implemented through this Policy, may result in the following:~~

- ~~A. For retired members:~~
 - ~~1. Immediate suspension of the monthly retirement benefit;~~
 - ~~2. Reinstatement to active membership;~~
 - ~~3. Requirement to reimburse the KCERA for any retirement allowance received during the period or periods of employment that are in~~

violation of law. The retirement allowance that was paid in violation of law shall be considered an overpayment subject to collection by KCERA. (Cal. Gov. Code § 31680.9(b)(1)).

4. If reinstated, payment to the KCERA of an amount equal to the employee contributions that would otherwise have been paid during the period or periods of unlawful employment, plus interest thereon. (Cal. Gov. Code § 31680.9(b)(2)).
5. A payment toward reimbursement of KCERA for reasonable administrative expenses incurred in responding to this situation, to the extent the member is determined by KCERA's CEO to be at fault. (Cal. Gov. Code § 31680.9(b)(3)).
6. Initiation of actions allowed under the CERL section 31680.9 and/or PEPR, and
7. Issuance of a corrected Form 1099-R by KCERA, as required. (Any adjustments to a member's IRS tax filings are their responsibility.)

B. For KCERA Employers:

1. ~~(1)~~ If the retired member is reinstated, pay to KCERA an amount equal to employer contributions that would otherwise have been paid for the period or periods of time that the member is employed in violation of this article, plus interest thereon. (Cal. Gov. Code § 31680.9(c)(1)).
2. Payment ~~(2)~~ toward reimbursement of KCERA for reasonable administrative expenses incurred in responding to this situation, to the extent the employer is determined by KCERA's CEO to be at fault. (Cal. Gov. Code § 31680.9(c)(2)).
3. If a KCERA -Employer makes an Appointment or allows a KCERA retiree to work in a Post-Retirement Employment position before receiving a Certification from KCERA and fails to submit the required information required by KCERA within 30 days of the effective date of Appointment or employment, KCERA may assess the KCERA Employer a fee of two hundred dollars (\$200) per retired member per month until the Certification is completed. (Cal. Gov. Code § 31680.9(d)).
4. If a KCERA Employer fails to report the pay rate and number of hours worked of a retired member employed in any capacity without

reinstatement, at periods determined by the system in the Certification form, KCERA may assess the KCERA Employer a fee of two hundred dollars (\$200) per retired member per month until the information is reported.(Cal. Gov. Code § 31680.9(e)).

5. A KCERA Employer shall not pass on any fees assessed under this Policy to a retired member. (Cal. Gov. Code § 31680.9(f)).

1) Reinstatement of the employee to active membership status, with a suspension of any retirement benefit payments;

— A requirement that all retirement benefit payments received during any unlawful re-employment be returned to the retirement system, with interest;

2) The collection by KCERA from both the employee and employer, as applicable, of contributions on any pay received by the employee during any period of unlawful re-employment; and

The employee earning a new benefit for the period of re-employment, pursuant to section 31680.7.

Re-employment will be presumed to be in compliance with the requirement that it be of "limited duration" if the limit on the duration of the re-employment is two years or less. Retirees who have returned to work prior to the effective date of this policy shall be treated as if their return to work commenced on the effective date of this policy, and documentation regarding such employees shall be submitted to KCERA as soon as practicable after the effective date of this policy. If there is no specified ending date for the re-employment, or if the specified ending date is more than two years from commencement of re-employment, the employer shall submit to KCERA a statement explaining the limit on the duration of the re-employment. Such re-employment shall be considered of limited duration if, despite having no stated ending date, it is limited to the completion of a discrete quantity of genuinely limited work that one would expect to be completed at a foreseeable time. Such re-employment shall not be considered to be of limited duration if the re-employment is the functional equivalent of a permanent part-time position, or if the stated limit on the duration is such that the re-employment is effectively unlimited.

2.C. KCERA staff shall monitor compliance with this policy through methods determined by the Chief Executive Officer or his or her designee, which may include, but shall not be limited to, the following:

1. Requiring KCERA Employers to report to KCERA when any re-employed retiree has worked at least 700 hours in any fiscal year,

or to provide KCERA with access to the employer's payroll system in a manner that permits KCERA staff to directly access such information;

~~a.2.~~ Requiring KCERA Employers to report when ~~a a re-employed~~ retiree has less than sixone months' ~~duration~~ remaining on a ~~period of re-employment Appointment~~ that was commenced with a stated end-date, and any instance in which ~~such an employee a retiree~~ continues to work beyond the originally stated end-date, ~~or in which the employer extends the originally stated end date with an explanation of such extension;~~

~~b.3.~~ Requiring documentation of compliance with any of the requirements of ~~section Cal. Gov. Code § 7522.56.~~

~~3. If genuine documentation regarding the re-employment of a retiree is submitted as required by this Policy and accepted by KCERA as adequate at the time of the re-employment, this shall be considered conclusive evidence that the re-employment was commenced in compliance with applicable law. The Chief Executive Officer or his designee shall notify the employer in writing of the acceptance of the documentation required by this policy.~~

~~If the Chief Executive Officer or his designee becomes aware that any retiree's re-employment is in violation of applicable law including but not limited to sections 7522.56 and 31680.6 of the Government Code, the matter shall be presented to the Board of Retirement for a determination as to whether to suspend the re-employed retiree's retirement allowance and restore the member to active membership, the effective date of such action, the recovery of any improperly paid benefits, the collection of any contributions that may be owed, and any other appropriate action. The re-employed retiree shall be provided with a copy of all documents that form the basis of the recommendation no later than seven days prior to the Board meeting at which said action is to be taken.~~

~~—Action by the Board under this paragraph shall be reviewable in Superior Court as a final administrative action, pursuant to section 1094.6 of the California Code of Civil Procedure.~~

D. Any objections to KCERA's Post-Retirement Employment determinations shall be handled according to KCERA's Administrative Appeal Policy.

E. Amendments. This Policy may be amended at any regular or specially noticed meeting of the KCERA Board of Retirement ("Board"). To facilitate the orderly and efficient administration of Post-Retirement Employment Certifications for KCERA Employers, the Board hereby delegates to KCERA's Chief Executive Officer the authority to approve process changes of a minor, non-substantive nature that do not alter the applicable law or

fundamental responsibilities of any affected member or KCERA Employer. The scope of this delegation of authority includes typographical errors, format revisions, conforming terminology, revision of forms, changes to facilitate information exchange and other similar amendments.

4.

POLICY REVIEW AND HISTORY

- 1) This policy shall be reviewed at least every five (5) years.
- 2) This policy was:
 - a) Adopted by the Board on August 8, 2018.
 - b) Amended by the Board on June 8, 2022 and December XX, 2025.



11125 River Run Blvd
Bakersfield, CA 93311
661.381.7700
www.kcera.org

CERTIFICATION
Post-Retirement Employment of COUNTY Retiree (Limited Duration)
Cal. Gov. Code section 7522.56

FOR KCERA USE ONLY
Date of Retirement: _____

DATE: _____

DEPARTMENT INFORMATION:

Name of DEPARTMENT: _____
Name (Area Code & Phone No.)

Address of DEPARTMENT: _____
Street City Zip Code

RETIREE INFORMATION:

Name of RETIREE: _____
First Middle Last (Area Code & Phone No.)

Address of RETIREE: _____
Street City Zip Code

Age of Retiree at time of anticipated start date: _____

Are you retired and currently working for a KCERA Plan Sponsor? ____ Yes ____ No

If you answered No, enter the anticipated start date: _____ (month and year)

If you answered Yes, please describe your current duties:

TO BE COMPLETED BY DEPARTMENT:

1. Please certify that one or both of the following are true (check all that apply)

The Appointment of the Retiree is necessary during an **emergency**¹ to prevent stoppage of public business

The Retiree has skills needed to perform work of limited duration

2. Please indicate the limit or limits on the duration of the Appointment by selecting the box that applies to the Retiree. An **anticipated end date for the re-employment must also be provided.**

Retiree has special skills/knowledge needed by employer AND employer is actively hiring/recruiting to fill Retiree's position

Retiree will be training their replacement

Retiree will be working in a temporary assignment or working on a special project. If checked, please describe temporary assignment or special project duties below:

Retiree is needed temporarily to help with peak or seasonal workload fluctuation (less than a year) from: _____ to _____
Date Date

Retiree is filling a short-term vacancy need

Other

See Attachment 1 for further explanation. [Please attach explanation and label as "Attachment 1"].

3. Enter the anticipated end date for the selection above: _____ (month and year)

4. a. Did or will the re-employment begin within 180 days after the member's retirement date?

Yes No

b. If YES, is the Appointment necessary to fill a critical need before 180 days have passed?

Yes No

OR

¹ Please see County Administrative Bulletin No. 7 - Procedures for Work Site/Facility Closures due to Hazardous Conditions or Natural Disaster.

Is the Retiree a public safety officer or firefighter who is being Appointed to perform the functions regularly performed by a public safety officer or firefighter?

_____ Yes _____ No

(If "critical need" is checked, employer must confirm matter approved off-consent in Part III.b. below)

5. The Department agrees to do at least one of the following: (check all that apply)
- Grant KCERA staff direct access to the Department's payroll system with the County of Kern in a manner that permits KCERA to determine the number of hours that the Retiree has worked in a fiscal year; or

- Provide a report to KCERA, on a pay-period by pay-period basis, showing the number of hours worked during the fiscal year.

TO BE COMPLETED BY EMPLOYEE:

6. Have you received any unemployment insurance compensation, during the 12 months prior to re-employment, arising out of the prior employment with ANY public employer?
- _____ Yes _____ No
Initials *Initials*

EMPLOYER AND RETIREE ACKNOWLEDGMENTS:

7. **Department** and the **Retiree** acknowledge and certify that:
- a. During re-employment, the Retiree may not work more than 960 hours during any fiscal year (July 1 through the following June 30).
 - b. The Retiree's pay may not be less than the minimum nor more than the maximum paid to other employees performing comparable job duties.
8. **Department** and the **Retiree** acknowledge:
- a. Failure to comply with any of the requirements of applicable law, as implemented through KCERA's Post-Retirement Employment Policy, may result in any consequences allowed by law, effective on the date that the re-employment ceased to be in compliance, including:
 - i. For retired members:
 - a. Immediate suspension of the monthly retirement benefit;
 - b. Reinstatement to active membership;

Certification re Re-Employment of County Retiree (Limited Duration) Page 3
Employee: _____ Item No.: _____ Job Classification: _____ Step Level: _____

- c. Requirement to reimburse the retirement system for any retirement allowance received during the period or periods of employment that are in violation of law. The retirement allowance that was paid in violation of law shall be considered an overpayment subject to collection by the retirement system. (Cal. Gov. Code, § 31680.9(b)(1).)
 - d. If reinstated, payment to the retirement system an amount of money equal to the employee contributions that would otherwise have been paid during the period or periods of unlawful employment, plus interest thereon. (Cal. Gov. Code, § 31680.9(b)(2).)
 - e. Contribution toward reimbursement of the retirement system for reasonable administrative expenses incurred in responding to this situation, to the extent the member is determined by the retirement system administrator to be at fault. (Cal. Gov. Code, § 31680.9(b)(3).)
 - f. Initiation of actions allowed under the CERL section 31680.9 and/or PEPRA, and
 - g. Issuance of a corrected Form 1099-R by KCERA, as required. (Adjustments to tax filings are a member's responsibility.)
- ii. For KCERA Employers:
- a. If the retired member is reinstated, pay to the retirement system an amount of money equal to employer contributions that would otherwise have been paid for the period or periods of time that the member is employed in violation of this article, plus interest thereon. (Cal. Gov. Code, § 31680.9(c)(1).)
 - b. Contribute toward reimbursement of the retirement system for reasonable administrative expenses incurred in responding to this situation, to the extent the employer is determined by the administrator of the retirement system to be at fault. (Cal. Gov. Code, § 31680.9(c)(2).)
 - c. If a KCERA Employer makes an Appointment or allows a KCERA retiree to work in a Post-Retirement Employment position before receiving Certification from KCERA and fails to submit the required information within 30 days of the effective date of Appointment or employment, KCERA may assess the KCERA Employer a fee of two hundred dollars (\$200) per retired member per month until the Certification is completed. (Cal. Gov. Code, § 31680.9(d).)
 - d. If a KCERA Employer fails to report the pay rate and number of hours worked of a retired member employed in any capacity without reinstatement, at periods determined by the system in the Certification form, KCERA may assess the KCERA Employer a fee of two hundred dollars (\$200) per retired member per month until the information is reported. (Cal. Gov. Code, § 31680.9(e).)
 - e. A KCERA Employer shall not pass on any fees assessed under this Policy to a retired member. (Cal. Gov. Code, § 31680.9(f).)
- b. The IRS mandates a 10% tax penalty against a retired member's monthly benefit if the retired member is under age 59 ½ at retirement AND the retired member begins a Post-Retirement Employment Appointment without a Bona Fide Separation.

9. The Department agrees to report to KCERA, by submitting an updated Certification form and detailed explanation if this Retiree works beyond the period Certified by KCERA, or the KCERA Employer seeks to extend the work beyond the stated Certification end-date.

10. **Department** and **Retiree** agree that in addition to the terms and conditions set forth herein, the parties have reviewed and further agree to comply with:

- a. California Government Code section 7522.56
- b. California Government Code section 31680.6
- c. California Government Code section 31680.9
- d. KCERA's Post-Retirement Employment Policy

By executing this Certification, Retiree/Employee and Department certify that all statements herein are true to the best of their knowledge.

RETIREE:

Dated: _____ By: _____
Signature of Retiree
Typed Name: _____

DEPARTMENT:

Dated: _____ By: _____
Signature of Authorized Representative of Department
Typed Name: _____

Department staff member that can be contacted by KCERA if there are questions regarding this form:

Name Phone Number

Email

DEPARTMENT IS TO ATTACH THE COMPLETED FORM TO POSITION CONTROL IN AUDITORNET

If approved by the CAO's Executive Group,
a member of the CAO's Executive Group will provide the form to:
KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
Email: legal@kcera.org

Certification re Re-Employment of County Retiree (Limited Duration) Page 5
Employee: _____ Item No.: _____ Job Classification: _____ Step Level: _____

**I. Review and Evaluation by KCERA:
(Contingent upon approval of the Board of Supervisors)**

_____ Accepted and Certified through: _____
Initials *Date*

_____ This form has not been approved by KCERA. A letter of explanation will be provided.
Initials

Dated: _____ By: _____
Signature of Authorized Representative

Typed Name: _____ Title: _____

Approval of this form by KCERA entitles Department and Retiree to the conclusive presumption that the re-employment has commenced lawfully, so long as all statements made herein are true. A copy may be sent to the Department and/or Retiree upon request.

(KCERA Staff: Send executed form to the Chief Human Resources Officer (or designee) and/or member of the CAO's Executive Group.)

II. Review and Evaluation by the County Administrative Office:

a. Form has been evaluated by the Chief Human Resources Officer.

_____ Approved _____ Denied
Initials *Initials*

b. Request will be placed on the agenda for approval by the Board of Supervisors:

_____ Yes _____ No
Initials *Initials*

Dated: _____ By: _____
Signature of Authorized Representative

Typed Name: _____ Title: _____

**III. Accepted and Approved by the County Administrative Office:
(Following approval/action of the Board of Supervisors)**

a. Effective Date of Post-Retirement Employment: _____

The Post-Retirement Employment Appointment has been approved by the governing body of the agency in a public meeting on the non-consent calendar. (Please provide documentation, e.g. meeting agenda and/or, minutes and/or back-up. Label attachment as "Attachment 2.")

b. _____

Initials

Dated: _____ By: _____
Signature of Authorized Representative

Typed Name: _____ Title: _____

(CAO Staff: Send executed form to KCERA.)

Date: December 3, 2025
To: Trustees, Administrative Committee
From: Dominic D. Brown, Chief Executive Officer



Subject: 2026-27 Chief Executive Officer Performance Evaluation Criteria

In accordance with the Chief Executive Officer Performance Evaluation Policy, the Chief Executive Officer must be reviewed by the Administrative Committee each year for the twelve-month period for which the criteria are effective. The following criteria and ratings were approved for 2025-2026, and will be used for 2026-2027:

**CHIEF EXECUTIVE OFFICER
PERFORMANCE EVALUATION CRITERIA**

1. General Management Abilities as determined by the CEO Evaluation Survey	30%
2. Financial Accounting and Reporting	15%
3. Budgetary Control	15%
4. Strategic Plan Implementation	40%
	100%

The Chief Executive Officer is required to complete a self-evaluation annually and to share that with the Board, along with the results of a Stakeholder Survey, Employee Survey, and Trustee Survey.

Therefore, it is recommended that your Committee recommend the Board of Retirement approve the 2026-2027 Chief Executive Officer Performance Evaluation Criteria.