

807 CMR: TEACHERS' RETIREMENT BOARD

807 CMR 16.00: QUALIFIED EXCESS BENEFIT ARRANGEMENT

Section

16.01: Establishment of Section 415 Excess Benefit Plan and Trust Fund

16.02: Grantor Trust

16.01: Establishment of Section 415 Excess Benefit Plan and Trust Fund

(1) Since M.G.L. c. 32, § 104(b) requires the establishment of a qualified governmental plan excess benefit arrangement, as described in 26 U.S.C. § 415(m), for the payment of benefits in excess of the limits of § 415(b) of the Internal Revenue Code, the Board hereby establishes such an arrangement in the form set forth in a document entitled “The Massachusetts Teachers’ Retirement System Section 415 Excess Benefit Plan and Trust Fund, effective January 1, 2006,” and dated January 1, 2007 (the “Excess Benefit Plan”).

(2) The purpose of the Excess Benefit Plan is solely to provide the part of a member’s retirement allowance that would otherwise have been payable by the Massachusetts Teachers’ Retirement System (“MTRS”) except for the limitations of § 415(b) of the Internal Revenue Code. It is intended to be a “qualified governmental excess benefit arrangement” within the meaning of § 415(m)(3) of the Internal Revenue Code.

(3) Pursuant to of M.G.L. c. 32, § 104(b), which provides that a qualified governmental plan excess benefit arrangement must be established according to the requirements of 26 U.S.C. § 415(m), the Board will not provide for the transfer of any funds to pay the excess benefits under the Excess Benefit Plan but, rather, the excess benefits will be funded by appropriations in such amount as determined by the Board to be necessary to fund the excess benefits, to be withheld before such appropriations are credited to the MTRS.

16.02: Grantor Trust

To implement the terms of § 104(b) of the Internal Revenue Code and the Excess Benefit Plan, the Board is authorized to create a grantor trust, with themselves as trustees, to receive and hold contributions from employers and to pay benefits in accordance with the Excess Benefit Plan. The grantor trust shall be established pursuant to the terms of Article VI of the Excess Benefit Plan.

REGULATORY AUTHORITY

807 CMR 16.00: M.G.L. c. 15, § 16; c. 32, § 104(b) and c. 32, § 20(5)(b).