

941 CMR: STATE BOARD OF RETIREMENT

941 CMR 4.00: QUALIFIED EXCESS BENEFIT ARRANGEMENT

Section

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

4.02: Grantor Trust

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

(1) M.G.L. c. 32, § 104(b) requires the establishment of a qualified governmental plan excess benefit arrangement, as set forth 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 Massachusetts State Board of Retirement (“Board”) establishes such an arrangement in the form set forth in a document entitled, *The Massachusetts State Employees’ Retirement System Section 415 Excess Benefit Plan and Trust Fund* 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 State Employees’ Retirement System (“SERS”) except for the limitations of Internal Revenue Code § 415(b). It is intended to be a “qualified governmental excess benefit arrangement” within the meaning of Internal Revenue Code Section 415(m)(3).

(3) Pursuant to 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 SERS.

4.02: Grantor Trust

To implement the terms of § 104(b) 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

941 CMR 4.00: M.G.L. c. 10, § 18 and c. 32, §§ 20(5)(b) and 104(b).