

MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Cycle C Determination Letter Filing

DATE: September 16, 2013

In 2008, PERAC worked with 103 of the existing 106 retirement systems to submit IRS Determination Letter filings in the original Cycle C filing cycle for governmental retirement plans. As a result of that process, all 103 retirement systems received favorable IRS determination letters on the qualified status of their plan in a very expedited and efficient way. Normally, this favorable letter would expire at the end of the second Cycle C filing cycle for governmental plans, which began February 1, 2013, and ends on January 31, 2014. However, because of the lengthy delay other governmental plans experienced (which none of the Massachusetts plans did), the IRS has granted governmental plans an extension to file in either Cycle C or Cycle E. (Cycle E begins on February 1, 2015 and ends on January 31, 2016.)

PERAC, in consultation with our tax counsel, Ice Miller, has determined that it is best to complete the new IRS determination letter filing process in the current Cycle C, which, as noted above, ends on January 31, 2014. PERAC is working with tax counsel and IRS representatives to develop an IRS filing process that could be quite similar to the filing process in the original Cycle C filing, where the local boards were able to file abbreviated materials, based upon a "master" PERAC filing regarding Chapter 32. We anticipate that a similar process will take place with this second Cycle C filing process, although PERAC has requested and the IRS is considering permitting the filings to occur in an even more streamlined fashion than five years ago. If PERAC's proposal is accepted, this would mean less work for the individual boards this time around.

PERAC anticipates that the materials for this filing will be made available to the local Boards in October, and that any necessary Board action could take place at your October or November Retirement Board meetings. PERAC would then need to receive the necessary information from the Boards by Monday, December 2, 2013 in order to complete the IRS filings.



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Once PERAC, tax counsel and the IRS have reached a definitive agreement on the filing process to be used, PERAC will provide the specific information and instructions needed to complete this filing to the local boards. Depending upon what the IRS decides, trainings as to the filings may or may not be necessary. Should trainings be necessary, we have tentatively scheduled them to take place at PERAC's offices in Somerville, on Wednesday, October 16, 2013, at 10:00 AM and on Thursday, October 17, 2013 at 2 PM. We will also be discussing the determination letter process in general at the MACRS conference on Wednesday, October 9, 2013.

While a retirement system is not required to join PERAC's filing, given the success of the original filing process, we urge all retirement systems to do so again in order to ensure that their favorable determination letters continue to be current. If a retirement system decides not to join PERAC's filing, it should hire tax counsel and begin the process of making such a request itself.