



Agenda Item Number: 2008-9-8A

BERNALILLO COUNTY BOARD OF COUNTY COMMISSIONERS

Meeting Date: September 9, 2008

Department: County Manager **Staff Contact:** Thaddeus Lucero, County Manager

TITLE: Rescind U.S. Treasury Regulations 1.401

ACTION: Motion to approve Administrative Resolution AR-_____2008 in support of rescinding the U.S. Department of Treasury proposed changes to Treasury Regulations Section 1.401.

SUMMARY:

The Internal Revenue Services issued a final rule in May 2007 that is to become effective in January 2009. This rule mandates a fixed age of retirement for retirement plans. The County's retirement system bases retirement age on years of service as well as age to determine when an individual is eligible to receive the benefits under the plan. The IRS regulation would appear to eliminate the long standing practice of many defined benefit plans of allowing workers to reach "normal retirement age," in whole or in part, by completing a fixed number of years of service.

Bernalillo County understands the IRS may, through these actions, be attempting to curtail certain practices by so-called "cash balance" private sector pension plans. If so, the IRS should develop regulations that target the specific abuses and not implement regulations that make it difficult for retirement systems that have followed existing rules to provide benefits to their members.

Accordingly, the County seeks to join the many organizations, including the National Association of Counties, the Government Finance Officers Association, International City/County Management Association, National Conference on Public Employee Retirement Systems and others that represent over twenty million working and retired state and local government workers and their beneficiaries that have expressed concern about this regulatory change.

ATTACHMENT:

1. Administrative Resolution AR -2008

STAFF ANALYSIS SUMMARY

COUNTY MANAGER

See summary. I recommend Board approval. TL 9/3/2008

LEGAL

Administrative Resolution approved as to form. JSL 08/28/08