

AMENDED IN SENATE MAY 3, 2010

Senate Joint Resolution

No. 30

Introduced by Senator Kehoe
(Coauthor: Assembly Member Fletcher)

April 7, 2010

Senate Joint Resolution No. 30—Relative to deferred compensation plans.

LEGISLATIVE COUNSEL'S DIGEST

SJR 30, as amended, Kehoe. Deferred compensation plans.

~~This measure would declare California's support of legislative action by Congress to extend to participants in 457(b) plans the option to treat elective deferrals as Roth IRA contributions and to provide 457(b) plan participants with savings options similar to participants in 401(k) and federal Thrift Savings Plans~~ *urge the Congress of the United States and the President to amend the United States Internal Revenue Code to allow all eligible government employees participating in a 457(b) deferred compensation plan the option to treat their elective deferrals as Roth IRA contributions. The measure would also urge the Congress of the United States and the President to create parity among all workers by presenting 457(b) plan participants with savings choices similar to those given to participants planning for retirement under the Economic Growth and Tax Reconciliation Act of 2001 and the federal government's Thrift Savings Plan.*

Fiscal committee: no.

- 1 WHEREAS, On June 7, 2001, the Economic Growth and Tax
- 2 Reconciliation Act of 2001 was signed into law by President
- 3 George W. Bush, granting section 401(k) retirement plan

1 participants the option to treat elective deferrals as Roth IRA
2 contributions; and

3 WHEREAS, On June 22, 2009, the Federal Retirement Reform
4 Act of 2009 was signed into law by President Barack Obama,
5 granting participants in the federal government’s Thrift Savings
6 Plan the option to treat elective deferrals as Roth IRA contributions;
7 and

8 WHEREAS, There is presently no option for 457(b) plan
9 participants to ~~create~~ *treat* elective deferrals as Roth IRA
10 contributions; and

11 ~~WHEREAS, The State of California would benefit from granting~~
12 ~~state and local government employees the ability to use a 457(b)~~
13 ~~plan by receiving immediate tax revenue based on the contributions~~
14 ~~to the plan and the employees will benefit from the ability to~~
15 ~~withdraw their retirement money tax free when they retire; and~~

16 *WHEREAS, Under a Roth IRA Contribution Plan Option, an*
17 *employee participating in a 457(b) plan would have the option to*
18 *make his or her deferred contribution payments on an after-tax*
19 *basis in exchange for a tax-free distribution made to him or her*
20 *upon retirement; and*

21 *WHEREAS, Allowing state and local government employees*
22 *currently participating in a 457(b) deferred compensation plan*
23 *the option to treat elective deferrals as Roth IRA contributions*
24 *would provide an immediate and ongoing income benefit for both*
25 *the State of California and the Treasury of the United States.*
26 *Providing employees participating in a 457(b) plan the option to*
27 *treat their contributions as Roth IRA contributions could raise an*
28 *estimated one billion dollars (\$1,000,000,000) in taxes nationwide*
29 *over a 10-year period; and*

30 WHEREAS, There are more than 269,000 state employees who
31 are eligible to enroll in a 457(b) plan; and

32 WHEREAS, There are more than 1.08 million local government
33 employees who are eligible to enroll in a 457(b) plan; now,
34 therefore, be it

35 *Resolved by the Senate and the Assembly of the State of*
36 *California, jointly, That the California State Legislature strongly*
37 *supports legislative action by Congress to extend to participants*
38 *in 457(b) plans the option to treat elective deferrals as Roth IRA*
39 *contributions and to provide 457(b) plan participants with savings*

1 options similar to participants in 401(k) and federal Thrift Savings
2 Plans; and be it further

3 ~~Resolved, That the Secretary of the Senate transmit copies of this~~
4 ~~resolution to the author for appropriate distribution. urges the~~
5 *Congress of the United States and the President to amend the*
6 *United States Internal Revenue Code to allow all eligible*
7 *government employees participating in a 457(b) deferred*
8 *compensation plan the option to treat their elective deferrals as*
9 *Roth IRA contributions; and be it further*

10 RESOLVED, *That the California State Legislature urges the*
11 *Congress of the United States and the President to create parity*
12 *among all workers by presenting 457(b) plan participants with*
13 *savings choices similar to those given to participants planning for*
14 *retirement under the Economic Growth and Tax Reconciliation*
15 *Act of 2001 and the federal government’s Thrift Savings Plan; and*
16 *be it further*

17 RESOLVED, *That the Secretary of the Senate transmit copies*
18 *of this resolution to the President and the Vice President of the*
19 *United States, to the Speaker of the House of Representatives, to*
20 *the Majority Leader of the United States Senate, to each Senator*
21 *and Representative from California in the Congress of the United*
22 *States, to the Commissioner of the Internal Revenue Service, to*
23 *the Secretary of the Department of Labor, and to the author for*
24 *other appropriate distributions.*

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CORRECTIONS:
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