

# **HB 135 - PUBLIC EMPLOYEE ROTH CONTRIBUTIONS**

## **Sectional Analysis by the Department of Administration**

**Section 1.** AS 39.45.050 is repealed and reenacted to provide for a post-tax Roth investment option in the public employees' deferred compensation plan and clarifies that state and federal income tax is not deferred under this option. The section establishes if no positive election is made for a Roth investment, contributions will be deemed to be on a pre-tax basis. This allows the pre-tax target date options to continue as the default option for the plan if the member makes no investment election. The section establishes dollar limitations in accordance with Internal Revenue Code rules and allows the Administrator of the plan to establish rules and procedures governing the election process by participating employees.

**Section 2.** AS 39.45.060 adds a definition of "Roth" contributions to have the meaning under 26 U.S.C. 402A(c)

**Section 3.** Establishes an effective date of July 1, 2015.