



METRO ELECTRONIC ACTION DOCUMENT

IDENTIFICATION			
MEAD ID:	96598	ACTION:	N/A
AWARD VALUE:	(Not yet awarded)	CONTRACT: (Proposed)	
FUND SOURCES: (View)		CONTRACTOR:	
LAST MODIFIED:	06/17/2005		

DESCRIPTION	
SUBJECT:	Amend the WMATA Retirement Plan to delete Section 12.05, Settlement of Small Pensions
PURPOSE:	To request approval by the Board of Directors of the resolution to amend the Washington Metropolitan Area Transit Authority Retirement Plan to delete Section 12.05, Settlement of Small Pensions, to ensure the Plan's continued compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA).

ORIGINATION					
INITIATOR			DEPARTMENTAL APPROVAL		
JAMES DAVIS on 06/16/2005			Approved by SCOTT II, WILLIAM 06/16/2005		
PHONE:	202-962-1160	OFFICE:	HRMP	DEPT:	Workforce Development and

COORDINATION (ROUTING)		
OFFICE	NAME	ACTION/DATE
AGMW (5100)	SCOTT II, WILLIAM	Approved 06/16/2005
COUN (1410)	O'KEEFE, CAROL	Approved 06/21/2005
BEMR (7600)	WILKINS, PAMELA	Approved 06/21/2005

FINAL APPROVALS	
OFFICE	NAME/ACTION
HR_CMTE	Approved for AGMW by WILLIAM SCOTT II on 06/16/2005
BEMR	Approved for SCOS by HAROLD BARTLETT on 06/21/2005
GM	GMGR CEO <i>[Signature]</i>
BOARD	BOARD WMATA (Not Yet Approved)



Washington Metropolitan Area Transit Authority
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NARRATIVE

DISCUSSION:

The Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA) was signed into law by President Bush on June 7, 2001. EGTRRA established requirements for qualified plans that contain provisions for the cash out of small account balances without the participant's consent upon separation from service. EGTRRA required that the plan provide an automatic rollover of benefits with a lump sum actuarial value in excess of \$1,000 involuntarily paid as a lump sum into an Individual Retirement Account established by the plan. However, EGTRRA also provided that this new rule would not be effective until Department of Labor issued safe harbor regulations. On September 28, 2004, the Department of Labor issued a notice containing final rules to be effective for distributions made on and after March 28, 2005.

The Washington Metropolitan Area Transit Authority Retirement Plan currently allows the Trustees of this Plan to provide benefits of \$50 per month or less in a lump sum which is actuarially determined as described in Section 12.05, Settlement of Small Pensions. Deletion of this Section will eliminate the requirement for the Plan to establish Individual Retirement Account arrangements.

ALTERNATIVE:

Section 12.05, Settlement of Small Pensions, will not be deleted and the Washington Metropolitan Area Transit Authority Retirement Plan will be required to establish Individual Retirement Account arrangements as prescribed by EGTRRA.

IMPACT ON FUNDING:

There would be administrative expenses incurred by the Plan in establishing and maintaining the Individual Retirement Account arrangements if the amendment was not made.

AFFIRMATIVE ACTION AND DBE REQUIREMENTS:

Not applicable.

RECOMMENDATION:

That the Board of Directors approve the resolution to amend the Washington Metropolitan Area Transit Authority Retirement Plan to delete Section 12.05, Settlement of Small Pensions, to ensure the Plan's continued compliance with the Economic Growth and Tax Relief Reconciliation Act of 2001 (EGTRRA).