



RETIREMENT SYSTEMS DIVISION

STEVEN C. TOOLE
EXECUTIVE DIRECTOR

To: Supplemental Retirement Board of Trustees

From: Reid Chisholm, Assistant General Counsel, Supplemental Retirement Plans

Date: September 7, 2017

Re: Hurricane Harvey Relief

The Internal Revenue Service released Announcement 2017-11, which grants temporary relief to plan sponsors to provide loans and hardship distributions to victims of Hurricane Harvey. The relief is similar to that provided by the IRS, and approved by the Supplemental Retirement Board of Trustees (Board) for Hurricanes Matthew in 2016 and Sandy in 2012. The Board's implementation of this relief would apply to the NC 401(k) and NC 457 Plans but not the NC 403(b) Program because local school districts and community colleges (not the State of North Carolina) are the sponsors of the 403(b) plans.

Key points in the IRS Announcement include:

1. The relief applies to *any* hardship resulting from Hurricane Harvey, not simply the types included in the NC 401(k) and NC 457 Plan documents or applicable statutes or regulations;
2. Plan administrators are not required to follow the documentation and other procedural requirements for loans and hardships so long as they make a good faith, diligent effort under the circumstances to do so and they make a reasonable attempt to assemble the required documentation as soon as practicable;
3. The distributions must be made between August 23, 2017 (or other Applicable Date below) and January 31, 2018; and
4. No post-distribution contribution restrictions are required.

The relief applies to a Plan participant whose:

- a. Principal residence on August 23, 2017 (or other incident date as specified by FEMA, as applicable (the "Applicable Date")) was located in one of the counties that has been identified for individual assistance by FEMA because of the devastation caused by Hurricane Harvey (the "Covered Area");
- b. Place of employment was located in the Covered Area on the Applicable Date; or
- c. Lineal ascendant or descendant, dependent, or spouse had a principal residence or place of employment in the Covered Area on the Applicable Date.

The IRS Announcement allows plan sponsors to amend plan documents retroactively to incorporate the relief permitted. Because of this, the Board has until December 31, 2018, to make necessary revisions to the NC 401(k) and NC 457 Plan Documents.



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Staff recommends the following:

1. The Board approve the implementation of the Hurricane Harvey relief in the IRS Announcement for the NC 401(k) Plan and the NC 457 Plan; and
2. To the extent such relief is granted to participants in the NC 401(k) Plan and/or the NC 457 Plan, staff will revise the Plan Documents and present the revisions to the Board for approval.