

CHAPTER 372
FORMERLY
HOUSE BILL NO. 148
AS AMENDED BY
HOUSE AMENDMENT NO. 1

AN ACT TO AMEND TITLE 29 OF THE DELAWARE CODE RELATING TO RETIREMENT PLANS.

WHEREAS, William V. Roth, Jr. honorably served the State of Delaware in the United States House of Representatives from January 3, 1967 until December 31, 1970; and

WHEREAS, William V. Roth, Jr. honorably served five terms in the United States Senate from January 1, 1971 until January 3, 2001; and

WHEREAS, William V. Roth, Jr. was a longtime member of the United States Senate Committee on Governmental Affairs and the Senate Committee on Finance, serving as Chairman from September 12, 1995 through January 3, 2001; and

WHEREAS, William V. Roth, Jr. was the legislative sponsor of the individual retirement account plan that bears his name, the Roth IRA, which was created under the Taxpayer Relief Act of 1997; and

WHEREAS, a Roth IRA allows individuals to make retirement savings plan contributions that are not tax-deductible but allow individuals to enjoy tax-free growth of their investments over time for the purpose of building wealth that they might enjoy in retirement; and

WHEREAS, the Economic Growth and Tax Relief Reconciliation Act of 2001 signed into law by President George W. Bush extended the Roth savings concept to 403(b) retirement savings plans effective January 1, 2006; and

WHEREAS, the Small Business Jobs Act of 2010 signed into law by President Barack H. Obama extended the Roth savings concept to 457(b) retirement savings plans effective January 1, 2011; and

WHEREAS, the State of Delaware sponsored 403(b) and 457(b) retirement plans for teachers and state employees do not currently offer a Roth option for eligible plan participants and currently only offer a traditional, non-Roth, tax-deferred savings account; and

WHEREAS, the tax-free growth enjoyed under a Roth plan has been proven to be a superior savings account for most investors than the traditional, non-Roth, tax-deferred account; and

WHEREAS, the majority of States, including our neighbors in New Jersey, Pennsylvania, and Maryland have already moved forward to add a Roth option in their state sponsored retirement plans for teachers and government employees; and

WHEREAS, the addition of a Roth option will not require the State of Delaware to contribute any additional monies into the retirement savings plans for teachers and state employees; and

WHEREAS, it is the desire of the General Assembly to provide the most cost effective and tax-friendly savings options for teachers and state employees and encourage maximum participation within state sponsored 403(b) and 457(b) retirement savings plans among eligible employees of the state; and

WHEREAS, the General Assembly wishes to honor the name of William V. Roth, Jr. for developing the Roth, tax-free savings option for individual investors.

NOW, THEREFORE:

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

Section 1. Amend Title 29 of the Delaware Code by making insertions as shown by underlining as follows:

§6062 Roth Savings Option

(a) By July 1, 2015, the Deferred Compensation Council shall ensure that 403(b) and 457(b) retirement plans allow participants the option to designate their contributions into the plans as Roth contributions.

(b) By July 1, 2015, the Office of Management and Budget shall make all necessary changes to the State Employee Payroll System necessary to facilitate the addition of a Roth option to State 403(b) and 457(b) retirement plans for state employees.

(c) By July 1, 2015, the State Treasurer shall take all necessary steps to facilitate the addition of a Roth option to State 403(b) and 457(b) retirement plans.

Approved July 30, 2014