



**ITEM ID:** 2025-362-0

**TRANSMITTAL DATE:** November 7, 2025

**MEETING DATE:** November 14, 2025

**TO:** Board of Directors

**FROM:** Alberto Lara, Chief People Officer

**SUBJECT:** Proposed Amendments to the Authority's 457(b) Plan

**Issue**

Approval is needed to amend the Authority's 457(b) Plan.

**Recommendation**

It is recommended that the Board approve the proposed amendments to the Authority's 457(b) Plan, effective January 1, 2026, unless otherwise noted in the Discussion section below.

**Strategic Commitment**

This report aligns with the Strategic Business Plan commitment of:

- **Modernizing Business Practices:** We will improve our operational efficiency through transparency, objective metrics and streamlined governance, reducing over-reliance on subsidy while bringing our system into a state of good repair and investing in the development of our employees. Staff's recommendations contribute to this goal by ensuring that the Authority provides a competitive benefits package to recruit, retain and invest in a qualified and diverse workforce.

**Background**

The Southern California Regional Rail Authority ("Authority") began offering the 457(b) Plan to employees in November 1993 after entering into an agreement and designating the ICMA Retirement Corporation as the plan administrator. The 457(b) Plan allows employees to set aside pre-tax dollars into their account, which is invested and can be withdrawn upon

separation from the Authority or retirement, at which time they pay taxes. (Note: In 2021, ICMA began doing business as MissionSquare Retirement.)

On December 29, 2022, the Setting Every Community Up for Retirement Enhancement Act 2.0 (“SECURE Act 2.0”) was signed into law. It is a set of retirement reforms designed to expand access to retirement plans, increase savings, and offer more Americans access to lifetime income in retirement. It builds upon the original SECURE Act 1.0 passed in 2019. The SECURE Act 1.0 and 2.0 include several optional provisions that allow employers to tailor retirement plans to better meet the needs of their employees and enhance retirement savings opportunities.

## **Discussion**

Human Resources convened a group of employees from Human Resources, Finance, and other departments, and representatives from MissionSquare, to discuss the SECURE Act 1.0 and 2.0 optional provisions and other plan amendments. Based on our discussion, it is recommended that the Board approve the following proposed amendments to the Authority’s 457(b) Plan:

### **SECURE Act 2.0 Provisions**

- **Roth provisions:** Adds the Roth provision, allowing after-tax contributions to participant accounts; permits in-plan Roth conversions; and makes Roth funds available for loans.
- **Eliminate the “first of month” rule for deferral changes:** Permits employees to make initial and change requests as soon as administratively possible rather than the first pay period of the following month.
- **Distribution for victims of domestic abuse:** Permits participants to receive a distribution up to the lesser of \$10,000 or 50% of the participant’s vested account balance.
- **\$1,000 withdrawal for certain emergency expenses:** Permits participants to receive a distribution of up to \$1,000, or the amount that exceeds \$1,000 if the participant’s balance is less than \$2,000, to pay for unforeseen or immediate financial needs related to necessary personal or family emergency expenses.
- **Self-certification unforeseeable emergency withdrawals:** Permits participants to self-certify that a distribution is being made when a participant is faced with an unforeseeable emergency.
- **Distribution for qualified Federally declared natural disasters:** Permits qualified participants to receive a distribution of up to \$22,000 per Federally declared natural disaster if the individual has sustained an economic loss because of that qualified disaster.
- **Age 60-63 “Super Catch-up”:** Participants who attain age 60-63 can contribute up to 150% of the regular catch-up contribution limit, which is \$11,250 in 2025.

### **SECURE Act 1.0 Provisions**

- **In-Service distributions at age 59.5:** Permits in-service withdrawals at age 59.5.
- **Distribution for qualified birth and adoption:** Permits participants to receive a distribution of up to \$5,000 per qualifying birth or adoption.

## **Other Plan Provisions**

- **In-service rollover distribution:** Allows for in-service distributions of rollover funds.
- **CEO Employer Dollar Match of Deferrals:** Adds CEO as a separate employee group and CEO employer dollar match. (Retroactive to May 24, 2024)
- **Continuation of loan repayments upon separation:** Permits participants to continue making loan payments upon separation from employment until they have withdrawn their entire account balance. Unpaid balances will be reported as distributions to the participant.

Additional details on the proposed amendments can be found in the following attachments:

- Attachment A: SECURE Act 2.0 and 1.0 Election Form
- Attachment B: 457 Governmental Plan and Trust Optional Provisions Election Form
- Attachment C: Addendum to the MissionSquare Retirement Plan – Southern California Regional Rail Authority, Plan Number 303932
- Attachment D: Loan Guidelines Agreement

## **Budget Impact**

There will be no budget impact as a result of these amendments.

## **Next Steps**

Upon Board approval, Human Resources will sign and submit the Plan documents to MissionSquare to update the Authority's records. Once the amendments have been finalized by MissionSquare, Human Resources will implement the changes, including working with the payroll team to update the payroll system to handle the Roth, Super Catch-up and other new provisions, and notifying and educating employees about the changes for 2026.

Prepared by: Roxanne Randolph, Director, Human Resources  
Alberto Lara, Chief People Officer

Approved by: Alberto Lara, Chief People Officer

## **Attachment(s)**

[Attachment A - SECURE ACT 2.0 & 1.0 Election Form](#)  
[Attachment B - Optional Provisions Election Form](#)  
[Attachment C - Addendum to SCRRA Plan](#)  
[Attachment D - Loan Guidelines Agreement](#)  
[Presentation - 457 Plan Updates](#)