

STAFF ANALYSIS

DISCUSSION AND ACTION BY THE BOARD REGARDING THE REQUEST FROM THE JOCKEY DEFINED CONTRIBUTION RETIREMENT PLAN PENSION TRUSTEES TO AMEND THE PLAN TO COMPLY WITH FEDERAL LAW AND PERMIT PARTICIPANT-DIRECTED INVESTMENTS.

Board Meeting
July 8, 2026

ISSUE

The Board of Trustees for the Defined Contribution Retirement Plan (Plan) for California licensed jockeys is requesting that the CHRB amend the Plan to 1) bring it in compliance with Federal law and 2) provide for participant directed investments.

BACKGROUND

History of the Plan

California is one of a few states offering a Defined Contribution Plan for Jockeys. The fund was established in 2010 and jockeys licensed to ride in California and retired on or after January 1, 2009 are Plan eligible. Pursuant to Business and Professions Code section 19604(i), the Plan is funded through half, or fifty percent (50%), of a percentage (.00295) deduction of all ADW bets that originate in California.

Jockeys are automatically Plan eligible upon becoming licensed as a jockey with the CHRB. The amount of each jockey retirement account is determined solely by the number of mounts ridden in California during a career. Jockeys can apply for account disbursement when they reach the age of 50 and retire from racing, or in some limited circumstances after filing a hardship request. When the Plan was originally created, participants were limited to receiving a monthly payment. In 2017, the plan was amended to allow participants to receive a lump sum retirement. In 2018, the plan was amended again to allow participants receiving annual installment distributions to request and receive lump sum distributions of their remaining Plan account balances.

Proposed Changes for 2026

1) The Setting Every Community Up for Retirement Enhancement (SECURE) Act (2019) changed federal retirement plan rules beginning in 2020. The required minimum distribution age was raised from 70 ½ to 72 for individuals who reached 70 ½ after 12/31/2019. Designated beneficiary rules were also revised, including new categories such as “Eligible Designated Beneficiaries.”

The SECURE ACT 2.0 (2022) further updated retirement laws, effective in 2023. The required minimum distribution age was again raised, this time from 72 to 73, and ultimately to age 75 for later generations. The revisions also created new rules governing recovery of overpayments, including limits on recoupment and protections for participants.

Aligning the Plan with federal law is considered a mandatory compliance update for qualified retirement plans. In other words, to maintain the Plan's tax-qualified status, these changes are required.

2) Adding a participant-directed account requires a formal Plan amendment and Board approval. Currently, there is no provision in the Plan to allow participants to choose their own investment options. Rather, members' accounts are part of the general Trust Fund, which earns shared investment results, not individualized returns. Member cannot choose conservative or aggressive allocations or adjust their strategy over time.

If the Board adopts the amendment, the Plan will add a new Article 7 – "Participant-Directed Individual Accounts" - which will allow participants to direct the investment of all or a portion of their account. Each member may select allocations that match their personal risk tolerance, time horizon, and investment philosophy. This feature is not automatic; a participant must affirmatively choose to direct their own investments.

RECOMMENDATION

This item is presented for Board discussion and action. Staff recommend the Board approve the request as submitted.

ATTACHMENTS

- A. *Letter Re: California Horse Racing Board Contribution Retirement Plan for California Licensed Jockeys*
- B. *Fifth Amendment to the California Horse Racing Board Defined Contribution Retirement Plan for California Licensed Jockeys*



May 6, 2026

Via E-Mail

Shane A. Gusman
Broad & Gusman LLP
1127 11th Street, Suite 512
Sacramento, CA 95814

Re: California Horse Racing Board Defined Contribution Retirement Plan for California Licensed Jockeys

Dear Shane:

I enclose the documents listed below to amend the California Horse Racing Board Defined Contribution Retirement Plan for California Licensed Jockeys (Plan).

1. Fifth Amendment to the California Horse Racing Board Defined Contribution Retirement Plan for California Licensed Jockeys.

This amendment reflects changes required under the Setting Every Community Up for Retirement Enhancement (SECURE) Act extending required minimum distributions (RMDs) to age 72 and revising the RMD designated beneficiary rules. In addition, the amendment reflects changes required by the Coronavirus Aid, Relief and Economic Security (CARES) Act which allowed waiving RMDs for 2020 and changes required by the Setting Every Community Up for Retirement Enhancement 2.0 Act (SECURE 2.0 Act) which includes changes related to increasing the RMD age to 73, and changes to the rules governing recovery of overpayments. Please sign and date where indicated.

2. Summary of Material Modifications.

The Employee Retirement Income Security Act of 1974, as amended, provides that if a plan is amended, you must provide participants (and beneficiaries receiving benefits under the plan) with a summary of the changes in a summary of material modifications (SMM) or a restated summary plan description. The revised summary, in either form, must be distributed no later than 210 days after the end of the plan year in which the plan change is adopted. Please distribute this SMM as soon as possible.

Shane A. Gusman
May 6, 2026
Page 2

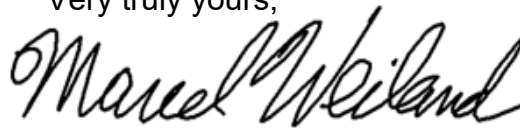
3. Certificate of Delivery.

This certificate documents that the SMM was distributed on time. Please sign and date the certificate where indicated after distributing the SMM.

Please review the enclosed documents and contact me if any changes are needed. If no changes are needed, please have the amendment approved by the California Horse Racing Board (CHRB) and then have the documents signed and dated where indicated and provide our office with executed copies as well as the relevant pages of the minutes from the CHRB approving the amendment.

If you have any questions regarding these matters, please do not hesitate to call me immediately.

Very truly yours,



Marcel P. Weiland
mpw@employeebenefitslawgroup.com
Sacramento Office

MPW/ls
Enclosures
JO0026.010
26N4581

**FIFTH AMENDMENT TO THE
CALIFORNIA HORSE RACING BOARD
DEFINED CONTRIBUTION RETIREMENT PLAN
FOR CALIFORNIA LICENSED JOCKEYS**

This Fifth Amendment (Amendment) to the California Horse Racing Board Defined Contribution Retirement Plan For California Licensed Jockeys (Plan) is adopted by the California Horse Racing Board (Board) to be effective on and as of the date(s) set forth below.

RECITALS

- A. Effective January 1, 2011, the Board adopted the Plan.
- B. Effective May 1, 2012, the Plan was amended to clarify the definition of 415 compensation in situations involving non-highly compensated employees and disabilities.
- C. Effective May 1, 2012, the Plan was amended to allow Participants who retire and elect distributions of their benefit under the Plan to be excluded from future participation in the Plan as active participants and not to accrue any additional benefits under the Plan.
- D. Effective May 1, 2012, the Plan was amended to allow retired Participants to elect a lump sum distribution of their Plan account balance if that account balance is \$5,000 or less.
- E. Effective October 1, 2012, the Plan was amended to (i) permit any Participants who have previously commenced benefit distributions to have their benefits redetermined as of the first day of the Plan Year following the adoption of the new Life Expectancy Table; (ii) update the Life Expectancy Table of the Plan to the table from the required minimum distribution regulations found at Treas. Reg. section 1.401(a)(9)-9 Q & A 1 as permitted under Rev. Rul. 2002-62, in order to more accurately reflect the expected life span of the Plan Participants.
- F. Effective October 1, 2017, the Plan was amended to add single-sum distributions to the forms of distribution allowed under the Plan.
- G. Effective March 1, 2018, the Plan was amended to provide that retired Participants who previously elected annual installment distributions may elect a lump sum distribution of their remaining Plan account balance.
- H. The Employer now wishes to amend the Plan to provide for participant directed investments.

- I. The Employer now wishes to amend the Plan to reflect statutory changes required by and in some cases allowed by the Setting Every Community Up for Retirement Enhancement (SECURE) Act 1.0 effective January 1, 2020, the SECURE Act 2.0 effective January 1, 2023, and the Coronavirus Aid Relief and Economic Security (CARES) Act effective January 1, 2020. These amended provisions include changes regarding:
 1. Required minimum distributions;
 2. Revising the rules governing repayment of overpayments.

OPERATIVE PROVISIONS

Effective as of the dates specified below, and in accordance with the foregoing recitals, the Board hereby amends the Plan as follows:

1. Effective January 1, 2020, the definition of Required Beginning Date in the Plan is amended by adding the following paragraph:

Notwithstanding the foregoing, in accordance with section 114 of the SECURE Act, for those who attained age seventy and one-half (70½) after December 31 2019, the definition of Required Beginning Date for a Participant is April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains age seventy-two (72) or (ii) except in the case of a Participant who is a five percent (5%) owner, as defined in Code section 416(i), with respect to the Plan Year ending in the calendar year in which the Participant attains age seventy-two (72), the calendar year in which the Participant retires.

2. Effective January 1, 2023, the definition of Required Beginning Date in the Plan is amended by adding the following paragraphs:

Notwithstanding the foregoing, in accordance with section 107 of the SECURE Act 2.0, the definition of Required Beginning Date for a Participant is April 1 of the calendar year following the later of (i) the calendar year in which the Participant attains the Applicable Age or (ii) except in the case of a Participant who is a five percent (5%) owner, as defined in Code section 416(i), with respect to the Plan Year ending in the calendar year in which the Participant attains the Applicable Age, the calendar year in which the Participant retires.

Applicable Age means (i) in the case of an individual who attains age 72 after December 31, 2022, and age 73 before January 1, 2033, the applicable age is 73 and (ii) in the case of an individual who attains age 73 after December 31, 2032, the applicable age is 75.

3. Effective January 1, 2020, all places in the Plan where the age seventy and one-half (70½) is listed are hereby changed to age seventy-two (72).
4. Effective January 1, 2023, all places in the Plan where the age seventy-two (72) is listed are hereby changed to age seventy-three (73).
5. Effective as of the date(s) set forth below and in accordance with the foregoing recitals, the Employer hereby amends the Plan as follows:

Notwithstanding the required minimum distribution sections of the plan, whether a participant or beneficiary who would have been required to receive required minimum distributions in 2020 (or paid in 2021 for the 2020 calendar year for a participant with a required beginning date of April 1, 2021) but for the enactment of section 401(a)(9)(I) of the Code (2020 RMDs), and who would have satisfied that requirement by receiving distributions that are either (i) equal to the 2020 RMDs, or (ii) one or more payments (that include the 2020 RMDs) in a series of substantially equal periodic payments made at least annually and expected to last for the life (or life expectancy) of the participant, the joint lives (or joint life expectancies) of the participant and the participant's designated beneficiary, or for a period of at least ten (10) years (Extended 2020 RMDs), will receive those distributions as determined in accordance with the option chosen by the employer below. Notwithstanding the option chosen by the employer below, a participant or beneficiary will be given an opportunity to make an election as to whether or not to receive those distributions.

In addition, notwithstanding the eligible rollover distribution section of the plan, and solely for purposes of applying the direct rollover provisions of the plan, certain additional distributions in 2020, as chosen by the Employer below, will be treated as eligible rollover distributions.

If no election is made by the Employer below, a direct rollover will be offered only for distributions that would be eligible rollover distributions in the absence of section 401(a)(9)(I).

Effective Date of Amendment Providing Choice for 2020 RMDs

The section of the plan immediately below providing for a choice of whether a participant or beneficiary will receive 2020 RMDs is effective May 1, 2020.

Treatment of 2020 RMDs in the Absence of a Participant or Beneficiary Election

_____ A participant or beneficiary who would have been required to receive a 2020 RMD will receive this distribution unless the participant or beneficiary chooses not to receive the distribution.

X A participant or beneficiary who would have been required to receive a 2020 RMD will not receive this distribution unless the participant or beneficiary chooses to receive the distribution.

Direct Rollovers

For purposes of the direct rollover provisions of the plan, the following will also be treated as eligible rollover distributions in 2020: (Check one or none.)

_____ 2020 RMDs (as defined in the plan).

_____ 2020 RMDs and Extended 2020 RMDs (both as defined in the plan).

_____ 2020 RMDs (as defined in the plan) but only if paid with an additional amount that is an eligible rollover distribution without regard to section 401(a)(9)(I).

6. Effective January 1, 2020, the Plan is amended by adding the following paragraph 7 to the end of the Required Minimum Distribution subsection of the Commencement of Payment of Benefits section of the Plan:

7. *Notwithstanding the other provisions of the Plan, effective for Participants dying after December 31, 2019, whether before or after distribution has begun, a Participant's entire interest will be distributed to the Designated Beneficiary by December 31st of the calendar year containing the tenth anniversary of the Participant's death unless the Designated Beneficiary meets the requirements of an Eligible Designated Beneficiary. An Eligible Designated Beneficiary may receive distributions over the life of such Designated Beneficiary. If there is no Designated Beneficiary as of September 30th of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31st of the calendar year containing the fifth anniversary of the Participant's death. An Eligible Designated Beneficiary is defined as any Designated Beneficiary who is: (i) the surviving spouse of the Participant; (ii) a minor child of the Participant; (iii) disabled; (iv) a chronically ill individual; or (v) an individual who is not more than ten (10) years younger than the Participant. The determination of whether a Designated*

Beneficiary is an Eligible Designated Beneficiary is made as of the date of death of the Participant. If an Eligible Designated Beneficiary dies before the portion of the Participant's interest is entirely distributed, the remainder of such portion must be distributed within ten (10) years after the death of such Eligible Designated Beneficiary.

7. Plan Article 7 is hereby amended in its entirety to read as follows:

ARTICLE 7. PARTICIPANT-DIRECTED INDIVIDUAL ACCOUNTS

7.01. Directed Individual Accounts Permitted.

Each Participant or Beneficiary is permitted to direct the Trustee as to the investment of all or a portion of the Participant's Account in any one or more of the investment options made available under the Plan by the Administrator.

7.02. Separate Account Established.

A separate participant-directed individual account shall be established for each Participant (or Beneficiary) who has directed an investment. Transfers between the Participant's other accounts and the Participant's participant-directed individual account shall be charged and credited as the case may be to each account. The participant-directed individual account shall not share in the Trust Fund investment results, but it shall be charged or credited as appropriate with the net earnings, gains, losses, expenses, taxes and unrealized appreciation or depreciation in market value, during each Plan Year attributable to such account, and it shall be subject to all of the other provisions of the Plan and this Trust. Neither shall the investment results of the participant-directed individual accounts be included in the calculation of the Trust Fund investment results generally.

7.03. Fiduciary Duty.

The Administrator, the Trustee and any other Plan fiduciary are relieved of liability for any losses which are the direct and necessary result of the investment instructions given by a Participant or Beneficiary. However, such relief shall be conditioned upon the Trustee's compliance with communication and education requirements similar to those prescribed in ERISA section 404(c), as well as any such requirements under applicable State law. Neither the Trustee nor any other person shall be under any duty to question any direction from any Participant or Beneficiary or to review any investment or to make any investment

suggestion to any Participant or Beneficiary, except as otherwise required by applicable State law.

8. Effective December 29, 2022, Section 10.07 Repayment of Overpayment of Benefits is hereby amended in its entirety to read as follows:

10.07 Repayment Of Overpayment of Benefits.

By accepting payment of benefits under this Plan, the Participant or Beneficiary receiving the payment agrees that, in the event of overpayment, the Participant or Beneficiary will promptly repay the amount of overpayment, without interest, upon notice by the Administrator; provided that, if the Participant or Beneficiary has not repaid the overpayment within thirty (30) days after notice, the Administrator may deduct all or any portion of the overpayment, that is not timely repaid, from any amount that would otherwise then be payable, or that may become payable, to the Participant or Beneficiary under the Plan.

A. Impact on Plan Qualification.

The Plan shall not fail to be treated as satisfying the requirements of Code §401(a) merely because: (i) the Plan fails to obtain payment from any Participant, Beneficiary, employer, plan sponsor, fiduciary, or other party on account of any inadvertent benefit overpayment made by the Plan, or (ii) the Employer amends the Plan to increase past, or decrease future, benefit payments to affected Participants and Beneficiaries in order to adjust for prior inadvertent benefit overpayments.

B. Reduction in Future Benefit Payments and Recovery From Responsible Party.

Subsection A. shall not fail to apply to the Plan merely because, after discovering a benefit overpayment, the Plan: (i) reduces future benefit payments to the correct amount provided for under the terms of the Plan, or (ii) seeks recovery from the person or persons responsible for such overpayment.

1. *Recoupment of past overpayments to a participant will not be sought from any beneficiary of the participant, including a spouse, surviving spouse, former spouse or any other beneficiary.*

2. *No interest or other additional amounts (such as collection costs or fees) will be sought on overpaid amounts for any period.*
3. *Efforts to recoup overpayments will not be made if the first overpayment occurred more than 3 years before the participant or beneficiary is first notified in writing of the overpayment, except in the case of fraud or misrepresentation by the participant.*
4. *A participant or beneficiary from whom recoupment of an overpayment is sought is entitled to contest all or part of the recoupment pursuant to the claims procedures of the Plan.*
5. *If the Plan seeks to recoup past overpayments of a non-decreasing annuity by reducing future benefit payments:*
 - a. *The reduction ceases after the plan has recovered the full dollar amount of the overpayment;*
 - b. *The amount recouped each calendar year does not exceed 10 percent of the full dollar amount of the overpayment; and*
 - c. *Future benefit payments are not reduced to below 90 percent of the periodic amount otherwise payable under the terms of the plan.*

Alternatively, if the Plan seeks to recoup past overpayments of a non-decreasing Annuity through one or more installment payments, the sum of such installment payments in any calendar year does not exceed the sum of the reductions that would be permitted in such year under the preceding sentence.

C. Employer Funding Obligation.

Nothing in this Section shall relieve the Employer of any obligation imposed on it to make contributions to the Plan to meet the minimum funding standards under Code §§412 and 430 or to prevent or restore

an impermissible forfeiture in accordance with Code §411.

D. Observance of Benefit Limitations.

Notwithstanding the provisions of this Section, the Plan shall observe any limitations imposed on it by Code §§401(a)(17) or 415. The Plan may enforce such limitations using any method approved by the IRS for recouping benefits previously paid or allocations previously made in excess of such limitations.

E. Coordination with Other Qualification Requirements.

The Plan shall comply with any regulations or other guidance of general applicability issued by the IRS specifying how benefit overpayments and their recoupment or non-recoupment from a Participant or Beneficiary shall be taken into account for purposes of satisfying any requirement applicable to the Plan.

F. Rollovers.

As provided for under Code §402(c)(12), as added by §301(b)(2) of SECURE 2.0, in the case of an inadvertent benefit overpayment from the Plan to which Code §414(aa)(1) applies that is transferred to an Eligible Retirement Plan by or on behalf of a Participant or Beneficiary: (i) the portion of such overpayment with respect to which recoupment is not sought on behalf of the Plan shall be treated as having been paid in an Eligible Roll over Distribution if the payment would have been an Eligible Rollover Distribution but for being an overpayment, and (ii) the portion of such overpayment with respect to which recoupment is sought on behalf of the Plan shall be permitted to be returned to such Plan and in such case shall be treated as an Eligible Rollover Distribution transferred to such Plan by the Participant or Beneficiary who received such overpayment (and the plans making and receiving such transfer shall be treated as permitting such transfer).

Approved by the California Horse Racing Board at a regular meeting of the California Horse Racing Board in Sacramento, California on _____, 2026.