

MEMORANDUM #46, 2009

Commonwealth of Massachusetts | Public Employee Retirement Administration Commission
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Joseph E. Connarton, *Executive Director*

MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Age 70½ Distribution

DATE: December 8, 2009

As you know, the enactment of G.L. c. 32, § 12D (Section 15 of Chapter 21 of the Acts of 2009) brings the Massachusetts Retirement Systems into compliance with the federal requirement that persons who attain age 70½, who are not receiving a retirement allowance and who are not employed must begin taking a distribution from the System by April 1 of the year following the year they attain age 70½. Attached is a sample letter that Boards can use to advise affected members of this requirement.

The options available to these members can be quite complicated, especially those provisions that apply to rollovers. As a result, we are suggesting that the members be urged to contact the Board for counseling. We do not suggest that a set of all of the possible forms be sent to members without either formal counseling or a specific request.

The initial distribution to all persons who have attained age 70½ during calendar year 2009 (or who were older than 70½ in 2009) must be made by April 1, 2010, so we recommend that the notices be sent out in December with a return date of March 1, 2010 in order to allow time for processing of payments. Boards may wish to send follow-up notices or make other efforts to contact members who do not respond in a timely manner.

In future years, notification should be made near the end of the year during which an individual attains age 70½, is not receiving a retirement allowance and is no longer employed by a governmental employer. In addition, we recommend that an annual notification be sent to members in the year they reach age 69 advising them of their upcoming required minimum distribution deadline and urging them to promptly apply for benefits in order to avoid tax penalties and to ensure they have the most favorable opportunity for rollovers.

If you have questions, please feel free to contact Barbara Phillips at 617-666-4446 ext. 902

Attachment

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