

MEMORANDUM

TO: All Retirement Boards

FROM: John W. Parsons, Esq., Executive Director

RE: Required Minimum Distribution: Now Age 73 for This Year's Notifications

DATE: January 9, 2024

The enactment of G.L. c. 32, § 12D (Section 15 of Chapter 21 of the Acts of 2009) brought the Massachusetts Retirement Systems into compliance with the federal requirement that persons who attained age 70½ who were not receiving a retirement allowance and who were not employed by a governmental unit sponsoring the Retirement System in which they are a member must begin taking a distribution from the System by April 1 of the year following the year they attain age 70½.

On December 20, 2019, the Setting Every Community Up for Retirement Enhancement Act of 2019 ("Secure Act") was signed into law and updated the age for required minimum distributions for calendar years 2021 and 2022. If a member reached the age of 70½ in January 2020 or later, born after June 30, 1949, they were required to take their first minimum distribution by April 1 of the year after they reach age 72. The old rule continued for members that already reached age 70½ prior to January 1, 2020 (born on or before June 30, 1949).

On December 29, 2022, the Secure 2.0 Act was signed into law and further updated the age for required minimum distributions for calendar year 2023. If a member reached the age of 72 in January 2023 or later, born on or after January 1, 1951, they are now required to take their first minimum distribution by April 1 of the year after they reach age 73. 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 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 73 during calendar year 2023 (or who turned 72 in 2022) must be made by April 1, 2024, so we recommend that the notices be sent out to these members as soon as possible. Boards may wish to send follow-up notices or make other efforts to contact members who do not respond in a timely manner.

If you have questions, please feel free to contact Associate General Counsel Felicia McGinniss at (617) 591-8909.

Attachment



BOARD LETTERHEAD

DATE

CERTIFIED MAIL

IMPORTANT INFORMATION ABOUT YOUR PUBLIC
RETIREMENT ACCOUNT IN THE NAME RETIREMENT SYSTEM

NAME
ADDRESS
ADDRESS
ADDRESS

Dear NAME:

State and Federal laws require that members of a Retirement System who:

- are not receiving a retirement allowance;
- are no longer employed with a governmental employer that participates in your Retirement System; and
- attain age 73 on or before December 31, 2023, MUST:

Begin to receive a distribution from the Retirement System by April 1, 2024. Our records indicate that you reached age 73 in 2023; you are not receiving a retirement allowance; and you are not employed with a government employer that participates in your Retirement System. As a result, you must receive a distribution by April 1, 2024 to comply with the law.

You may choose to receive a retirement allowance if you are eligible. You may also choose to withdraw your account and have it paid to you. Finally, you may roll over a portion of your account into another eligible retirement plan or account and coordinate the required minimum distributions with the new plan or account going forward. However, a portion of any lump sum withdrawal will be considered a "required minimum distribution" amount that is not eligible for rollover and must be paid to you. The portion of your lump sum withdrawal that may not be rolled over will be determined by dividing your total withdrawal amount by a distribution period number under IRS rules based on your age in the year of distribution.

The choice you make will be final and permanent. There are a number of options and we would urge you to contact the NAME Retirement Board, ADDRESS. TELEPHONE. to discuss the options available and for an estimate of your possible retirement allowance.

1. If you are eligible and wish to apply for a superannuation retirement allowance, you will need to complete an Application for Voluntary Superannuation Retirement and a Choice of Retirement Option Form at Retirement. You may need to provide a copy of your birth certificate, military discharge papers, and marriage certificate. If you are married, your spouse will need to acknowledge your option selection.

2. If you wish to withdraw your account from the Retirement System, you will need to complete an Application for Withdrawal of Accumulated Total Deductions. You will need to review the Special Tax Notice Regarding Lump Sum Distributions for additional information.
3. If you wish to roll your account into another retirement plan or account, you will need to complete a Pre-Tax Rollover Acknowledgement Form. You will need to review the Special Tax Notice Regarding Lump Sum Distributions for additional information.

If you fail to take a distribution before April 1, 2024, you may be liable for a federal tax penalty, which is equal to 25% of the amount that should have been distributed as a required minimum distribution.

Again, we urge you to contact the Board to make an appointment or to obtain the forms you will need to comply with the state and federal laws.

Sincerely,

NAME
TITLE