

## MEMORANDUM

TO: All Retirement Boards

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

RE: Required Minimum Distribution: Now Age 72 For This Year's Notifications

DATE: January 26, 2021

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 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.

On December 20, 2019 The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) was signed into law and made changes to the required minimum distribution rules. If a member reached the age of 70½ in January 2020 or later, born after June 30, 1949, they must take their first required minimum distribution by April 1 of the year after they reached 72. The old rule continues for members that already reached age 70½ prior to January 1, 2020. 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 72 during calendar year 2020 (or who were older than 72 in 2020) must be made by April 1, 2021, 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 Judith Corrigan at 617-666-446 ext. 904.

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 the governmental employer; and
- attain age 72 on or before December 31, 2020

must begin to receive a distribution from the Retirement System by April 1, 2021. Our records indicate that you reached age 72 in 2020, you are not receiving a retirement allowance, and you are not employed with a governmental employer. As a result, you must receive a distribution by April 1 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 distribution 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, 2021, you may be liable for a federal tax penalty, which is equal to 50% 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 as you will need to comply with the state and federal laws.

Sincerely

NAME TITLE