ARTICLE 13. REQUIRED MINIMUM DISTRIBUTIONS

Rule 1. Procedures for Required Minimum Distributions

35 IAC 13-1-1 Required minimum distribution procedure

Authority: IC 5-10.2-2-1; IC 5-10.5-4-2
Affected: IC 5-10.2-4-2; IC 5-10.2-4-7; IC 5-10.5

Sec. 1. (a) Distribution of each member's entire interest must begin by April 1 of the calendar year following the later of the calendar year in which the member:

(1) attains seventy years of age and one-half (70 1/2) *[seventy and one-half (70 1/2) years of age]*; or

(2) retires (the required beginning date).

(b) If a nonvested member or a retired member who deferred withdrawal of his or her ASA reaches the required beginning date without taking an ASA distribution, they will be subject to a mandatory lump sum distribution of their account less any monies owed for taxes or penalties, or both.

(c) If a vested member has not started receiving his or her monthly pension benefit by the required beginning date, the member's account will be automatically processed utilizing the five (5) year guarantee as described in IC 5-10.2-4-7(b) and annuitizing any available ASA monies.

(d) PERF will attempt to notify members of a potential required minimum distribution prior to the member's required beginning date if PERF is able to locate a current valid address for the member utilizing an existing locator service. If PERF is unable to locate a current valid address for a member who has not taken a distribution from their pension or ASA, or both, by the required beginning date, no such distribution shall be made until the member is located. Once a valid address is located distributions will proceed as set forth in subsections (b) and (c), less any withholdings or penalties owed. *(Board of Trustees of the Indiana Public Retirement System; 35 IAC 13-1-1; adopted Feb 19, 2010: 20100310-IR-035100124ONA)*

35 IAC 13-1-2 Compliance with Code Section 401(a)(9) for required minimum distributions

Authority: IC 5-10.2-2-1; IC 5-10.5-4-2
Affected: IC 5-10.2-2-1.5; IC 5-10.5

Sec. 2. The retirement system will pay all benefits in accordance with a good faith interpretation of the requirements of Section 401(a)(9) of the Internal Revenue Code and the regulations in effect under that section, as applicable to a governmental plan within the meaning of Section 414(d) of the Internal Revenue Code. The retirement system is subject to the following provisions:

(1) Distribution of a member's benefit must begin by the required beginning date, which is the later of the April 1 following the calendar year in which the member attains seventy and one-half (70 1/2) years of age or April 1 of the year following the calendar year in which the member terminates.

(2) The member's entire interest must be distributed over the member's life or the lives of the member and a designated beneficiary, or over a period not extending beyond the life expectancy of the member or of the member and a designated beneficiary.

(3) If a member dies after the required distribution of benefits has begun, the remaining portion of the member's interest must be distributed at least as rapidly as under the method of distribution before the member's death.

(4) If a member dies before required distribution of the member's benefits has begun, the member's entire interest must be either:

(A) distributed (in accordance with federal regulations) over the life or life expectancy of the designated beneficiary, with the distributions beginning no later than December 31 of the calendar year following the calendar year of the member's death; or

(B) distributed within five (5) years of the member's death.

(5) The amount of an annuity paid to a member's beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Section 401(a)(9)(G) of the Internal Revenue Code, and the minimum distribution incidental benefit rule under Treasury Regulation Section 1.401(a)(9)-6, Q&A-2.

(6) The death and disability benefits provided by the retirement system are limited by the incidental benefit rule set forth in Section 401(a)(9)(G) of the Internal Revenue Code and Treasury Regulation Section 1.401-1(b)(1)(i) or any successor regulation thereto. As a result, the total death or disability benefits payable may not exceed twenty-five percent (25%) of the cost for all of the members' benefits received from the retirement system.

(7) Notwithstanding the other provisions of this rule or the provisions of the Treasury Regulations, benefit options may continue so long as the option satisfies Section 401(a)(9) of the Internal Revenue Code based on a reasonable and good faith interpretation of that section.

(Board of Trustees of the Indiana Public Retirement System; 35 IAC 13-1-2; adopted Feb 19, 2010: 20100310-IR-035100124ONA)

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