

OCERS Administrative Procedure (OAP) Required Minimum Distributions

I. Purpose

The purpose of this OCERS administrative procedure (OAP) is to describe how OCERS apply the rules governing the mandatory distributions of required minimum distributions (RMDs) of benefits from a Member's retirement plan under Internal Revenue Code Section 401(a)(9), Section 107(c) of Secure 2.0 Act of 2022, and Government Code section 31706.

II. Authority

This OAP is established pursuant to the Chief Executive Officer (CEO) Charter, section 8.f., which directs the CEO to develop staff policies and procedures to ensure effective and efficient administration of member benefits. The OAP is in conformance with Board Policy, the County Employees Retirement Law (California Government Code section 31450, et seq.) (CERL), and the Public Employees' Pension Reform Act (Government Code, sections 7522 - 7522.74) (PEPRA).

III. RMD Age

Under Internal Revenue Code Section 401(a)(9) and Section 107(c) of Secure 2.0 Act of 2022, the applicable age at which RMD applies (RMD Age) is (x) 73 for an individual who attains age 73 before January 1, 2033, and (y) 75 for an individual who attains age 74 after December 31, 2032.¹

IV. Required Minimum Distributions

RMDs and Required Beginning Date

Internal Revenue Code Section 401(a) (9) requires individuals who are no longer working but have not yet retired to begin receiving required minimum distributions (RMDs) from their retirement plans by April 1 of the calendar year after they reach the RMD Age; however, Members who have reached RMD Age and continue to be actively employed by a covered employer of OCERS or a reciprocal retirement system are not subject to RMDs until April 1 of the calendar year following their employment termination (Required Beginning Date).

RMDs are mandatory at the Required Beginning Date and cannot be opt out by a Member.

RMD Notice

Upon attaining 70 years of age, a deferred Member will be notified by OCERS that such Member is eligible to apply for retirement and will begin receiving either (x) a retirement allowance on the Required Beginning Date or (y) a one-time distribution of all accumulated contributions and interest. The notice will be sent via certified mail to the Member's last known address or last known employer.

¹ Federal legislation determines the RMD Age threshold, which is subject to change.

OCERS Administrative Procedure (OAP) Required Minimum Distributions

Retirement and Withdrawal Application Due Date

If OCERS does not receive a proper retirement application or withdrawal application by the February 1st immediately preceding the Required Beginning Date (Application Due Date), OCERS will file for retirement for eligible Members and start paying an unmodified monthly allowance by the Required Beginning Date; however, if a Member is otherwise ineligible for a deferred retirement allowance, then OCERS will make a one-time distribution of all accumulated contributions and interest to such Member by the Required Beginning Date. A member will not be able to change the retirement option past the Application Due Date.

Member cannot be located

If the Member could not be located by the Required Beginning Date, all of the Member's accumulated contributions and interest on such contributions will be deposited in the OCERS pension reserve fund.

The Member or such Member's beneficiary ("Claimant") may petition the Board of Retirement to redeposit the Member's accumulated contributions and interest into the system to the credit of the Claimant. Any such petition to the Board should be sent to OCERS Member Services Director to be included in a regular Board meeting agenda.

- If the Board determines the information provided is satisfactory, the Member's contributions and interest will be credited back to the Member's account and benefits will be administered according to the CERL.
- If the Board determines the information provided is not satisfactory, the Claimant shall be given the opportunity to provide additional information. If after having had the opportunity to provide additional information, the totality of the information is still not satisfactory to the Board, the Claimant may request an administrative hearing of the matter. Administrative hearings will be conducted in accordance with OCERS' Administrative Hearing Procedures.

Maintaining Current Contact Information

OCERS' ability to contact a Member may affect the Member's retirement benefits. Members should ensure that their contact information is current with OCERS.