

94-411 MAINE PUBLIC EMPLOYEES RETIREMENT SYSTEM

Chapter 414: REQUIRED MINIMUM DISTRIBUTIONS

SUMMARY: This Chapter establishes the date when a member must begin to receive a service retirement benefit or withdraw accumulated contributions under a retirement program pursuant to *Internal Revenue Code* Section 401(a)(9), and any Code requirements on the form of distribution.

SECTION 1. DEFINITIONS

1. **Code.** “Code” means the *Internal Revenue Code of 1986*, as amended.
- ~~1.~~2. **Member.** “Member” as used in this Chapter means member or retiree, depending on the context.
2. **Required Beginning Date.** “Required Beginning Date” means the later of the April 1 following the calendar year in which the member attains age 72 (70 ½ for members born before July 1, 1949) or April 1 of the year following the calendar year in which a member terminates employment.
3. **QDRO.** “QDRO” means qualified domestic relations order, as defined in Code Section 414(p).
4. **Vested.** “Vested” means that the member has met the creditable service requirement and/or applicable age requirement for eligibility to receive a service retirement benefit from the retirement plan under which the member is covered.

SECTION 2. COMPLIANCE WITH CODE SECTION 401(a)(9) FOR A REQUIRED MINIMUM DISTRIBUTION TO A VESTED MEMBER

1. Distribution of a service retirement benefit to a vested member must commence no later than the Required Beginning Date. If a member fails to apply for a service retirement benefit by the Required Beginning Date, the System will begin distribution of the monthly service retirement benefit under the benefit option set forth in 4 M.R.S.A. § 1357(1), 5 M.R.S.A. §§ 17804(1) or 18404(1), as applicable to the member based upon the employer at last termination of employment before retirement.
 - A. The effective date of a service retirement benefit paid under this subsection is no later than April 1 of the year in which the Required Beginning Date occurs.
 - B. Once a service retirement benefit commences to be paid under this subsection, the member may not change the benefit option under which the benefit is paid.
2. The member’s entire interest must be distributed over a time not to exceed 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. The retirement program pursuant to a QDRO may establish separate benefits for a member and an alternate payee.
4. 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.
5. 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 a time not to exceed 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 years of the member's death.
6. The amount of an annuity paid to a member's beneficiary may not exceed the maximum determined under the incidental death benefit requirement of Code Section 401(a)(9)(G), and the minimum distribution incidental benefit (MDIB) rule under Treasury Regulation Section 1.401(a)(9)-6, Q&A2 or any successor regulation thereto. ~~As a result, all optional forms of benefit must be designed to pay 50% or more of the present value of the total benefit to the member.~~
 - A. All payments to a member's spouse are treated by the regulations as satisfying the MDIB rules as long as the payment to the spouse is not greater than 100% of what the member was receiving.
 - A-B. All optional forms of benefits payable to a non-spousal beneficiary must be designed to pay 50% or more of the present value of the total benefit to the member.
7. The death and disability benefits provided by each retirement program are limited by the incidental benefit rule set forth in Code Section 401(a)(9)(G) 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 25% of the cost for all of the member's benefits received from each retirement program.
8. Notwithstanding the other provisions of this rule or the provisions of the Treasury Regulations, benefit options under 4 M.R.S.A. §1357, 5 M.R.S.A. §§ 17804 and 18404 may continue so long as the option satisfies Code Section 401(a)(9) based on a reasonable and good faith interpretation of that section. Benefit options that do not satisfy this Section will not be available to the member or beneficiary.

SECTION 3. COMPLIANCE WITH CODE SECTION 401(a)(9) FOR A REQUIRED MINIMUM DISTRIBUTION TO A MEMBER WHO IS NOT VESTED

If a member who is not vested and has terminated employment fails to apply for a refund of accumulated contributions by January 1 of the year when the member will attain age 72 (70½ for

members born before July 1, 1949~~the Required Beginning Date~~, the System will refund the full amount of accumulated contributions to the member. Once a distribution is made under this Section, the member may not change the manner in which the accumulated contributions are distributed.

STATUTORY AUTHORITY:

5 M.R.S. §17103(4)

EFFECTIVE DATE:

July 26, 2010 – filing 2010-315

AMENDED:

April 17, 2019 – filing 2019-065 (*Emergency*)

June 24, 2019 – filing 2019-100