

MEMORANDUM

TO: All Retirement Boards

FROM: Joseph E. Connarton, Executive Director

RE: Age 70½ Distribution

DATE: December 3, 2012

As you know, G.L. c. 32, § 12D 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. 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 of the possible forms be sent to members without either formal counseling or a specific request.

The distribution to all persons who have attained age 70½ during calendar year 2012 must be made by April 1, 2013, so we recommend that the notices be sent out in December with a return date of March 1, 2013 in order to allow time for processing of payments. Boards may wish to send follow-up notices or make other efforts to contact members who do not respond in a timely manner.

Your Board may wish to send notification to members in the year they reach age 69 advising them of their upcoming required minimum distribution deadline and urging them to promptly apply for benefits in order to avoid tax penalties and to ensure they have the most favorable opportunity for rollovers.

If you have questions, please feel free to contact Judith Corrigan at 617-666-4446 ext. 904.

Attachment

