



# Oregon

Tina Kotek, Governor

## Public Employees Retirement System

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July 28, 2023

TO: Members of the PERS Board

FROM: Stephanie Vaughn, Manager, Policy Analysis and Compliance Section  
Yong Yang, Tax Policy Coordinator

SUBJECT: Notice of Required Minimum Distribution Rules.

OAR 459-005-0560 *Required Minimum Distributions, Generally*

OAR 459-005-0570 *Required Minimum Distributions, Individual Account Program (IAP)*

OAR 459-050-0300 *Required Minimum Distribution Requirements*

### OVERVIEW

- Action: Adoption of changes to Required Minimum Distribution Requirement Rules.
- Reason: Implement provision of the federal Setting Every Community Up for Retirement Enhancement (SECURE) Act of 2019 that impacts PERS.
- Policy Issue: None identified.

### BACKGROUND

The federal SECURE Act of 2019 modified the required minimum distribution (RMD) rules under the Internal Revenue Code (IRC) with respect to distributions of death benefits under defined contribution plans. Although the Individual Account Program (IAP) is qualified as a separate account within the defined benefit program under IRC §414(k) and is not a defined contribution plan, for purposes of the RMD rules, distributions from the IAP are treated as distributions from a defined contribution plan.

The new RMD rules establish a new term for eligible designated beneficiary (surviving spouse, minor child, disabled or chronically ill, etc.) as well as new standards for these beneficiaries regarding when they must receive distributions. The rules also vary depending on whether the member dies before or after the date they are required to begin receiving payments.

Staff have amended the existing RMD OAR 459-005-0560 to remove references to the IAP and created a new OAR 459-0005-0570 which outlines the new RMD rules specific to distributions from the IAP. The new RMD rules also apply to the Oregon Savings Growth Plan (OSGP), so staff have amended the OSGP RMD OAR 459-050-0300 with the new federal standards as well.

### PUBLIC COMMENT AND HEARING TESTIMONY

A rulemaking hearing was held remotely on June 28, 2023, at 2:00 p.m. The public comment period ended July 3, 2023, at 5:00 p.m. No public comment was received.

### LEGAL REVIEW

The attached rules were submitted to the Department of Justice for legal review and any comments or changes were incorporated before the rules were presented for adoption.

### IMPACT

Mandatory: Yes. This change is required to comply with the Federal SECURE Act (2019).

Benefit: Will keep PERS compliant with Federal Law.

Cost: There are no discrete costs attributable to the rules.

### RULEMAKING TIMELINE

May 29, 2023	Staff began the rulemaking process by filing Notice of Rulemaking with the Secretary of State.
June 1, 2023	Secretary of State published the notice in the Oregon Administrative Rules Database. Notice was sent to employers, legislators, and interested parties. Public comment period began.
June 2, 2023	PERS Board notified that staff began the rulemaking process.
June 28, 2023	Rulemaking hearing held remotely at 2:00 p.m.
July 3, 2023	Public comment period ended at 5:00 p.m.
July 28, 2023	Staff will propose adopting the rule modifications, including any changes resulting from public comment or reviews by staff or legal counsel.

### BOARD OPTIONS

The PERS Board may:

1. Pass a motion to “adopt the changes to OAR 459-005-0560; OAR 459-005-0570; OAR 459-050-0300 as presented.”
2. Direct staff to make other changes to the rules or explore other options.

### STAFF RECOMMENDATION

Staff recommends the PERS Board choose Option #1.

- B.4. Attachment 1 – OAR 459-005-0560 *Required Minimum Distributions, Generally*
- B.4. Attachment 2 – OAR 459-005-0570 *Required Minimum Distributions, Individual Account Program (IAP)*
- B.4. Attachment 3 – OAR 459-050-0300 *Required Minimum Distribution Requirements*