

IMPORTANT PLAN CHANGES

Last year the “Setting Every Community Up for Retirement Enhancement” Act, better known as the SECURE Act, was signed into law making certain changes to retirement savings plans and authorizing Plans to adopt certain other optional changes.

Mandatory changes to the OAPFF 457 Deferred Compensation Plan under the Act included;

1.) Required Minimum Distributions (RMDs) will start at age 72, not age 70½.

Starting January 1 participants will need to start withdrawing money from traditional IRAs and employer tax deferred accounts such as 401(k)s, 403(b)s, and 457 Plans at age 72, a change from the current withdrawal requirement of age 70½.

2.) Participants can contribute to a Traditional IRA after age 70½.

The new law allows you to contribute to your traditional IRA in the year you turn 70½ and beyond, provided you have earned income that year.

3.) Inherited Retirement Account.

Upon death of the account owner, distributions to non-spouse individual beneficiaries must be made within 10 years. There are exceptions for spouses, disabled individuals, and individuals not more than 10 years younger than the account owner. Minor children who are beneficiaries of IRA accounts also have a special exception to the 10-year rule.

Changes in Law that were not mandatory under the Act but were adopted by the OAPFF 457(b) Deferred Compensation Plan include;

4.) Adoption/Birth Expenses.

The new law allows penalty-free withdrawals from retirement plans for expenses associated with the birth or adoption of a child, up to a \$5,000 limit. Early withdraw penalties are waived as other provisions.

5.) In-service withdrawals from 457(b) plans.

The current Rule provides that governmental 457(b) plans may permit in-service distributions at age 70-1/2. Under the new Rules adopted by the OAPFF457 Plan participants are permitted to take in-service distributions at age 59-1/2.

All administrative and operational changes to the Plan have been made by our Recordkeeper, Prudential Retirement and those provisions outlined above became available to participants effective February 15th, 2021.

Please contact your plan administrator if you would like more information.