

WSR 24-20-120
PERMANENT RULES
DEPARTMENT OF
RETIREMENT SYSTEMS

[Filed October 1, 2024, 1:01 p.m., effective November 1, 2024]

Effective Date of Rule: Thirty-one days after filing.

Purpose: Completing implementation of the required minimum distribution provision from the SECURE Act of 2022 and revising language to align with other deferred compensation program WAC.

Citation of Rules Affected by this Order: Amending WAC 415-501-488, 415-501-491, and 415-501-495.

Statutory Authority for Adoption: RCW 41.50.050 and the SECURE Act 2.0 of 2022 (P.L. 117-328).

Adopted under notice filed as WSR 24-17-060 on August 15, 2024.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 3, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 0, Amended 0, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 0, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 3, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: October 1, 2024.

Tracy Guerin
Director

OTS-5494.2

AMENDATORY SECTION (Amending WSR 22-17-049, filed 8/11/22, effective 9/11/22)

WAC 415-501-488 How will the account be distributed if my beneficiary is my spouse? If you die with money in your account and your beneficiary is your spouse, an account will be established in your spouse's name.

(1) The distribution options will be provided to your spouse when DCP is notified of your death. Your spouse may choose the method of distribution (installment payments or lump sum) and may be subject to a required minimum distribution each calendar year until ~~((your))~~ the account is exhausted.

~~((a) The department must receive your spouse's election at least 30 days before distribution is to begin.~~

~~(b) Receiving more than the required minimum distribution during one calendar year does not excuse your spouse from taking the required minimum in any calendar year to which the required minimum applies.)~~

(2) Required minimum distribution. ~~((The required minimum distribution in each of the relevant calendar years is based on life expect-~~

~~ancies set forth in the treasury regulations.))~~ If applicable, the department will begin distribution according to the minimum distribution requirements in the Internal Revenue Code Section 401 (a) (9).

Receiving more than the required minimum distribution during one calendar year does not excuse your spouse from taking the required minimum in the following calendar year(s).

(3) If your spouse dies before the entire account is exhausted, the remainder of the account will be paid according to their beneficiary election(s) on file (see WAC 415-501-480). If there is no beneficiary election on file, the remaining balance will be paid to their estate.

AMENDATORY SECTION (Amending WSR 22-17-049, filed 8/11/22, effective 9/11/22)

WAC 415-501-491 How will the account be distributed if my beneficiary is not my spouse? If you die with money in your account and your beneficiary is an individual other than your spouse, an account will be established in your beneficiary's name.

(1) For rules governing distribution to an entity other than an individual (e.g., a trust, estate, or organization), see WAC 415-501-493.

(2) The distribution options will be provided to your beneficiary when DCP is notified of your death, and will be based on treasury rules in effect at that time.

(3) ~~((The department must receive your beneficiary's election at least 30 days before distribution is to begin.))~~ Required minimum distribution. If applicable, the department will pay out any required minimum distribution(s) according to the Internal Revenue Code Section 401 (a) (9).

(4) If your beneficiary dies before the entire account is exhausted, the remainder of the account will be paid according to their beneficiary election(s) on file (see WAC 415-501-480). If there is no beneficiary election on file, the remaining balance will be paid to their estate.

AMENDATORY SECTION (Amending WSR 20-17-006, filed 8/5/20, effective 9/5/20)

WAC 415-501-495 Will the department honor domestic relations orders? (1) The department will honor a domestic relations order (DRO) only if the order:

(a) Was entered by a court of competent jurisdiction pursuant to the domestic relations law of any state;

(b) Establishes a right of a spouse or former spouse to a portion of your deferred compensation account pursuant to a division of property;

(c) Clearly states either the dollar amount or a percentage of the account to be transferred to the account of the spouse or former spouse from your account; and

(d) Provides your name and date of birth, and the name and date of birth of your spouse or former spouse.

(2) You must provide the address and Social Security number of both you and your spouse or former spouse to the department.

(3) To implement a DRO, the department will establish a separate account for the spouse or former spouse in the amount specified in subsection (1)(c) of this section. The transfer(s) will be prorated across all funds and money sources based on the amount awarded to the spouse or former spouse. Thereafter, the spouse or former spouse may provide investment instructions under WAC 415-501-475.

(4) Your spouse or former spouse may choose a method of distribution, including an eligible direct rollover.

(5) If a DRO filed with the department prior to January 1, 2002, provides that distribution to the spouse or former spouse is not available until you separate from service, the department will comply with the express terms of the order unless it is subsequently amended.

(6) Required minimum distribution and determining age requirements for distribution. If the spouse or former spouse has (~~not elected another method of distribution before~~) a balance in their account at the time the original account holder reaches ((age seventy-two)) the required minimum distribution age, the department will begin distribution in accordance with the minimum distribution requirements (~~in IRC~~) as designated in Internal Revenue Code Section 401 (a)(9) and the treasury regulations thereunder.

(7) If the spouse or former spouse dies before the account is fully distributed, the remaining balance will be paid according to the beneficiary election(s) on file (see WAC 415-501-480). If there is no beneficiary election on file, the remaining balance will be paid to their estate.