Leaving covered employment: leaving funds on deposit

Retirement Benefits Training
Fiscal year 2024

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Applying for retirement later[1]

- Member can apply for retirement upon eligibility if:
  - Class Two member and has five years earned service; or
  - Class Three member and has eight years earned service.
- Member has responsibility to file retirement application once eligible.

1 Leaving funds on deposit is only applicable to defined benefit plans.

2

Interest on account funds

- Funds accrue interest until account becomes inactive.
- Account becomes inactive as of July 1 when:
  - No contributions made in preceding fiscal year; and
  - No other active, correlated system or State ORP account exists.
- Account status updates on fiscal year basis.

3

How long can funds stay on deposit?

- IRS requires that distributions begin by later of two dates:
  - April 1 of the year after the year in which member turns age 73 or;
  - Year in which member retires.
- Penalties may apply if this requirement is not met.

4

Member information

- Member should maintain current address through Member Access.
- Member should update beneficiary information through Member Access.
  - Can also complete appropriate notarized form.
- Provide the Leaving employment before retirement eligibility life event checklist.
- Provide the *Designating Active Member Beneficiaries* flyer.

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