



2026 South Dakota Legislature

Senate Bill 65

Introduced by: The Chair of the Committee on Retirement Laws at the request of the South Dakota Retirement System

1 **An Act to revise certain required minimum distribution provisions of the South**
 2 **Dakota Retirement System.**

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF SOUTH DAKOTA:

4 **Section 1. That § 3-13-60 be AMENDED:**

5 **3-13-60.** If a participant ~~dies~~ died on or before December 31, 2021, and before
 6 required distribution of the participant's benefits ~~has begun~~ commenced, the participant's
 7 interest ~~shall~~ must be distributed as follows:

- 8 (1) If the participant has a surviving spouse, the surviving spouse ~~shall~~ must receive
 9 benefits over the life of the surviving spouse beginning as soon as administratively
 10 possible and effective the month after the participant's death; or
 11 (2) If the participant has no surviving spouse, the participant's remaining interest ~~shall~~
 12 must be distributed in a lump sum payment to the designated beneficiary within
 13 five years from the date of the participant's death.

14 **Section 2. That § 3-13-62 be AMENDED:**

15 **3-13-62.** Notwithstanding any contrary provisions, ~~effective for any participant~~
 16 ~~death after December 31, 2021,~~ the following distribution provisions ~~shall take effect~~ are
 17 effective for any participant death after December 31, 2021, subject to any regulations or
 18 other guidance issued under the Setting Every Community Up for Retirement
 19 Enhancement ~~(SECURE) Act of 2019,~~ Pub. L. No. 116-94, Div. O, 133 Stat. 2534 (2019)
 20 or Pub. L. No. 117-328, Div. T, 136 Stat. 4459 (2022):

- 21 (1) If the participant dies before the distribution of ~~his or her~~ the participant's entire
 22 account ~~(, regardless of whether any distributions had begun~~ commenced before
 23 the participant's death), ~~and the participant has a designated beneficiary:~~

- 1 (a) The entire account ~~shall~~ must be distributed to the designated beneficiary
- 2 by December thirty-first of the calendar year containing the tenth
- 3 anniversary of the participant's death;
- 4 (b) Notwithstanding subsection (a), if the designated beneficiary is an eligible
- 5 designated beneficiary, the eligible designated beneficiary may elect for the
- 6 participant's account to be distributed by:
- 7 (i) December thirty-first of the calendar year containing the tenth
- 8 anniversary of the participant's death; ~~or~~
- 9 (ii) Beginning no later than December thirty-first of the calendar year
- 10 immediately following the calendar year in which the participant
- 11 died, over the life of the eligible designated beneficiary or over a
- 12 period not exceeding the life expectancy of the eligible designated
- 13 beneficiary. If the eligible designated beneficiary is the surviving
- 14 spouse, payment under this ~~subsection (b)(ii) paragraph~~ is not
- 15 required until the later of December thirty-first of the calendar year
- 16 immediately following the calendar year in which the participant died
- 17 or December thirty-first of the calendar year in which the participant
- 18 would have attained ~~age seventy and one half (age seventy two~~
- 19 ~~with respect to a participant who would have attained age seventy~~
- 20 ~~and one half after December 31, 2019). If the eligible designated~~
- 21 ~~beneficiary does not elect a method of distribution, the participant's~~
- 22 ~~account shall be distributed in accordance with this subsection~~
- 23 ~~(b)(ii);~~ the applicable age, as provided in § 3-13-58. The surviving
- 24 spouse is deemed to have elected treatment in accordance with
- 25 section 401(a)(9)(B)(iv) of the Internal Revenue Code and any
- 26 applicable guidance, unless the spouse elects otherwise. If the
- 27 eligible designated beneficiary does not elect a method of
- 28 distribution, the participant's account must be distributed in
- 29 accordance with paragraph (ii) of this subsection; or
- 30 (c) Upon either the death of an eligible designated beneficiary before
- 31 distribution of the participant's entire account or the attainment of the age
- 32 of majority for an eligible designated beneficiary who is a minor child under
- 33 subsection (4)(b), subsection (1)(b) no longer applies and the remainder of
- 34 the entire account ~~shall~~ must be distributed to the designated beneficiary
- 35 by December thirty-first of the calendar year containing the tenth

- 1 anniversary of the ~~participant's death~~ eligible designated beneficiary's death
 2 or December thirty-first of the calendar year containing the tenth
 3 anniversary of the date the minor child reached the age of majority,
 4 respectively;
- 5 (2) If the participant dies before ~~distributions of his or her~~ distribution of the account
 6 begins and the participant has no designated beneficiary, the participant's account
 7 ~~under the plan shall~~ must be distributed by December thirty-first of the calendar
 8 year containing the fifth anniversary of the participant's death. If the participant
 9 dies after distribution of the account begins and the participant has no designated
 10 beneficiary, any remaining portion of the account ~~shall~~ must continue to be
 11 distributed at least as rapidly as under the method of distribution in effect at the
 12 time of the participant's death;
- 13 (3) Any distribution required under the incidental death benefit requirements of
 14 Internal Revenue Code section 401(a) ~~shall~~ must be treated as distributions
 15 required under this section; and
- 16 (4) For purposes of this section, ~~the term,~~ "eligible designated beneficiary," means a
 17 designated beneficiary who, as of the date of the death of the participant, is:
- 18 (a) The surviving spouse of the participant;
- 19 (b) A child of the participant, who has not reached the age of majority-
 20 However, provided that the child ceases to be an eligible designated
 21 beneficiary as of the date the child reaches the age of majority;
- 22 (c) Disabled within the meaning of Internal Revenue Code section 72(m)(7);
- 23 (d) Chronically ill within the meaning of Internal Revenue Code section
 24 7702B(c)(2) ~~(except that the requirements of subparagraph (A)(i) thereof~~
 25 may only be treated as met if there is a certification that, as of such the
 26 date of certification, the period of inability described in ~~such the~~
 27 subparagraph with respect to the individual is an indefinite one which is and
 28 reasonably expected to be lengthy in nature); or
- 29 (e) Any other ~~person~~ individual who is not more than ten years younger than
 30 the participant.

31 **Section 3. That § 3-13A-23.3 be AMENDED:**

- 32 **3-13A-23.3.** If a participant ~~dies~~ died on or before December 31, 2021, and before
 33 required distribution of the participant's benefits ~~has begun,~~ the participant's commenced,
 34 the participant's interest shall must be distributed as follows:

- 1 (1) If the participant has a surviving spouse, the surviving spouse ~~shall~~ must receive
 2 benefits over the life of the surviving spouse beginning as soon as administratively
 3 possible and effective the month after the participant's death; or
 4 (2) If the participant has no surviving spouse, the participant's remaining interest ~~shall~~
 5 must be distributed in a lump sum payment to the designated beneficiary within
 6 five years from the date of the participant's death.

7 **Section 4. That § 3-13A-23.5 be AMENDED:**

8 **3-13A-23.5.** Notwithstanding any contrary provisions, ~~effective for any participant~~
 9 ~~death after December 31, 2021,~~ the following distribution provisions ~~shall take effect~~ are
 10 effective for any participant death after December 31, 2021, subject to any regulations or
 11 other guidance issued under the Setting Every Community Up for Retirement
 12 Enhancement ~~(SECURE) Act of 2019,~~ Pub. L. No. 116-94, Div. O, 133 Stat. 2534 (2019)
 13 or Pub. L. No. 117-328, Div. T, 136 Stat. 4459 (2022):

- 14 (1) If the participant dies before the distribution of ~~his or her~~ the participant's entire
 15 account ~~(, regardless of whether any distributions had begun~~ commenced before
 16 the participant's death), ~~and the participant has a designated beneficiary:~~
 17 (a) The entire account ~~shall~~ must be distributed to the designated beneficiary
 18 by December thirty-first of the calendar year containing the tenth
 19 anniversary of the participant's death;
 20 (b) Notwithstanding subsection (a), if the designated beneficiary is an eligible
 21 designated beneficiary, the eligible designated beneficiary may elect for the
 22 participant's account to be distributed by:
 23 (i) December thirty-first of the calendar year containing the tenth
 24 anniversary of the participant's death; ~~or~~
 25 (ii) Beginning no later than December thirty-first of the calendar year
 26 immediately following the calendar year in which the participant
 27 died, over the life of the eligible designated beneficiary or over a
 28 period not exceeding the life expectancy of the eligible designated
 29 beneficiary. If the eligible designated beneficiary is the surviving
 30 spouse, payment under this ~~subsection (b)(ii)~~ paragraph is not
 31 required until the later of December thirty-first of the calendar year
 32 immediately following the calendar year in which the participant died
 33 or December thirty-first of the calendar year in which the participant
 34 would have attained ~~age seventy and one half~~ (age seventy two

1 with respect to a participant who would have attained age seventy
 2 and one half after December 31, 2019). If the eligible designated
 3 beneficiary does not elect a method of distribution, the participant's
 4 account shall be distributed in accordance with this subsection
 5 ~~(b)(ii)~~; the applicable age, as provided in § 3-13A-23.1. The
 6 surviving spouse is deemed to have elected treatment in accordance
 7 with section 401(a)(9)(B)(iv) of the Internal Revenue Code and any
 8 applicable guidance, unless the spouse elects otherwise. If the
 9 eligible designated beneficiary does not elect a method of
 10 distribution, the participant's account must be distributed in
 11 accordance with paragraph (ii) of this subsection; or

12 (c) Upon either the death of an eligible designated beneficiary before
 13 distribution of the participant's entire account or the attainment of the age
 14 of majority for an eligible designated beneficiary who is a minor child under
 15 subsection (4)(b), subsection (1)(b) no longer applies and the remainder of
 16 the entire account ~~shall~~ must be distributed to the designated beneficiary
 17 by December thirty-first of the calendar year containing the tenth
 18 anniversary of the ~~participant's death~~ eligible designated beneficiary's death
 19 or December thirty-first of the calendar year containing the tenth
 20 anniversary of the date the minor child reached the age of majority,
 21 respectively;

22 (2) If the participant dies before ~~distributions of his or her~~ distribution of the account
 23 begins and the participant has no designated beneficiary, the participant's account
 24 under the plan ~~shall~~ must be distributed by December thirty-first of the calendar
 25 year containing the fifth anniversary of the participant's death. If the participant
 26 dies after distribution of the account begins and the participant has no designated
 27 beneficiary, any remaining portion of the account ~~shall~~ must continue to be
 28 distributed at least as rapidly as under the method of distribution in effect at the
 29 time of the participant's death;

30 (3) Any distribution required under the incidental death benefit requirements of
 31 Internal Revenue Code section 401(a) ~~shall~~ must be treated as distributions
 32 required under this section; and

33 (4) For purposes of this section, ~~the term,~~ "eligible designated beneficiary;" means a
 34 designated beneficiary who, as of the date of the death of the participant, is:

35 (a) The surviving spouse of the participant;

- 1 (b) A child of the participant, who has not reached the age of majority-
2 ~~However, provided that~~ the child ceases to be an eligible designated
3 beneficiary as of the date the child reaches the age of majority;
4 (c) Disabled within the meaning of Internal Revenue Code section 72(m)(7);
5 (d) Chronically ill within the meaning of Internal Revenue Code section
6 7702B(c)(2) ~~(except that the requirements of subparagraph (A)(i) thereof~~
7 ~~may only be treated as met if there is a certification that, as of such the~~
8 ~~date of the certification, the period of inability described in such the~~
9 ~~subparagraph with respect to the individual is an indefinite one which is and~~
10 ~~reasonably expected to be lengthy in nature); or~~
11 (e) Any other ~~person~~ individual who is not more than ten years younger than
12 the participant.