



2026 South Dakota Legislature  
**Senate Bill 65**  
**ENROLLED**

AN ACT

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

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

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

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

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

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

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

- (1) If the participant dies before the distribution of the participant's entire account, regardless of whether any distributions commenced before the participant's death, and the participant has a designated beneficiary:
  - (a) The entire account must be distributed to the designated beneficiary by December thirty-first of the calendar year containing the tenth anniversary of the participant's death;

- (b) Notwithstanding subsection (a), if the designated beneficiary is an eligible designated beneficiary, the eligible designated beneficiary may elect for the participant's account to be distributed by:
    - (i) December thirty-first of the calendar year containing the tenth anniversary of the participant's death; or
    - (ii) Beginning no later than December thirty-first of the calendar year immediately following the calendar year in which the participant died, over the life of the eligible designated beneficiary or over a period not exceeding the life expectancy of the eligible designated beneficiary. If the eligible designated beneficiary is the surviving spouse, payment under this paragraph is not required until the later of December thirty-first of the calendar year immediately following the calendar year in which the participant died or December thirty-first of the calendar year in which the participant would have attained the applicable age, as provided in § 3-13-58. The surviving spouse is deemed to have elected treatment in accordance with section 401(a)(9)(B)(iv) of the Internal Revenue Code and any applicable guidance, unless the spouse elects otherwise. If the eligible designated beneficiary does not elect a method of distribution, the participant's account must be distributed in accordance with paragraph (ii) of this subsection; or
  - (c) Upon either the death of an eligible designated beneficiary before distribution of the participant's entire account or the attainment of the age of majority for an eligible designated beneficiary who is a minor child under subsection (4)(b), subsection (1)(b) no longer applies and the remainder of the entire account must be distributed to the designated beneficiary by December thirty-first of the calendar year containing the tenth anniversary of the eligible designated beneficiary's death or December thirty-first of the calendar year containing the tenth anniversary of the date the minor child reached the age of majority, respectively;
- (2) If the participant dies before distribution of the account begins and the participant has no designated beneficiary, the participant's account must be distributed by December thirty-first of the calendar year containing the fifth anniversary of the participant's death. If the participant dies after distribution of the account begins and the participant has no designated beneficiary, any remaining portion of the

account must continue to be distributed at least as rapidly as under the method of distribution in effect at the time of the participant's death;

- (3) Any distribution required under the incidental death benefit requirements of Internal Revenue Code section 401(a) must be treated as distributions required under this section; and
- (4) For purposes of this section, "eligible designated beneficiary" means a designated beneficiary who, as of the date of the death of the participant, is:
  - (a) The surviving spouse of the participant;
  - (b) A child of the participant, who has not reached the age of majority, provided that the child ceases to be an eligible designated beneficiary as of the date the child reaches the age of majority;
  - (c) Disabled within the meaning of Internal Revenue Code section 72(m)(7);
  - (d) Chronically ill within the meaning of Internal Revenue Code section 7702B(c)(2), except that the requirements of subparagraph (A)(i) may only be treated as met if there is a certification that, as of the date of certification, the period of inability described in the subparagraph with respect to the individual is indefinite and reasonably expected to be lengthy in nature; or
  - (e) Any other individual who is not more than ten years younger than the participant.

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

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

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

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

**3-13A-23.5.** Notwithstanding any contrary provisions, the following distribution provisions are effective for any participant death after December 31, 2021, subject to any

regulations or other guidance issued under the Setting Every Community Up for Retirement Enhancement Act, Pub. L. No. 116-94, Div. O, 133 Stat. 2534 (2019) or Pub. L. No. 117-328, Div. T, 136 Stat. 4459 (2022):

- (1) If the participant dies before the distribution of the participant's entire account, regardless of whether any distributions commenced before the participant's death, and the participant has a designated beneficiary:
  - (a) The entire account must be distributed to the designated beneficiary by December thirty-first of the calendar year containing the tenth anniversary of the participant's death;
  - (b) Notwithstanding subsection (a), if the designated beneficiary is an eligible designated beneficiary, the eligible designated beneficiary may elect for the participant's account to be distributed by:
    - (i) December thirty-first of the calendar year containing the tenth anniversary of the participant's death; or
    - (ii) Beginning no later than December thirty-first of the calendar year immediately following the calendar year in which the participant died, over the life of the eligible designated beneficiary or over a period not exceeding the life expectancy of the eligible designated beneficiary. If the eligible designated beneficiary is the surviving spouse, payment under this paragraph is not required until the later of December thirty-first of the calendar year immediately following the calendar year in which the participant died or December thirty-first of the calendar year in which the participant would have attained the applicable age, as provided in § 3-13A-23.1. The surviving spouse is deemed to have elected treatment in accordance with section 401(a)(9)(B)(iv) of the Internal Revenue Code and any applicable guidance, unless the spouse elects otherwise. If the eligible designated beneficiary does not elect a method of distribution, the participant's account must be distributed in accordance with paragraph (ii) of this subsection; or
  - (c) Upon either the death of an eligible designated beneficiary before distribution of the participant's entire account or the attainment of the age of majority for an eligible designated beneficiary who is a minor child under subsection (4)(b), subsection (1)(b) no longer applies and the remainder of the entire account must be distributed to the designated beneficiary by

December thirty-first of the calendar year containing the tenth anniversary of the eligible designated beneficiary's death or December thirty-first of the calendar year containing the tenth anniversary of the date the minor child reached the age of majority, respectively;

- (2) If the participant dies before distribution of the account begins and the participant has no designated beneficiary, the participant's account under the plan must be distributed by December thirty-first of the calendar year containing the fifth anniversary of the participant's death. If the participant dies after distribution of the account begins and the participant has no designated beneficiary, any remaining portion of the account must continue to be distributed at least as rapidly as under the method of distribution in effect at the time of the participant's death;
- (3) Any distribution required under the incidental death benefit requirements of Internal Revenue Code section 401(a) must be treated as distributions required under this section; and
- (4) For purposes of this section, "eligible designated beneficiary" means a designated beneficiary who, as of the date of the death of the participant, is:
  - (a) The surviving spouse of the participant;
  - (b) A child of the participant, who has not reached the age of majority, provided that the child ceases to be an eligible designated beneficiary as of the date the child reaches the age of majority;
  - (c) Disabled within the meaning of Internal Revenue Code section 72(m)(7);
  - (d) Chronically ill within the meaning of Internal Revenue Code section 7702B(c)(2), except that the requirements of subparagraph (A)(i) may only be treated as met if there is a certification that, as of the date of the certification, the period of inability described in the subparagraph with respect to the individual is indefinite and reasonably expected to be lengthy in nature; or
  - (e) Any other individual who is not more than ten years younger than the participant.

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

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I certify that the attached Act originated in the:

Received at this Executive Office this \_\_\_\_ day of \_\_\_\_\_,

Senate as Bill No. 65

2026 at \_\_\_\_\_ M.

\_\_\_\_\_  
Secretary of the Senate

By \_\_\_\_\_  
for the Governor

\_\_\_\_\_  
President of the Senate

The attached Act is hereby approved this \_\_\_\_\_ day of \_\_\_\_\_, A.D., 2026

Attest:

\_\_\_\_\_  
Secretary of the Senate

\_\_\_\_\_  
Governor

**STATE OF SOUTH DAKOTA,**

ss.

Office of the Secretary of State

\_\_\_\_\_  
Speaker of the House

Attest:

Filed \_\_\_\_\_, 2026  
at \_\_\_\_\_ o'clock \_\_ M.

\_\_\_\_\_  
Chief Clerk of the House

\_\_\_\_\_  
Secretary of State

Senate Bill No. 65  
File No. \_\_\_\_\_  
Chapter No. \_\_\_\_\_

By \_\_\_\_\_  
Asst. Secretary of State