

REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

What is a RMD?

Required Minimum Distributions (RMDs) are minimum amounts that a retirement plan account owner must withdraw annually. If you are still actively employed with the employer that sponsors your retirement plan you may waive taking your RMD. However, if the retirement plan account is an IRA or the account owner is a 5% or more owner of the business sponsoring the retirement plan, the RMDs must begin regardless of whether he or she is still working.

Retirement plan participants and IRA owners are responsible for taking the correct amount of RMDs on time every year from their accounts. You may have to pay a 25% excise tax penalty (reduced from 50%) on the amount not distributed as required. This could be reduced to 10% if certain requirements are met.

The RMD rules apply to all employer sponsored retirement plans, including profit-sharing plans, 401(k) plans, 403(b) plans, and 457(b) plans. The RMD rules also apply to traditional IRAs, IRA-based plans. Roth 401(k) accounts will be exempt from the RMD rules beginning in 2024. The RMD rules do not apply to Roth IRAs while the owner is alive.

When am I required to begin taking RMDs?

You must take your RMD for the year in which you turn your RMD age. A participant may take the first RMD as late as April 1 of the year following the year of the RMD age. For all subsequent years you must take the RMD annually by December 31. If you delay your first RMD distribution until April 1, you will be required to take a second RMD by December 31 of that same year. All years thereafter will only require one RMD to be taken by December 31.

Date of Birth	RMD Age
Before July 1, 1949	70 1/2
7/1/1949-12/31/1950	72
1/1/1951-12/31/1959	73
After 1/1/1960	75

What are my options for taking my RMD?

Your retirement plan will designate if you have the ability to take this in one lump-sum annually or in installments through the year; please check with your Plan Administrator for details on this. If you have money in more than one plan, you must take the RMD from each plan separately (qualified plans and IRAs have different rules). RMD's are not eligible to be rolled over into another plan or IRA account.

How is my RMD calculated?

The required minimum distribution is determined by taking the prior account balance as of December 31 and divided by a life expectancy factor published by the IRS. You may access worksheets and tables on the IRS website at: <https://www.irs.gov/retirement-plans/retirement-plans-faqs-regarding-required-minimum-distributions>. Your Plan Administrator may provide you the current RMD amount however the account owner is ultimately responsible for calculating and taking the RMD.