



Required minimum distributions (RMDs) are generally required from traditional retirement accounts once you reach the age of 70½.

### How are RMDs calculated

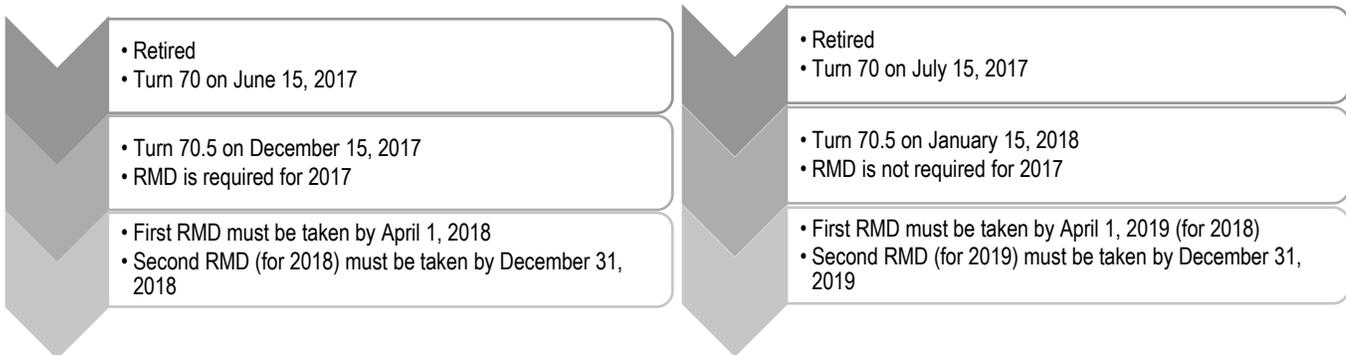
- RMDs are calculated by taking the account balance as of the last day of the previous year divided by a distribution period from the IRS's Uniform Lifetime Table.
- There is an additional table that can be used if the sole beneficiary is the owner's spouse who is ten or more years younger.

### Timing of withdrawals

- Once RMDs commence, IRAs require annual withdrawals by December 31 of the withdrawal year. The exception is the first withdrawal which must be taken by April 1 of the year following the year you turn 70½.
- 401(k), profit-sharing, 403(b), or other defined contribution plans generally require withdrawals April 1 of the year after you turn 70½ or retire, whichever is later. The remaining withdrawals must be completed by December 31.
- The "still working" exception does not apply if a person owns 5% or more of the company sponsoring the retirement plan or to IRAs.

### Examples

- You are retired and your 70th birthday was June 15, 2017. You reached age 70½ on December 15, 2017. You must take your first RMD, for 2017, by April 1, 2018 and second RMD by December 31, 2018.
- You are retired and your 70th birthday was July 15, 2017. You reached age 70½ on January 15, 2018. 2018 will be the first year for RMD. You must take your first RMD, for 2018, by April 1, 2019. Your second RMD is required by December 31, 2019.<sup>1</sup>



### Other important information

If distributions are not taken or if distributions are not large enough to fulfill the RMDs for that year, you may be subject to a 50% excise tax on the difference between the RMD and the actual distribution.

Roth IRAs do not require withdrawals until the death of the owner.<sup>1</sup>

<sup>1</sup>U.S. Department of the Treasury. Internal Revenue Service. *Retirement Topics – Required Minimum Distributions (RMDs)*. Retrieved from <https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-required-minimum-distributions-rmds>.

#### DISCLOSURES:

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