



Required minimum distributions (RMDs) are generally required from traditional retirement accounts once you reach RMD age. SECURE Act 2.0 pushed back RMD age to 73 or 75, depending on your birth year. The RMD age was previously 72, a recent change provided in the original SECURE Act. If you are already taking RMDs, the new regulations will not change your distribution schedule or amount.

- If you are born between 1951 & 1959, your Required Beginning Date for RMDs is age 73
- If you are born in 1960 or after, your Required Beginning Date for RMDs is age 75

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 RMD age.
- 401(k), profit-sharing, 403(b), or other defined contribution plans generally require withdrawals April 1 of the year after you turn RMD age or retire, whichever is later. The remaining withdrawals must be completed by December 31.
- If a person owns 5% or more of the company sponsoring the retirement plan, they must begin taking RMDs by April 1 of the year after they turn RMD age.¹

Examples

- You are retired and your 73rd birthday is December 15, 2024. You must take your first RMD, for 2024, by April 1, 2025 and second RMD by December 31, 2025.
- You are retired and your 73rd birthday is January 15, 2025. You must take your first RMD, for 2025, by April 1, 2026. Your second RMD is required by December 31, 2026.¹

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 25% excise tax on the difference between the RMD and the actual distribution. The excise tax can be reduced to 10% if you make a timely corrective distribution and file an amended tax return.
- Roth IRAs do not require withdrawals until the death of the owner.¹

¹ U.S. Department of the Treasury. Internal Revenue Service. Retirement Topics - Required Minimum Distributions (RMDs). Retrieved from: <https://www.irs.gov/retirement-plans/retirement-plan-and-ira-required-minimum-distributions-faqs#:~:text=Account%20owners%20in%20a%20workplace,the%20death%20of%20the%20owner.>

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