



Required minimum distributions (RMDs) are generally required from traditional retirement accounts once you reach the age of 72. If you turned 70½ prior to 1/1/2020, RMDs must continue as required.

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 72.
- 401(k), profit-sharing, 403(b), or other defined contribution plans generally require withdrawals April 1 of the year after you turn 72 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 the year after they turn 72.¹

Examples

- You are retired and your 72nd birthday was December 15, 2020. You must take your first RMD, for 2020, by April 1, 2021 and second RMD by December 31, 2021.
- You are retired and your 72nd birthday was January 15, 2021. You must take your first RMD, for 2021, by April 1, 2022. Your second RMD is required by December 31, 2022.¹

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 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.¹

¹U.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>.

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