MINIMUM DISTRIBUTION RULES

One of the biggest changes in the SECURE Act is the increase of the Required Minimum Distribution (RMD) age from 70 ½ to 72. This will allow workers another year and a half to build their retirement accounts without being forced to withdraw a certain amount of money each year. A later starting age for RMDs allows for additional tax deferrals. A couple, for example, can sock away an extra $14,000 a year using spousal IRAs. And luckily for all concerned, 72 is a less confusing age to deal with than 70 1/2

Uniform Lifetime Table. Required minimum distributions from an individual account under a defined contribution plan during the owner's lifetime are calculated by dividing the owner's account balance by the applicable distribution factor determined from the following table:

UNIFORM LIFETIME TABLE					
Age of Employee	**Distribution Factor**	**Age of Employee**	**Distribution Factor**	**Age of Employee**	**Distribution Factor**
70	27.4	86	14.1	101	5.9
71	26.5	87	13.4	102	5.5
72	25.6	88	12.7	103	5.2
73	24.7	89	12.0	104	4.9
74	23.8	90	11.4	105	4.5
75	22.9	91	10.8	106	4.2
76	22.0	92	10.2	107	3.9
77	21.2	93	9.6	108	3.7
78	20.3	94	9.1	109	3.4
79	19.5	95	8.6	110	3.1
80	18.7	96	8.1	111	2.9
81	17.9	97	7.6	112	2.6
82	17.1	98	7.1	113	2.4
83	16.3	99	6.7	114	2.1
84	15.5	100	6.3	115+	1.9
85	14.8				

The distribution required by April 1 is the distribution required for the year in which the owner attains age 72. Distributions for each calendar year after the year the owner becomes age 72 (including the year of his required beginning date) **must be made by December 31 of that year.**

To calculate minimum distributions from an IRA for a distribution calendar year, the account balance is determined as of December 31 of the immediately preceding calendar year.

Spouse beneficiary. If the IRA owner's spouse is the only beneficiary of the owner's entire interest always during the distribution year, the owner may receive distributions over the longer of the distribution factor determined from the table above, or the joint and survivor life expectancy of the owner and spouse. If the spouse is more than 10 years younger than the IRA owner, the joint and survivor life expectancy will provide the longer payout period.

Designated Beneficiary. A designated beneficiary is either an individual (or certain trusts) designated as a beneficiary, by the terms of the IRA document or by an affirmative election by the IRA owner, or the surviving spouse. (Note, however, that for lifetime distributions, the identity and age of the designated beneficiary do not affect the IRA owner's distributions unless the designated beneficiary is a spouse more than 10 years younger than the owner.

If more than one individual is named as beneficiary as of the date for determining the designated beneficiary, the one with the shortest life expectancy is used for calculating required minimum distributions.

Distributions as annuity payments. IRA required minimum distributions that are made as annuity payments are calculated in the same manner as required minimum distributions from defined benefit plans.

DEATH BEFORE REQUIRED BEGINNING DATE

If an IRA owner dies before his required beginning date, distributions must be made under one of two methods:

- *Ten Year rule:* the entire interest must be distributed within ten years after the death of the IRA owner (regardless of who or what entity receives the distribution).

- *Life Expectancy rule:* if any portion of the interest is payable to, or for the benefit of, a designated beneficiary, that portion must be distributed over the life (or life expectancy) of the beneficiary, beginning within one year of the owner's death.

DEATH ON OR AFTER REQUIRED BEGINNING DATE

If the owner of an IRA dies on or after distributions have begun (i.e., generally his required beginning date), but before his entire interest in the IRA has been distributed, the Code states that the entire remaining balance must generally be distributed at least as rapidly as under the method of distribution in effect as of the owner's date of death.

If the IRA owner does not have a designated beneficiary, his interest is distributed over his remaining life expectancy, using the age of the owner in the calendar year of his death, reduced by one for each calendar year that elapses thereafter.

SURVIVING SPOUSE'S ELECTION

A surviving spouse of an IRA owner who is the sole beneficiary of an IRA and who has an unlimited right to make withdrawals for the IRA may elect to treat the entire account as his or her own IRA. This election can be made at any time after the IRA owner's death; however, to make the election, the surviving spouse must be the sole beneficiary of the IRA and have an unlimited right to withdraw amounts from the IRA.

Any minimum distribution that was required to be made to the deceased owner but had not been made to him before his death must be made to the surviving spouse in the year of the death, but in all other respects, required distributions after the owner's death are determined as if the surviving spouse were the owner.

Source: Total Rewards Insurance Agency, A Circle of Wealth Company (1/20/20) *Additional SECURE Act rules pending