

## Required Minimum Distributions Rules

RMD rules apply to all employer sponsored retirement plans, including profit-sharing plans, 401(k) plans, 403(b) plans, and governmental 457(b) plans. The RMD rules also apply to traditional IRAs, SEP IRAs, SIMPLE IRAs and to designated Roth accounts in a 401(k) 403(b), and 457 plans. However, the RMD rules do not apply to Roth IRAs while the owner is alive, (RMD rules do apply to Roth IRA beneficiaries).

The account owner or plan participant must generally take their first RMD during the year in which he or she turns age 73. However, the first RMD payment can be delayed until April 1st of the year following the year in which he or she turns 73. For all remaining years, including the year in which the first RMD was withdrawn by April 1st, the owner or plan participant must take their RMD by December 31st of that year. **For example, if a client turns 73 in July of 2025, they are required to take their RMD by April 1st, 2026 plus an additional RMD for the year 2026 by December 31, 2026. This makes two distributions within 2026.** The plan participant may in certain circumstances, be able to delay the first RMD payment until retirement.

## How an RMD is Calculated

Generally, an RMD is calculated for each qualified account by dividing the prior December 31st balance of that account by a life expectancy factor that the IRS publishes. **For example, assume an unmarried client has a Traditional IRA with a \$100,000 value for RMD purposes on December 31st and they are age 73. Using the chart below the calculation is as follows:  $\$100,000/26.5 = \$3,774$  or  $\$100,000 \times .03774 = \$3,774$ . Please see the table below for further details on the life expectancy factor. Note, for a qualified annuity, the December 31st value may need to be increased by the present value of certain living and death benefits.**

| Age | RMD Factor | Withdrawal Percentage |
|-----|------------|-----------------------|-----|------------|-----------------------|-----|------------|-----------------------|-----|------------|-----------------------|
| 72  | 27.4       | 3.65%                 | 85  | 16         | 6.25%                 | 98  | 7.3        | 13.70%                | 111 | 3.4        | 29.41%                |
| 73  | 26.5       | 3.77%                 | 86  | 15.2       | 6.58%                 | 99  | 6.8        | 14.71%                | 112 | 3.3        | 30.30%                |
| 74  | 25.5       | 3.92%                 | 87  | 14.4       | 6.94%                 | 100 | 6.4        | 15.63%                | 113 | 3.1        | 32.26%                |
| 75  | 24.6       | 4.07%                 | 88  | 13.7       | 7.30%                 | 101 | 6          | 16.67%                | 114 | 3          | 33.33%                |
| 76  | 23.7       | 4.22%                 | 89  | 12.9       | 7.75%                 | 102 | 5.6        | 17.86%                | 115 | 2.9        | 34.48%                |
| 77  | 22.9       | 4.37%                 | 90  | 12.2       | 8.20%                 | 103 | 5.2        | 19.23%                | 116 | 2.8        | 35.74%                |
| 78  | 22         | 4.55%                 | 91  | 11.5       | 8.70%                 | 104 | 4.9        | 20.04%                | 117 | 2.7        | 37.04%                |
| 79  | 21.1       | 4.74%                 | 92  | 10.8       | 9.26%                 | 105 | 4.6        | 21.74%                | 118 | 2.5        | 40.00%                |
| 80  | 20.2       | 4.95%                 | 93  | 10.1       | 9.90%                 | 106 | 4.3        | 23.26%                | 119 | 2.3        | 43.48%                |
| 81  | 19.4       | 5.16%                 | 94  | 9.5        | 10.53%                | 107 | 4.1        | 24.24%                | 120 | 2          | 50.00%                |
| 82  | 18.5       | 5.41%                 | 95  | 8.9        | 11.24%                | 108 | 3.9        | 25.64%                |     |            |                       |
| 83  | 17.7       | 5.65%                 | 96  | 8.4        | 11.904                | 109 | 3.7        | 27.03%                |     |            |                       |
| 84  | 16.8       | 5.95%                 | 97  | 7.8        | 12.82%                | 110 | 3.5        | 28.57%                |     |            |                       |