



10 Need-To-Know RMD Facts

Have questions about required minimum distributions? You're not alone.
Here's what you need to know.

What is an RMD?

Once you reach retirement age you must begin taking money out of your tax-deferred retirement accounts. The minimum amount you must withdraw each year is your **required minimum distribution** (RMD).

Why must I take an RMD?

Tax-deferred doesn't mean tax-free. RMDs ensure that people eventually pay some tax on the income they've saved during their lifetime.

ACCOUNTS THAT REQUIRE RMDs

401(k)	Simple IRA
403(b)	SEP IRA
Traditional IRA	Keogh plans
Rollover IRA	

When do I start taking RMDs?

As of 2023, you must start taking RMDs at age 73. That age limit is set to increase in the future. For those born in 1960 or later, you can wait until you're 75.



Are there any exceptions?

If you're still working at age 73 and have savings in a company-sponsored retirement account, you may be able to delay taking an RMD from that account.

Are there penalties if I don't take my RMD?

Fall short of your RMD by \$10,000 and you could owe \$2,500 in fines, in addition to being required to make up for the original shortfall. Quickly correcting any mistake can cut the penalty down to 10% of the difference.

25%

OF THE DIFFERENCE BETWEEN
YOUR RMD AND YOUR ACTUAL
WITHDRAWALS IF YOU FORGET

How are RMDs taxed?

As ordinary income. If the additional money puts you into a higher tax bracket, it may also affect your Medicare premiums.



What happens if I inherit a retirement account?

Annual RMDs don't necessarily apply to inherited retirement accounts, but certain beneficiaries must withdraw all funds within 10 years. Speak to an estate attorney about your specific situation if you are likely to inherit or pass on a retirement account to confirm whether your inherited account is subject to the 10-year rule.

How much will I have to withdraw?

To calculate your RMD, you must determine the total amount in all of your tax-deferred retirement accounts (as of Dec. 31) and divide this by your "life expectancy factor." We calculate RMDs for our clients. You can also use an online calculator. (We like [Fidelity's](#).)

LIFE EXPECTANCY FACTORS FROM AGE 73 TO 83											
Age	73	74	75	76	77	78	79	80	81	82	83
Life Expectancy Factor	26.5	25.5	24.6	23.7	22.9	22.0	21.1	20.2	19.4	18.5	17.7

Note: If your spouse is sole beneficiary and 10 years younger than you, use the IRS' Joint Life Expectancy Table instead. Source: The Internal Revenue Service.

Do I need to take an RMD from each of my tax-deferred accounts?

Not necessarily. If you have multiple IRAs or 403(b) accounts, you may elect to take the full amount required from only one. If you have multiple 401(k) accounts, you must make separate withdrawals from each.

How can I make sure I take my RMDs on time?

Adviser works with our clients (and their accountants) to manage RMD withdrawals. If you have questions about how much you'll need to withdraw, the impact on your taxes, or how to reinvest or donate the funds, please give us a call.



Want to learn more?

Give us a call or send us an email—we're here to help. [\(800\) 492-6868](tel:800-492-6868) or info@adviserinvestments.com

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