

9 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 (72, according to the IRS) you must begin taking money out of your tax-deferred retirement accounts. The least money 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 lifetimes.

ACCOUNTS THAT REQUIRE RMDs

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



Are there any exceptions?

If you're still working at age 72 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 \$5,000 in fines, in addition to being required to make up for the original shortfall. The IRS *may* waive the fine—if you can persuade them you've made an honest mistake.

50%

**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 apply to inherited retirement accounts, but in many cases you 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 December 31) and divide by your "life expectancy factor." Many custodians will calculate your RMD for you, or you can use an online calculator. (We like [Fidelity's](#).)

LIFE EXPECTANCY FACTORS FROM AGE 72 TO 82

Age	72	73	74	75	76	77	78	79	80	81	82
Life Expectancy Factor	25.6	24.7	23.8	22.9	22.0	21.2	20.3	19.5	18.7	17.9	17.1

Note: Table data as of 2021. If your spouse is the sole beneficiary and 10 years younger than you, use the IRS' Joint Life Expectancy Table instead. Source: Fidelity.com

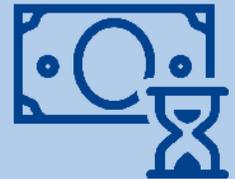


Do I need to take an RMD from each of my tax-deferred accounts?

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 Investments 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 or info@adviserinvestments.com

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