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Understanding required minimum distributions

Frequently Asked Questions

Age 70½: a major milestone

If you have one or more retirement accounts, such as a traditional IRA or an employer-sponsored plan, you've likely saved a large amount of money during your working years. As you approach age 70½, you'll need to prepare to withdraw your money from your retirement accounts. The IRS has complex rules for taking these mandatory withdrawals, called required minimum distributions (RMDs). Read on to learn more about RMDs so you can avoid pitfalls and retire with confidence.

FAQs

When do I need to begin taking RMDs?

You must take your first RMD by your required beginning date, generally April 1 of the year after you reach age 70½. Some plan types may allow you to delay taking RMDs until April 1 of the year after you retire. Check with your plan administrator for details.

If you inherit someone else's retirement savings, you must generally take RMDs from those assets as well. The date you are required to begin those RMDs may depend on a number of factors, and if you are a spouse beneficiary, additional options are available.

After I take my first RMD, when do I need to take subsequent RMDs?

You will need to withdraw your RMD amount from your plan every year by Dec. 31. This includes the year after you turn age 70½ even if you take your first withdrawal that year. In other words, if you wait until April 1 to take your first RMD, you will take two RMDs that year.

Example: You turn 70½ in Oct. 2018. Your first RMD must be taken by April 1, 2019. Your second RMD must be taken by Dec. 31, 2019.

What happens if I don't take my RMD for the year?

There is a tax penalty for not following the RMD rules. If you do not take a distribution or you withdraw less than the required amount, you may pay a penalty equal to 50% of the amount not taken. You can take more than the required amount, but the extra withdrawals don't count toward future required distributions.

What is the tax treatment of RMDs?

Generally, withdrawals of pre-tax contributions and earnings are taxed as regular income. Your tax advisor can help determine the tax treatment for your withdrawals.

Can I give my IRA RMD to charity?

If you have reached age 70½ or older you can give up to \$100,000 tax free from your IRA directly to a qualifying charity. This is called a Qualified Charitable Distribution (QCD) and you can do it whether or not you itemize deductions on your tax return.

Do Roth plans have RMDs?

Roth IRAs do not have RMDs during the owner's lifetime. However, the owners of designated Roth accounts in 403(b) or 401(k) plans do have to take RMDs. And owners of inherited Roth IRA, 401(k), and 403(b)s are also required to take minimum distributions.

How does a Roth conversion affect my RMDs?

If you convert a traditional IRA to a Roth IRA after reaching your required beginning date, you will need to take the RMD from the traditional IRA. You could then convert a portion or the remaining balance to a Roth IRA. Remember, Roth IRAs do not have RMDs for the original owner.

Can I take all my RMDs from one account?

If you have more than one plan, your RMDs must be calculated for each plan separately. For IRAs (traditional, rollover, SEP and SIMPLE) and 403(b) plans you can aggregate the RMDs and distribute the total amount of the withdrawals as you choose from any account within the same plan type.

For example, you could satisfy the RMDs for all of your IRAs with a withdrawal from a SEP, but not from a 403(b). And you cannot satisfy RMDs for one plan type with a withdrawal from a different plan type.

For 401(k), profit sharing and some other types of employer sponsored plans, and for inherited IRAs, you must take each RMD separately from each plan, even if you have more than one plan within a type.



How do I determine my RMD amounts?

RMDs are determined separately for each plan based on a life expectancy table provided by the IRS and the Dec. 31 value.

- Original IRA owners and plan participants:**
 Most RMDs can be calculated by dividing the year-end account value by the applicable life expectancy factor from the Uniform Lifetime Table to the right. A different table may be applied if your spouse is more than ten years younger than you and is your sole beneficiary; the table can be found in IRS Publication 590-B at [irs.gov](https://www.irs.gov).

For your *Ameriprise*® IRA, we will provide a year-end account value and an RMD amount, based on the formula stated above. If your spouse is more than ten years younger and is your sole primary beneficiary, your RMD will be different.

- Inherited IRA owners and plan participants:**
 RMD rules that apply to beneficiaries will vary by the situation.

If you have an *Ameriprise* inherited IRA, we will provide a year-end account value but cannot provide an automated calculation.

Get started today

RMD rules are an essential part of your retirement account distribution strategy. Contact an Ameriprise financial advisor for help making informed choices about your retirement distributions and estate planning needs.

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

Source: IRS Publication 590

Our exclusive *Confident Retirement*[®] approach

With our exclusive *Confident Retirement*[®] approach, we'll help you feel more confident about your financial future — regardless of where you are in life. Your advisor will identify doable steps to help you build your dreams and goals. The plan you build together will address four key needs: covering essentials, ensuring lifestyle, preparing for the unexpected and leaving a legacy.



About Ameriprise

For more than 120 years, we've focused on helping clients realize their personal and financial potential, through good times and tough times. Empowering them to live the full and rich life they've earned.

We help people invest and save for their future by creating a financial plan customized for each client's vision – forged by asking the right questions and applying the right answers. All supporting the belief that, with the right financial advisor, life can be brilliant.



Financial Planning | Retirement | Investments | Insurance

Ameriprise Financial does not provide legal or tax advice.

RMD rules are complex. This information is not intended to provide tax or financial advice. Consult a tax advisor to ensure you are meeting your RMD obligation for all of your retirement plans and for help determining the RMD rules that apply to your specific situation.

The Confident Retirement approach is not a guarantee of future financial results.

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