

## Age 70 ½ REQUIRED MINIMUM DISTRIBUTIONS (RMD)

Written and edited by Harry Rubins for his clients and friends.  
Not intended as legal or tax advice.  
Obtain professional advice before taking action on this information.  
For a consultation e-mail Harry at [hrubins@foothillsecurities.net](mailto:h rubins@foothillsecurities.net)

- **What plans are exempt? Roth – IRA**
- **What plans can start later than Age 70 ½?**
  - Participants in 401(k) and other qualified plans that are still working and are less than 5% owner are not required to take RMD's. They must start RMD the year following retirement.
  - 403(b) plans that have account balances prior to 12/31/86 are not required to take RMD's based on these account values but must take RMD for contributions made after 1/1/87. Must start RMD on the entire 403(b) at age 75.
- **How to calculate Age 70 ½ 1<sup>st</sup> year's RMD – Simple!**
  - Obtain previous years Dec 31<sup>st</sup> account balance
  - Determine how old are you on Dec 31<sup>st</sup> in the year you are age 70 ½. Hint – you can only be either age 70 or 71.
  - Then look up the value for your age in the [Uniform Distribution Table. \(link\)](#)

### Applicable Divisor

Age	Life Expectancy
70	27.4 years
71	26.5 years

**Calculation:**  $\frac{\text{Previous year Dec 31}^{\text{st}} \text{ account balance}}{\text{Applicable Divisor}} = \text{RMD}$

- **Special RMD Calculation for Spouse 10 years younger**  
For participants whose spouse is more than 10 years younger, there is a different method of calculating the RMD which will produce a smaller taxable age 70 ½ distribution. The spouse must be the sole primary beneficiary. The Joint Life Expectancy Table is used. Please contact Harry at [hrubins@foothillsecurities.net](mailto:h rubins@foothillsecurities.net).
- **How to calculate subsequent years RMD?**  
For next year's RMD, you find your age's applicable divisor in the Uniform Distribution Table and the previous year's Dec 31 balance. If you were age 70 for your 1<sup>st</sup> year's RMD your Applicable Divisor in the 2<sup>nd</sup> RMD year is 26.5 year based on age 71.  
**Note:** For special RMD calculation for spouse 10 years younger, the Joint Life Expectancy Table is used.
- **When must each years RMD be withdrawn from each account**
  - First years RMD by April 1<sup>st</sup> of year following year age 70 ½ (known as Required Beginning Date)
  - Each subsequent year by 12/31 of that year
- **Penalty for not taking all or part of RMD each year – 50% excise penalty tax in addition to federal and state income taxes when withdrawn.**
- **What about the beneficiary?** It's simple – you don't need one to begin RMD's. You can add or change beneficiaries at any time in the future without a problem. The only exception is if a spouse is added or deleted who is more than 10 years younger. The calculation of the RMD will be altered. Please contact Harry at [hrubins@foothillsecurities.net](mailto:h rubins@foothillsecurities.net). **Just make sure you have listed both primary and contingent Designated Beneficiaries the day before you die!**

A general overview - check with tax advisor before taking action