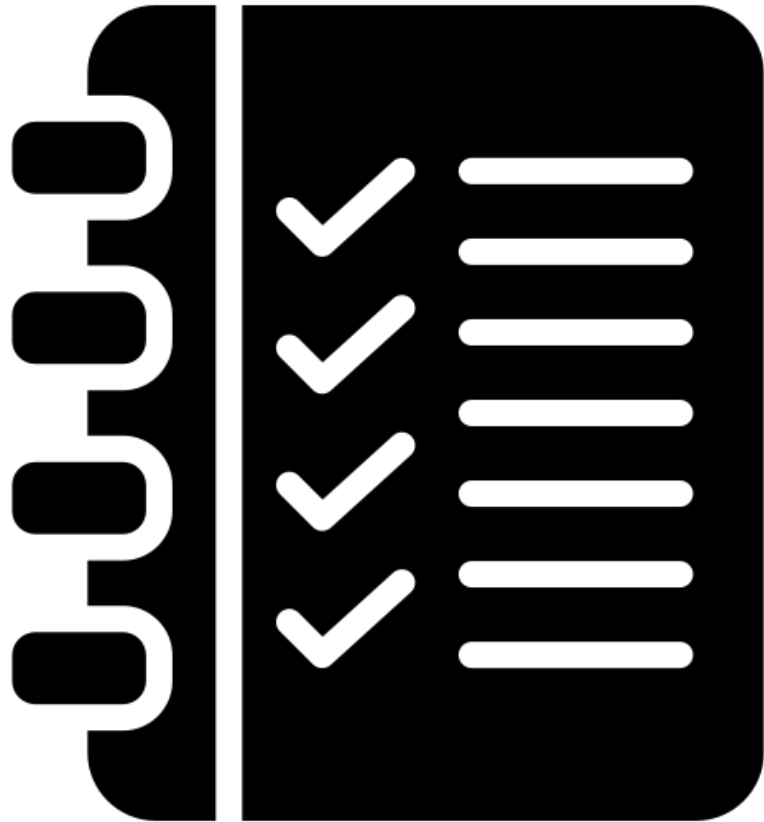


IRA RMDs

OVERVIEW OF IRA REQUIRED MINIMUM DISTRIBUTIONS

What We'll Cover



- Overview of RMDs
- When RMDs must start
- How to calculate RMDs
- Penalty for failing to take an RMD
- Reporting requirements

- IRAs were designed to encourage tax-deferred savings for retirement, NOT to permanently shelter assets from taxation
- Therefore, IRA owners must begin taking mandatory required minimum distributions (RMDs) from their Traditional IRAs (including SEP and SIMPLE IRAs) at a certain age



Why RMDs?

RMD Starting Age

1974–2019

- Age 70½

SECURE Act of 2019

- Age 72 (effective 1/1/2020)

SECURE 2.0 Act of 2022

- Age 73 (effective 1/1/2023)
- Age 75 (effective 1/1/2033)

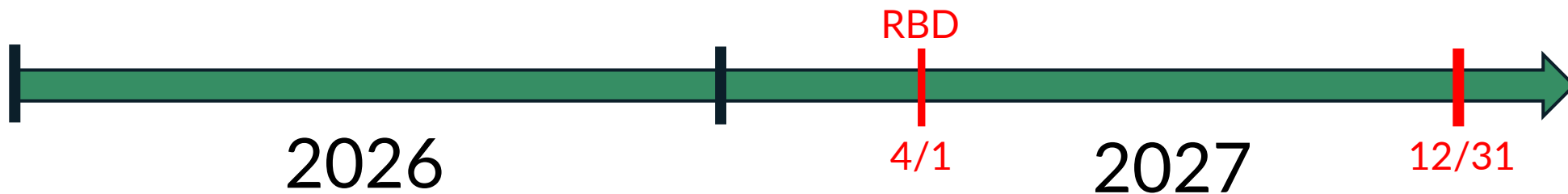
First Distribution Year

IRA Owner Date of Birth	RMD Starting Age
June 30, 1949, or earlier	70½
July 1, 1949 – December 31, 1950	72
January 1, 1951 – December 31, 1959	73
January 1, 1960, and later	75

- **What:** Deadline for taking first RMD
- **When:** April 1 following the year IRA owner attains RMD starting age (12/31 all subsequent years)

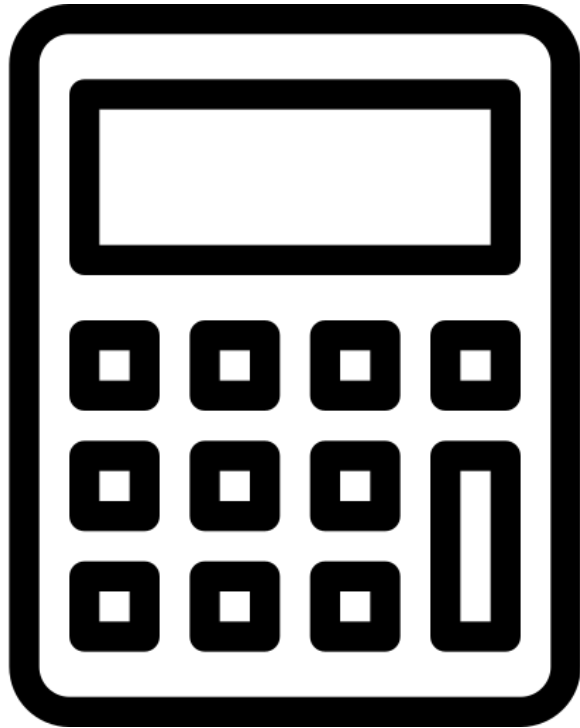
Required Beginning Date (RBD)

Example: Mary was born on 3/17/1953. She will attain age 73 on her birthday in 2026. Mary's required beginning date is 4/1/2027.



If Mary waits to take her first RMD between January 1 and April 1, 2027, she must still take her full 2027 RMD by 12/31/2027.

Calculating RMDs



$$\frac{\text{IRA Balance}}{\text{Life Expectancy}}$$

What's the IRA Balance?

IRA Balance

Life Expectancy

Prior year's December 31 balance, plus
any outstanding transfers and rollovers

What's the Life Expectancy?

IRA Balance

Life Expectancy

Uniform Lifetime Table is generally used
to determine life expectancy

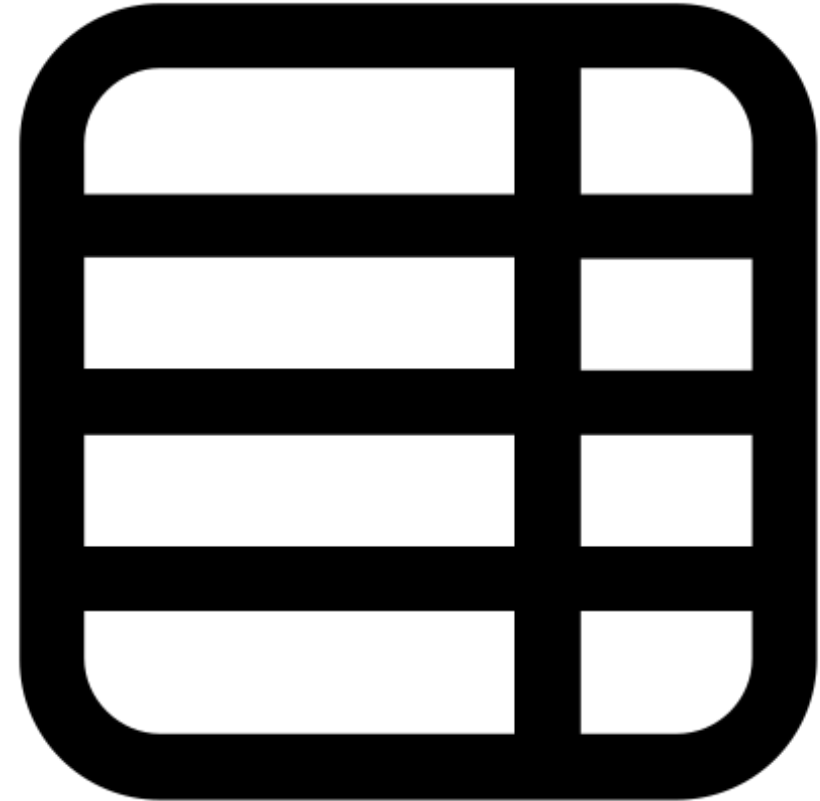
Uniform Lifetime Table

Age	Distribution Period
72	27.4
73	26.5
74	25.5
75	24.6
76	23.7
77	22.9
78	22
79	21.1
80	20.2
81	19.4
82	18.5
83	17.7
84	16.8
85	16

Exception to Uniform Lifetime Table

- Spouse is the sole primary beneficiary, AND
- Spouse is *more than* 10 years younger than the IRA owner

If both apply, IRA owner may use the **Joint and Last Survivor Table**



Joint & Last Survivor Table

Age	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65
69	46.2	45.2	44.3	43.4	42.5	41.6	40.7	39.8	38.9	38.1	37.2	36.4	35.5	34.7	33.9	33.1	32.3	31.6	30.9	30.1	29.4	28.8	28.1	27.5	26.9	26.3
70	46.1	45.2	44.3	43.3	42.4	41.5	40.6	39.7	38.8	38	37.1	36.2	35.4	34.6	33.8	33	32.2	31.4	30.7	29.9	29.2	28.5	27.9	27.2	26.6	26
71	46.1	45.1	44.2	43.3	42.4	41.5	40.6	39.7	38.8	37.9	37	36.1	35.3	34.5	33.6	32.8	32	31.2	30.5	29.7	29	28.3	27.6	26.9	26.3	25.7
72	46	45.1	44.2	43.2	42.3	41.4	40.5	39.6	38.7	37.8	36.9	36	35.2	34.3	33.5	32.7	31.9	31.1	30.3	29.5	28.8	28.1	27.4	26.7	26	25.4
73	46	45.1	44.1	43.2	42.3	41.4	40.4	39.5	38.6	37.7	36.8	36	35.1	34.2	33.4	32.6	31.7	30.9	30.1	29.4	28.6	27.9	27.2	26.5	25.8	25.1
74	46	45	44.1	43.2	42.2	41.3	40.4	39.5	38.6	37.7	36.8	35.9	35	34.1	33.3	32.4	31.6	30.8	30	29.2	28.4	27.7	27	26.2	25.5	24.9
75	45.9	45	44.1	43.1	42.2	41.3	40.3	39.4	38.5	37.6	36.7	35.8	34.9	34.1	33.2	32.4	31.5	30.7	29.9	29.1	28.3	27.5	26.8	26.1	25.3	24.6
76	45.9	45	44	43.1	42.2	41.2	40.3	39.4	38.5	37.5	36.6	35.7	34.9	34	33.1	32.3	31.4	30.6	29.8	29	28.2	27.4	26.6	25.9	25.2	24.4

Calculate the RMD

Scenario 1

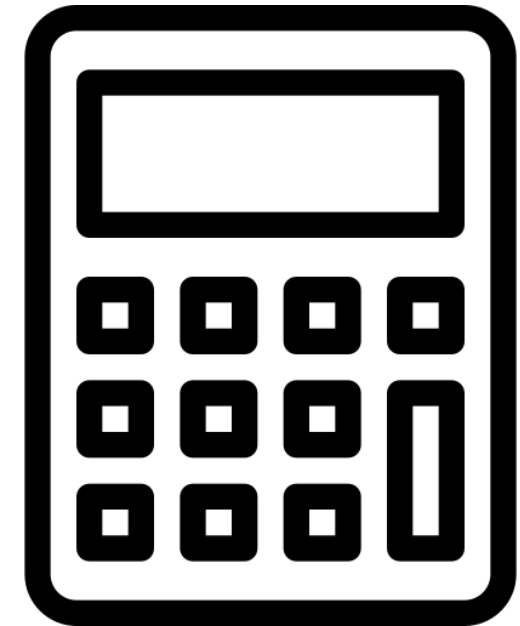
Prior Year's December 31 Balance: \$234,000
IRA Owner's Age: 73
Beneficiary: Daughter
Beneficiary's Age: 51
RMD = \$8,679.25 ($\$234,000 / 26.5$)

Scenario 2

Prior Year's December 31 Balance: \$234,000
IRA Owner's Age: 73
Beneficiary: None
Beneficiary's Age: N/A
RMD = \$8,679.25 ($\$234,000 / 26.5$)

Scenario 3

Prior Year's December 31 Balance: \$234,000
IRA Owner's Age: 73
Beneficiary: Spouse
Beneficiary's Age: 56
RMD = \$7,381.70 ($\$234,000 / 31.7$)



Misc. RMD Rules

- RMDs can be aggregated and taken from one or more IRAs
 - Must determine RMD for each IRA separately
 - Cannot be aggregated with RMD from employer-sponsored retirement plans
 - Only amounts in IRAs that the individual holds as the owner may be aggregated
 - Distributions taken from a Roth IRA do not satisfy a Traditional IRA RMD
 - Cannot be aggregated with distributions required to be taken from an IRA which the individual holds as a beneficiary
- RMDs are not eligible for rollover or Roth IRA conversion
 - If an IRA owner takes a distribution from a Traditional, SEP, or SIMPLE IRA and has not yet satisfied RMDs for all their IRAs for the year, the first money distributed is deemed to satisfy the RMD and is not eligible to be rolled over or converted to a Roth IRA
- RMDs may be transferred
- Qualified Charitable Distributions (QCDs) may be used to satisfy an owner's RMD

Qualified Charitable Distribution (QCD)

- Tax-free transfer of IRA (Traditional, Roth, and certain SEP and SIMPLE IRAs) to a qualified charitable organization
- Owner (or beneficiary) must be age 70 ½
- Distribution must be paid directly to the qualified charitable organization
- \$111,000 for 2026 (subject to COLAs)
- One-time election to treat distribution from an IRA to a split-interest entity as QCD (\$55,000 for 2026—subject to COLAs)
- QCDs not subject to federal income tax requirements when distributed (special rules apply if owner has made deductible Traditional IRA contribution for the year the QCD is taken)



Excess Accumulation Penalty

- 25% penalty on any amount of the RMD that was not distributed
 - **Example:** If Sarah's RMD for 2026 is \$10,000 and she only withdraws \$6,000 by the applicable deadline (i.e., December 31, 2026), the standard amount of Sarah's excess penalty is \$1,000 (25% of \$4,000—the amount that was not properly withdrawn).
- Can be reduced to 10% if distribution taken within “correction window”
 - Owner must distribute the amount subject to the penalty and submit a return reflecting the reduced penalty tax
 - Correction window (generally 2 year from the missed RMD) ends the *earlier* of:
 - ✓ Mailing of a notice of deficiency
 - ✓ Date on which penalty tax assessed
 - ✓ Last day of the second taxable year following year in which penalty is imposed
- IRA owner may still apply for waiver to request penalty be waived (seek tax advice—Form 5329 & Instructions for Form 5329)

Reporting RMDs

Financial
Organizations

IRA
Owners

Internal
Revenue
Service (IRS)

Financial Organization Reporting

Annual RMD Statement

- **WHAT:** Annual statement alerting IRA owner that an RMD is due for the year
- **HOW:** One of two methods, using any written format
- **WHEN:** January 31



RMD Statement: Two Options

1

Furnish the amount of the RMD due for the calendar year and the due date

2

Inform the IRA owner that a minimum distribution is required for the year and the due date, and offer to calculate the amount due upon request

*Under both, the statement must indicate that the financial organization will also be reporting the RMD amount to the IRS.

Satisfying RMD Statement using IRS Form 5498

☐ CORRECTED (if checked)

TRUSTEE'S/ISSUER'S name			1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)		OMB No. 1545-0747		IRA Contribution Information
Street address		Room/suite no.	\$		2026 Form 5498		
City/town			2 Rollover contributions				
State/province			\$				
Country		ZIP/foreign code	3 Roth IRA conversion amount		4 Recharacterized contributions		Copy B For Participant This information is being furnished to the IRS.
TRUSTEE'S/ISSUER'S TIN		PARTICIPANT'S TIN	\$		\$		
PARTICIPANT'S name			5 FMV of account		6 Life insurance cost included in box 1		
PARTICIPANT'S name			7 IRA ☐ SEP ☐ SIMPLE ☐ Roth IRA ☐		8 SEP contributions		
			\$		9 SIMPLE contributions		
Street address		Apt. no.	10 Roth IRA contributions		11 If checked, required minimum distribution for 2027 ☐		
City/town			12a RMD date		12b RMD amount		
State/province			\$		\$		
Country		ZIP/foreign code	13a Postponed/late contrib.		13b Year 13c Code		
			14a Repayments		14b Code		
			\$				
Account number (see instructions)			15a FMV of certain specified assets		15b Code(s)		
			\$				

Form **5498** (keep for your records) www.irs.gov/Form5498 Department of the Treasury - Internal Revenue Service

Reporting RMDs

Form 1099-R

- **WHAT:** Reports IRA distribution activity to the IRS and the IRA owner/beneficiary
- **HOW:** Electronically or using the paper Form 1099-R
- **WHEN:**
 - **To the IRA owner:** By January 31
 - **To the IRS:** If filing electronically, due by March 31. If filing paper, due by February 28.

Reporting RMDs Form 1099-R

- **Code 7** – To report distributions paid to an owner on or after they attain age 59 ½, unless it's a Qualified Charitable Distribution
- **Code Y7** – To report a Qualified Charitable Distribution from an IRA that is not an Inherited IRA (optional for 2026)

☐ VOID ☐ CORRECTED

PAYER'S name				1 Gross distribution		OMB No. 1545-0119		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. Copy 1 For State, City, or Local Tax Department
Street address		Room or suite no.		2a Taxable amount		2026		
City or town		Telephone number		2b Taxable amount not determined ☐		Total distribution ☐		
State or province		Country	ZIP or foreign postal code		3 Capital gain (included in box 2a)		4 Federal income tax withheld	
PAYER'S TIN		RECIPIENT'S TIN		\$		\$		Form 1099-R
RECIPIENT'S name				\$		5 Employee contrib./desig. Roth contrib. or insurance premiums		
Street address		Apt. no.		7a Dist. code(s)		7b IRA/SEP/SIMPLE ☐	7c Trump account ☐	
City or town				8a Other		8b Percentage of annuity contract %		
State or province		Country	ZIP or foreign postal code		9a Percentage of total dist. %		9b Total employee contrib. \$	
10 Amount allocable to IRR within 5 years		11 1st year of desig. Roth contrib.		12 FATCA filing requirement ☐		14 State tax withheld		
\$						15 State/Payer's state no.		
Account number (see instructions)				13 Date of payment		17 Local tax withheld		
						18 Name of locality		
						19 Local distribution		

Form **1099-R** www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

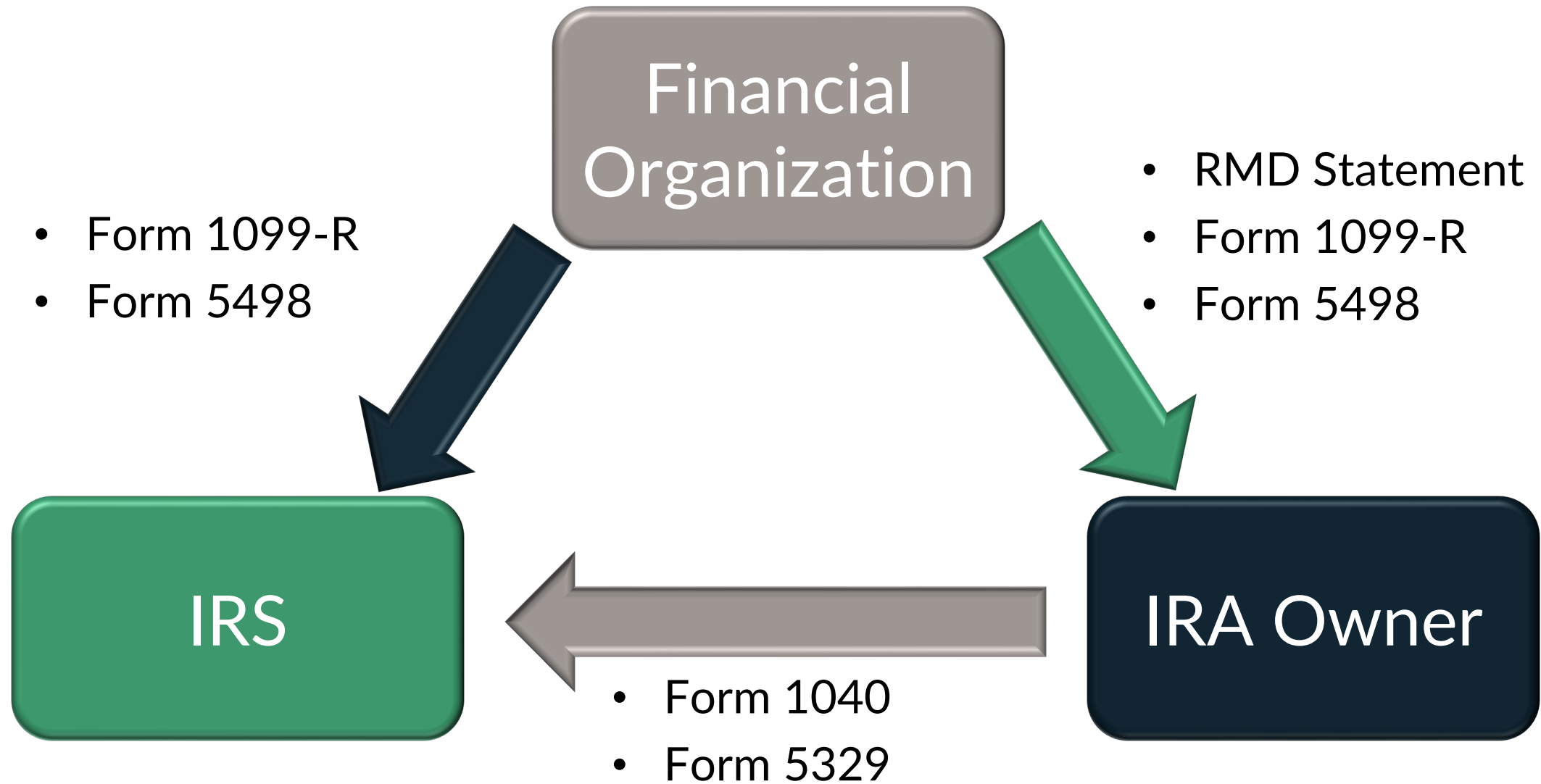
Reporting Excess Accumulation Penalty Form 5329 (IRA Owner)

Form 5329 Department of the Treasury Internal Revenue Service	Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts Attach to Form 1040, 1040-SR, 1040-NR, or 1041. Go to www.irs.gov/Form5329 for instructions and the latest information.	OMB No. 1545-0074 2025 Attachment Sequence No. 29
Name of individual subject to additional tax. If married filing jointly, see instructions.		Your social security number
Fill in Your Address Only if You Are Filing This Form by Itself and Not With Your Tax Return	Home address (number and street), or P.O. box if mail is not delivered to your home	Apt. no.
	If this is an amended return, check here ☐	
	City, town or post office, state, and ZIP code. If you have a foreign address, also complete the spaces below. See instructions.	
	Foreign country name	Foreign province/state/county

Form 5329 (2025)

Page **3**

Part IX	Additional Tax on Excess Accumulation in Qualified Retirement Plans (Including IRAs). Complete this part if you did not receive the minimum required distribution from your qualified retirement plan.	
52a	Minimum required distribution for 2025 from all qualified plans for which you received a distribution of the full amount of the excess accumulation during the correction window	52a
b	Minimum required distribution for 2025 from all other plans	52b
53a	Amount distributed to you during 2025 from all qualified plans for which you received a distribution of the full amount of the excess accumulation during the correction window	53a
b	Amount distributed to you during 2025 from all other plans	53b
54a	Subtract line 53a from line 52a and multiply the result by 10% (0.10). If zero or less, enter -0- . . .	54a
b	Subtract line 53b from line 52b and multiply the result by 25% (0.25). If zero or less, enter -0- . . .	54b
55	Add lines 54a and 54b. Include the total on Schedule 2 (Form 1040), line 8, or Form 1041, Schedule G, line 8	55



Questions?



CHAT WITH US OR CALL US AT 888.470.4542

MONDAY-FRIDAY, 8:00 A.M.-5:00 P.M., CT