FP
FACT PACK

2015 Required Minimum Distribution

What Retirement Arrangements have Required Minimum Distributions?

The RMD rules apply to all employer sponsored retirement plans, including profit-sharing plans, 401(k) plans, 403(b) plans, and governmental 457(b) plans. The RMD rules also apply to traditional IRAs, SEP IRAs, SIMPLE IRAs and to designated Roth accounts in a 401(k) plan. However, the RMD rules do not apply to Roth IRAs while the owner is alive, (RMD rules do apply to Roth IRA beneficiaries).

Age at Which an RMD Must Be Taken

The IRA owner or plan participant must generally take their first RMD during the year in which he or she turns age 70 ½. However, the first RMD payment can be delayed until April 1st of the year following the year in which he or she turns 70 ½. For all remaining years, including a year in which the first RMD was withdrawn by April 1st, the owner or plan participant must take their RMD by December 31st of that year. **For example; if a client turns 70 ½ in July of 2014 they are required to take their RMD by April 1st, 2015 plus an additional RMD for the year 2015 by December 31, 2015. This makes two distributions within 2015.** The plan participant may be able to delay the first RMD payment until retirement.

NOTE: If you have more than one Traditional IRA, you must calculate the RMD for each IRA separately. However, you may total your RMD requirement and take one withdrawal from one non-annuitized IRA or you may take a portion from each of your non-annuitized IRAs. You are not required take a separate RMD from each Traditional IRA. The same rules apply to TSA/403(b) arrangements. All additional retirement plans like 401(k), Profit Sharing plan etc will require a separate RMD to be withdrawn from each specific plan.

How an RMD is Calculated

Generally, an RMD is calculated for each arrangement by dividing the prior December 31st balance of that IRA or retirement arrangement by a life expectancy factor that the IRS publishes. **For example, assume an unmarried client has $100,000 in a Traditional IRA on December 31st and they are age 73. Using the chart below the calculation is as follows, $100,000/24.7 =$4,049 or $100,000 x .04049 = $4049. Please see the table below for further details on the life expectancy factor. Note, for a qualified annuity, the December 31st balance may need to be increased by the present value of certain living and death benefits.**

RMD Factor	Age of Employee	Withdrawal Percentage	RMD Factor	Age of Employee	Withdrawal Percentage	RMD Factor	Age of Employee	Withdrawal Percentage	RMD Factor	Age of Employee	Withdrawal Percentage
27.4	70	3.650%	17.1	82	5.848%	9.1	94	10.989%	4.2	106	23.810%
26.5	71	3.774%	16.3	83	6.135%	8.6	95	11.628%	3.9	107	25.641%
25.6	72	3.906%	15.5	84	6.452%	8.1	96	12.346%	3.7	108	27.027%
24.7	73	4.049%	14.8	85	6.757%	7.6	97	13.158%	3.4	109	29.412%
23.8	74	4.202%	14.1	86	7.092%	7.1	98	14.085%	3.1	110	32.258%
22.9	75	4.367%	13.4	87	7.463%	6.7	99	14.925%	2.9	111	34.483%
22.0	76	4.545%	12.7	88	7.874%	6.3	100	15.873%	2.6	112	38.462%
21.2	77	4.717%	12.0	89	8.333%	5.9	101	16.949%	2.4	113	41.667%
20.3	78	4.926%	11.4	90	8.772%	5.5	102	18.182%	2.1	114	47.619%
19.5	79	5.128%	10.8	91	9.259%	5.2	103	19.231%	1.9	115+	52.632%
18.7	80	5.348%	10.2	92	9.804%	4.9	104	20.408%			
17.9	81	5.587%	9.6	93	10.417%	4.5	105	22.222%			

The RMD Factor is different if the employee's sole designated beneficiary is a spouse who is more than 10 years younger than the employee. This piece is designed to provide general information on the subjects covered. Pursuant to IRS Circular 230, it is not, however, intended to provide specific legal or tax advice and cannot be used to avoid tax penalties or to promote, market, or recommend any tax plan or arrangement. Please note that Thomas Gold Solutions and their representatives and employees do not give legal or tax advice. You are encouraged to consult your tax advisor or attorney.