RMD Guide

Understanding Required Minimum Distributions

SWAN WEALTH

“All good things must come to end”… at least that’s what the IRS says when it comes to your tax-deferred accounts like traditional IRA’s and 401K’s. The time has come when the IRS wants their pound of flesh in the form of taxation. Required Minimum Distributions are mandatory annual withdrawals from your pre-tax accounts only, designed to ensure tax deferral on these savings are not indefinite.

When Do RMD’s Begin?

- For those born between 1951 - 1959, RMD’s commence at age 73
- For those born 1960 or later, RMD’s commence at age 75

The first distribution may be deferred until April 1 of the year following the required age. If deferred, a second RMD for the current year must be taken that same year.

How Are RMD’s Calculated?

Your annual RMD amount is determined by dividing the account balance as of Dec 31 of the prior year by a life expectancy factor derived from the IRS table. To calculate your RMD for the year, divide your account balance as of Dec 31 of the prior year by Distribution Period associated with your age

Required Minimum Distribution Periods

Age	Distribution Period
73	26.5
74	25.5
75	24.6
76	23.7
77	22.9
78	22.0
79	21.1
80	20.2
81	19.4
82	18.5
83	17.7
84	16.8
85	16.0
86	15.2
87	14.4
88	13.7
89	12.9
90	12.2

Strategies to Reduce RMD’s

Qualified Charitable Donations - Donate directly to charities to reduce taxable income

Roth Conversions - Consider converting a Traditional IRA to a Roth IRA.

Reinvest - For retirees who do not need the income, you can reinvest the mandatory distribution