

## Age 70 ½ REQUIRED MINIMUM DISTRIBUTIONS (RMD)

Written and edited by Harry Rubins for his clients and friends.  
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Obtain professional advice before taking action on this information.  
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- **Congress suspends 2009 RMD**
- **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- **When must each years RMD be withdrawn from each account**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!**