

7 RMD QUESTIONS ANSWERED

Here are 7 things you should know once you reach the age when you must withdraw Required Minimum Distributions (RMDs):

- 1. How are my RMDs taxed?** Generally, RMDs are taxed as ordinary income.
- 2. How much am I required to withdraw from my pre-tax retirement plans?** Starting at age [73](#), you will be required to withdraw a percentage of money from your retirement accounts based on the previous year's ending value of that account. The amount you have to withdraw is based on your age and one of two life expectancy tables that depend on your marital status and the age difference between you and your spouse.
- 3. Will my age and marital status affect the amount of my RMDs?** Yes, the RMD percentage is based on a life expectancy table. The percentage changes based on how old you are as well as the age difference between you and your spouse, if you are married.
- 4. Do I have to withdraw RMDs from each account?** No, you can take the total RMDs for all accounts from one IRA account; however, if you have a 401(k) and are retired, the 401(k) RMD must be taken from that account only.
- 5. When does my first RMD payment need to be made?** Beginning on January 1, 2023, RMDs start when you turn 73, and eventually 75 in 2033; however, the first RMD can be delayed until April 1 the year after you turn 73. [Those celebrating their 72nd birthday in 2023 will need to take their first RMD by Dec. 31, 2024, or delay the initial RMD until April 1, 2025. However, if you choose to delay until April 2025, you'll need to take a second RMD for the same year by December 31, 2025.](#)
- 6. What happens if I don't take an RMD?** [Beginning January 1, 2023, the penalty for not taking an RMD is reduced down from 50% to 25%. The fine drops to 10% for IRA owners who don't take their RMD but correct their mistake in a "timely manner."](#) That penalty is in addition to any taxes due on the RMD.
- 7. Are the rules different for spousal or inherited IRAs?** Yes. RMD rules are different if you're a survivor spouse or inherit an IRA from a parent or other relative.

RMDs should be taken seriously and can be complicated.

RMDs will likely play an important role in your finances in retirement. Contact us to speak with a financial professional to go over your RMD strategy.

This information was developed as a general guide and is not intended as tax or legal advice. You should seek advice based on your particular circumstances from an independent tax advisor as tax laws are subject to interpretation and legislative change and are unique to every specific taxpayer's particular set of facts and circumstances. Financial professional is not affiliated nor endorsed by the Social Security Administration or any other government agency. Annuity guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.