

## Required Minimum Distributions (RMDs)

You cannot keep retirement funds in your account indefinitely. You generally have to start taking withdrawals from your IRA or retirement plan account when you reach age 70½. [Roth IRAs](#) do not require withdrawals until after the death of the owner.

Your **required minimum distribution** is the minimum amount you must withdraw from your account each year.

- You can withdraw more than the minimum required amount.
- Your withdrawals will be included in your taxable income except for any part that was taxed before (your basis) or that can be received tax-free (such as qualified distributions from designated Roth accounts).

## Calculating the required minimum distribution

The required minimum distribution for any year is the account balance as of the end of the immediately preceding calendar year divided by a distribution period from the IRS's "Uniform Lifetime Table." A separate table is used if the sole beneficiary is the owner's spouse who is ten or more years younger than the owner.

- [worksheets](#) to calculate the required amount.
- tables to calculate the RMD during the participant or IRA owner's life:
  - [Joint Life and Last Survivor Expectancy Table](#) – if your spouse is the sole beneficiary and is more than 10 years younger than you
  - [Uniform Lifetime Table](#) - for everyone else

## Beginning date for your first required minimum distribution

- **IRAs (including SEP and SIMPLE IRAs)**
  - April 1 of the year following the calendar year in which you reach age 70½.
- **401(k), profit-sharing, 403(b), or other defined contribution plan**  
Generally, April 1 following the later of the calendar year in which you:
  - reach age 70½, or
  - retire.

## Date that you turn 70½

You reach age 70½ on the date that is 6 calendar months after your 70th birthday.

**Example:** You are retired and your 70th birthday was June 30, 2011. You reached age 70½ on December 30, 2011. You must take your first RMD (for 2011) by April 1, 2012.

**Example:** You are retired and your 70th birthday was July 1, 2011. You reached age 70½ on January 1, 2012. You do not have an RMD for 2011. You must take your first RMD (for 2012) by April 1, 2013.

## Terms of the plan govern

The plan's terms may allow you to wait until the year you actually retire to take your first RMD (unless you are a 5% owner). Alternatively, a plan may require you to begin receiving distributions by April 1 of the year after you reach age 70½, even if you have not retired.

### 5% owners

If you own 5% or more of the business sponsoring the plan, then you must begin receiving distributions by April 1 of the year after the calendar year in which you reach age 70½.

## Date for receiving subsequent required minimum distributions

For each subsequent year after your required beginning date, you must withdraw your RMD by December 31.

The first year following the year you reach age 70½ you will generally have two required distribution dates: an April 1 withdrawal (for the year you turn 70½), and an additional withdrawal by December 31 (for the year following the year you turn 70½). To avoid having both of these amounts included in your income for the same year, you can make your first withdrawal by December 31 of the year you turn 70½ instead of waiting until April 1 of the following year.

**Example:** John reached age 70½ on August 20, 2011. He must receive his 2011 required minimum distribution by April 1, 2012, based on his 2010 year-end balance. John must receive his 2012 required minimum distribution by December 31, 2012, based on his 2011 year-end balance.

If John receives his initial required minimum distribution for 2011 on April 1, 2012, then both his 2011 and 2012 distributions will be included in income on his 2012 income tax return.

## Consequence for failing to take required minimum distributions

If you do not take any distributions, or if the distributions are not large enough, you may have to pay a 50% excise tax on the amount not distributed as required.

- To report the excise tax, you may have to file [Form 5329](#), *Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts*.
- See the [Form 5329 instructions](#) for additional information about this tax.

## Required minimum distributions after the account owner dies

For the year of the account owner's death, use the RMD the account owner would have received. For the year following the owner's death, the RMD will depend on the identity of the designated beneficiary.

### Calculating required minimum distributions for designated beneficiaries

Beneficiaries of retirement accounts and IRAs calculate RMDs using the Single Life Table (Table I, Appendix C, [Publication 590](#), *Individual Retirement Arrangements (IRAs)*). The table shows a life expectancy based on the beneficiary's age. The account balance is divided by this life expectancy to determine the RMD.

- **Spouses** who are the sole designated beneficiary can:
  - treat an IRA as their own, or
  - base RMDs on their own current age,
  - base RMDs on the decedent's age at death, reducing the distribution period by one each year, or
  - withdraw the entire account balance by the end of the 5th year following the account owner's death, if the account owner died before the required beginning date.

If the account owner died before the required beginning date, the surviving spouse can wait until the owner would have turned 70½ to begin receiving RMDs

- **Individual beneficiaries** other than a spouse can:
  - withdraw the entire account balance by the end of the 5th year following the account owner's death, if the account owner died before the required beginning date, or
  - calculate RMDs using the distribution period from the Single Life Table based on:
    - If the owner died after RMDs began, the longer of the:
      - beneficiary's remaining life expectancy determined in the year following the year of the owner's death reduced by one for each subsequent year or
      - owner's remaining life expectancy at death, reduced by one for each subsequent year
    - If the account owner died before RMDs began, the beneficiary's age at year-end following the year of the owner's death, reducing the distribution period by one for each subsequent year.

See [Publication 590](#), *Individual Retirement Arrangements (IRAs)*, for details on calculating required distributions for beneficiaries

Source IRS.gov