

WHAT YOU NEED TO KNOW

ABOUT YOUR REQUIRED BEGINNING DATE (RBD)



What is the Required Beginning Date?

This is your due date for beginning to take required minimum distributions (RMDs) from your retirement account if you have an IRA or employer plan.

The rules differ depending on the type of retirement account you have or if you are the account owner or the beneficiary.

Use this chart to guide you, and give me a call to discuss this important due date in more detail.

THE IRA RBD

- The RBD for IRA owners is April 1 of the year after you turn age 70 ½.
- You may not have a required distribution in the year you turn 70. It all depends on your birthday. June 30 (halfway through the year) is the cut-off to determine if you use age 70 or age 71 to calculate your distribution.
- You can defer your first RMD until April 1 of the year after you turn age 70 ½. However, that means you would be taking two RMDs in the same year.
- There are drawbacks to waiting:
 - You may pay a higher tax rate.
 - More of your Social Security income could become taxable.
 - You may lose tax exemptions and deductions.

Schedule a meeting to determine if this is the right move for you.

THE EMPLOYER PLAN RBD

- The rules are generally the same as the IRA RBD, except for the “still working exception.”
- You don’t have to take an RMD:
 - If you work past age 70 ½;
 - And you are covered by an employer plan of your current employer;
 - And the employer plan allows the exception.
- The RBD is April 1 of the year after separation from service. If you separate from service this year, you can defer the 2018 RMD until April 1, 2019.
- The exception does not apply to other employer plans or IRAs you may have. You **MUST** still take RMDs from those other plans.
- Exceptions to the exceptions: If you own more than 5% of the company for which you work, you must take an RMD. If you have an employer SEP or SIMPLE IRA, you must follow the IRA rules, which means, you must take an RMD at age 70 ½.

THE RBD AND DEATH DISTRIBUTIONS

- If you inherit a retirement plan from an individual who passed away prior to his or her required beginning date, you will not have to take an RMD for the year of death.
- The RBD matters after an account owner dies when the estate is the beneficiary of the IRA at death.
 - If the IRA owner dies before his or her RBD, the distribution period follows the 5-year rule.
 - If the IRA owner dies on or after his or her RBD, the distribution period is the remaining life expectancy of the IRA owner.
- The RBD for a named non-spouse beneficiary is December 31 of the year after the account owner’s death. The RBD for a named spouse beneficiary varies. Call me to discuss your situation.