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Required Minimum Distributions (RMDs)

When Must RMDs Be Taken?

Your first required distribution from an IRA or retirement plan is for the year you reach age 70½. However, you have some flexibility as to when you actually have to take this first-year distribution. You can take it during the year you reach age 70½, or you can delay it until April 1 of the following year.

Since this first distribution generally must be taken no later than April 1 following the year you reach age 70½, this April 1 date is known as your required beginning date. Required distributions for subsequent years must be taken no later than December 31 of each calendar year until you die or your balance is reduced to zero. This means that if you opt to delay your first distribution until April 1 of the following year, you will be required to take two distributions during that year — your first year's required distribution and your second year's required distribution.

Example: *You have a traditional IRA. Your 70th birthday was December 2, 2018, so you will reach age 70½ in 2019. You can take your first RMD during 2019, or you can delay it until April 1, 2020. If you choose to delay your first distribution until 2020, you will have to take two required distributions during 2020 — one for 2019 and one for 2020. This is because your required distribution for 2020 cannot be delayed until the following year.*

There is one situation in which your required beginning date can be later than described above. If you continue working past age 70½ and are still participating in your employer's retirement plan, your required beginning date under the plan of your current employer can be as late as April 1 following the calendar year in which you retire (if the retirement plan allows this and you own 5% or less of the company). Again, subsequent distributions must be taken no later than December 31 of each calendar year.

Examples: *You own more than 5% of your employer's company and you are still working at the company. Your 70th birthday was on December 2, 2018, meaning that you will reach age 70½ in 2019. So you must take your first RMD from your current employer's plan by April 1, 2020 — even if you're still working for the company at that time.*

You participate in two plans — one with your current employer and one with your former employer. You own less than 5% of each company. Your 70th birthday was on December 2, 2018 (so you'll reach 70½ on June 2, 2019), but you'll keep working until you turn 73 on December 2, 2021. You can delay your first RMD from your current employer's plan until April 1, 2022 — the April 1 following the calendar year in which you retire. However, as to your former employer's plan, you must take your first distribution (for 2019) no later than April 1, 2020 — the April 1 after reaching age 70½.

IMPORTANT DISCLOSURES

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