# APPROACHING AGE 70½?
# GET ALL THE FACTS REGARDING REQUIRED MINIMUM DISTRIBUTIONS


**Presented by:**

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# DIANE M. PEARSON, CFP®, PPC™, CDFA™

Diane M. Pearson, CFP®, PPC™, CDFA™ is a Wealth Advisor and Shareholder with Legend Financial Advisors, Inc.® and EmergingWealth Investment Management, Inc.

Diane has been selected three times by *Worth* magazine as one of "The Top 250 Wealth Advisors" in the country.

Diane has been selected six consecutive times by *Medical Economics* magazine as one of "The 150 Best Financial Advisors for Doctors in America."

She has also been selected four times by *Dental Products Report* as one of "The Best Financial Advisors for Dentists in America."

Diane has also been previously selected by *Pittsburgh Magazine* three times as one of the Pittsburgh area's FIVE STAR Wealth Managers, a list that represents the most elite financial advisors in Pittsburgh.

With over 25 years of experience, Diane assists all types of clients with their financial planning and investment needs. Diane specialized expertise includes working with widowed, divorced and retirement-focused individuals.

She is also a managing member of the Smart Divorce Institute, LLC which provides professional, expert guidance, through educational workshops for men and women contemplating, experiencing, and/or emerging from divorce.

Diane has been awarded the Certified Divorce Financial Analyst™ (CDFA™) professional designation. As a CDFA™, she is qualified to serve as a financial expert on divorce cases, present data to support an argument, and educate clients on the short- and long-term financial implications of different divorce settlement proposals.

Diane is one of the first financial advisors in the country to earn the Professional Plan Consultants™ (PPC™) designation, recognizing her commitment to education and service excellence in the qualified retirement planning industry.

Ms. Pearson is also a member of the second Pittsburgh chapter of the Women's Presidents Organization (WPO).

Diane has also previously been selected as one of "Pennsylvania's Best 50 Women in Business" by The Pennsylvania Department of Community and Economic Development.

# WHAT IS A REQUIRED MINIMUM DISTRIBUTION (RMD)?

# HISTORY OF RMDs

**Self-Employed Individual Retirement Act Of 1962**

# TAX EQUITY AND FISCAL RESPONSIBILITY ACT OF 1982

1. Age 70 ½
2. Non-Key Employee At Retirement
3. Distributions Over Life Expectancy

# WHICH ACCOUNTS?

1. **TRADITIONAL IRAs**
2. **TRADITIONAL IRA Rollovers**
3. **SEP IRAs**
4. **SIMPLE IRAs**
5. **Qualified Retirement Plans**

# ACCOUNTS NOT AFFECTED

1. **Roth IRAs**

2. **Roth IRA Rollovers**

# EMPLOYER SPONSORED RETIREMENT PLANS

1. **What Is The Same?**

2. **What Is Different?**

# RMDs CANNOT BE ROLLED INTO ANOTHER IRA ACCOUNT

# RMDs CAN BE TRANSFERRED TO A CHARITY

# WHAT IS NEEDED TO CALCULATE AN RMDs

1. **Required Beginning Date**

# WHAT IS NEEDED TO CALCULATE AN RMDs

1. **Beginning Date**

2. **Accounts To Be Included**

# TAKE THE DISTRIBUTION FROM THE APPROPRIATE ACCOUNT

1. **IRAs**
2. **403(b) Plans**
3. **401(k) Plans**

# WHAT IS NEEDED TO CALCULATE AN RMDs

1. **Beginning Date**
2. **Accounts To Be Included**
3. **Account Balances**

# WHAT IS NEEDED TO CALCULATE AN RMDs

1. **Beginning Date**
2. **Accounts To Be Included**
3. **Account Balances**
4. **Life Expectancy**

# TABLE I – Single Life Expectancy Used by Beneficiaries

| AGE | LIFE EXPECTANCY | AGE | LIFE EXPECTANCY |
|---|---|---|---|
| 56 | 28.7 | 63 | 22.7 |
| 57 | 27.9 | 64 | 21.8 |
| 58 | 27.0 | 65 | 21.0 |
| 59 | 26.1 | 66 | 20.2 |
| 60 | 25.2 | 67 | 19.4 |
| 61 | 24.4 | 68 | 18.6 |
| 62 | 23.5 | 69 | 17.8 |

# Table II – Joint Life and Last Survivor Expectancy

**For Use by Owners Whose Spouses Are More Than 10 Years Younger and Are the Sole Beneficiaries of Their IRAs**

| Ages | 60 | 61 | 62 | 63 | 64 | 65 | 66 |
|---|---|---|---|---|---|---|---|
| 70 | 27.4 | 26.7 | 26.1 | 25.4 | 24.8 | 24.3 | 23.7 |
| 71 | 27.2 | 26.5 | 25.8 | 25.2 | 24.5 | 23.9 | 23.4 |
| 72 | 27.0 | 26.3 | 25.6 | 24.9 | 24.3 | 23.7 | 23.1 |
| 73 | 26.8 | 26.1 | 25.4 | 24.7 | 24.0 | 23.4 | 22.8 |
| 74 | 26.6 | 25.9 | 25.2 | 24.5 | 23.8 | 23.1 | 22.5 |
| 75 | 26.5 | 25.7 | 25.0 | 24.3 | 23.6 | 22.9 | 22.3 |
| 76 | 26.3 | 25.6 | 24.8 | 24.1 | 23.4 | 22.7 | 22.0 |

# TABLE III – Uniform Lifetime

**For Use by: Unmarried Owners; Married Owners Whose Spouses Are Not More Than 10 Years Younger; and Married Owners Whose Spouses Are Not the Sole Beneficiaries of Their IRAs**

| Age | Distribution Period | Age | Distribution Period | Age | Distribution Period | Age | Distribution Period |
|---|---|---|---|---|---|---|---|
| 70 | 27.4 | 77 | 21.2 | 84 | 15.5 | 91 | 10.8 |
| 71 | 26.5 | 78 | 20.3 | 85 | 14.8 | 92 | 10.2 |
| 72 | 25.6 | 79 | 19.5 | 86 | 14.1 | 93 | 9.6 |
| 73 | 24.7 | 80 | 18.7 | 87 | 13.4 | 94 | 9.1 |
| 74 | 23.8 | 81 | 17.9 | 88 | 12.7 | 95 | 8.6 |
| 75 | 22.9 | 82 | 17.1 | 89 | 12.0 | 96 | 8.1 |
| 76 | 22.0 | 83 | 16.3 | 90 | 11.4 | 97 | 7.6 |

# DIVIDED THE ACCOUNT BALANCE BY THE LIFE EXPECTANCY

**For Example – Year one:**

| | |
|---|---|
| **Husband** | **Age 70** |
| **Wife** | **Age 70** |
| **12/31/15 Account Balance** | **$100,000** |
| **Table III Uniform Lifetime** | **27.4** |

**$100,000 divided by 27.4 = $3,649.64**

# DIVIDED THE ACCOUNT BALANCE BY THE LIFE EXPECTANCY

**For Example – Year Two:**

| | |
|---|---|
| **Husband** | **Age 71** |
| **Wife** | **Age 71** |
| **12/31/16 Account Balance** | **$100,000** |
| **Table III Uniform Lifetime** | **26.5** |

**$100,000 Divided By 26.5 = $3,773.58**

# WHEN TO TAKE THE DISTRIBUTION

1. **Monthly?**
2. **Quarterly?**
3. **Annually?**

**The IRS Does Not Care – Just As Long As It Is Taken When Required**

# INHERITED IRA INFO NEEDED

1. Deceased Date Of Birth And Age At Death
2. Who Are The Beneficiaries
3. Beneficiaries Date Of Birth
4. Had The Deceased Started Taking RMDs

# CHOICE OF BENEFICIARY

1. Spouse
2. Non-Spouse
3. Charity
4. Non-Person Such As “My Last Will And Testament” Or “My Estate”

# A TRUST AS THE BENEFICIARY

# FIVE YEAR RULE

1. When Must It Be Taken?
2. How Should Be It Withdrawn?
3. When Does It Not Apply?

# FORM OF THE DISTRIBUTION

1. **Lump Sum**
2. **Periodic Distributions**
3. **Withdrawing More Than The RMD**

# TAXATION

1. **Pre-Tax Contributions**
2. **After-Tax Contributions**
3. **IRAs Vs Qualified Retirement Plans**

# PROHIBITED TRANSACTIONS

1. **Investing In Collectibles**
2. **Making Excess Contributions**
3. **Taking Early Distributions (Pre-59 ½)**
4. **Allowing Excess Amounts To Accumulate**

# CONSEQUENCES FOR NOT TAKING THE RMD

**50.0%**

**PENALTY**

# WHAT TO DO IF YOU MISSED A RMD

1. **Calculate And Take The RMD**
2. **File IRS Form 5329**
3. **Attach A Letter Of Explanation**
4. **Wait For The IRS Response**

# WHO IS RESPONSIBLE?

**YOU**

# Questions and Answers

# CONTACT INFORMATION

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