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IRS

Retirement Plan and IRA Required Minimum Distributions FAQs

COVID-19 Relief for Retirement Plans and IRAs

Information on this page may be affected by coronavirus relief for retirement plans and IRAs.

The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) became law on December 20, 2019. The Secure Act made major changes to the RMD rules. If you reached the age of 70½ in 2019 the prior rule applies, and you must take your first RMD by April 1, 2020. If you reach age 70 ½ in 2020 or later you must take your first RMD by April 1 of the year after you reach 72.

For defined contribution plan participants, or Individual Retirement Account (IRA) owners, who die after December 31, 2019, (with a delayed effective date for certain collectively bargained plans), the SECURE Act requires the entire balance of the participant's account be distributed within ten years. There is an exception for a surviving spouse, a child who has not reached the age of majority, a disabled or chronically ill person or a person not more than ten years younger than the employee or IRA account owner. The new 10-year rule applies regardless of whether the participant dies before, on, or after, the required beginning date, now age 72.

Your required minimum distribution is the minimum amount you must withdraw from your account each year. You generally have to start taking withdrawals from your IRA, SEP IRA, SIMPLE IRA, or retirement plan account when you reach age 72 (70 ½ if you reach 70 ½ before January 1, 2020). Roth IRAs do not require withdrawals until after the death of the owner.

- 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).

For more information on IRAs, including required withdrawals, see:

- Required Minimum Distributions (RMDs)
- Individual Retirement Arrangements (IRAs)
- Required Minimum Distribution Worksheets for IRAs
- Chart of required minimum distributions for IRA beneficiaries
- Publication 560, Retirement Plans for Small Business (SEP, SIMPLE and Qualified Plans)

- Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs)
- RMD Comparison Chart (IRAs vs. Defined Contribution Plans)

These frequently asked questions and answers provide general information and should not be cited as legal authority.

What are Required Minimum Distributions?

Required Minimum Distributions (RMDs) generally are minimum amounts that a retirement plan account owner must withdraw annually starting with the year that he or she reaches 72 (70 ½ if you reach 70 ½ before January 1, 2020), if later, the year in which he or she retires. However, if the retirement plan account is an IRA or the account owner is a 5% owner of the business sponsoring the retirement plan, the RMDs must begin once the account holder is age 72 (70 ½ if you reach 70 ½ before January 1, 2020), regardless of whether he or she is retired.

Retirement plan participants and IRA owners, including owners of SEP IRAs and SIMPLE IRAs, are responsible for taking the correct amount of RMDs on time every year from their accounts, and they face stiff penalties for failure to take RMDs.

When a retirement plan account owner or IRA owner, who dies before January 1, 2020, dies before RMDs have begun, generally, the entire amount of the owner's benefit must be distributed to the beneficiary who is an individual either (1) within 5 years of the owner's death, or (2) over the life of the beneficiary starting no later than one year following the owner's death. For defined contribution plan participants, or Individual Retirement Account owners, who die after December 31, 2019, (with a delayed effective date for certain collectively bargained plans), the SECURE Act requires the entire balance of the participant's account be distributed within ten years. There is an exception for a surviving spouse, a child who has not reached the age of majority, a disabled or chronically ill person or a person not more than ten years younger than the employee or IRA account owner. The new 10-year rule applies regardless of whether the participant dies before, on, or after, the required beginning date, now age 72.

See Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), for complete details on when beneficiaries must start receiving RMDs.

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What types of retirement plans require minimum distributions?

The RMD rules apply to all employer sponsored retirement plans, including

profit-sharing plans, 401(k) plans, 403(b) plans, and 457(b) plans. The RMD rules also apply to traditional IRAs and IRA-based plans such as SEPs, SARSEPs, and SIMPLE IRAs.

The RMD rules also apply to Roth 401(k) accounts. However, the RMD rules do not apply to Roth IRAs while the owner is alive.

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When must I receive my required minimum distribution from my IRA?

You must take your first required minimum distribution for the year in which you turn age 72 (70 ½ if you reach 70 ½ before January 1, 2020). However, the first payment can be delayed until April 1 of 2020 if you turn 70½ in 2019. If you reach 70½ in 2020, you have to take your first RMD by April 1 of the year after you reach the age of 72. For all subsequent years, including the year in which you were paid the first RMD by April 1, you must take the RMD by December 31 of the year.

A different deadline may apply to RMDs from pre-1987 contributions to a 403(b) plan (see FAQ 5 below).

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How is the amount of the required minimum distribution calculated?

Generally, a RMD is calculated for each account by dividing the prior December 31 balance of that IRA or retirement plan account by a life expectancy factor that the IRS publishes in Tables in Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs). Choose the life expectancy table to use based on your situation.

Joint and Last Survivor Table II - use this table if the sole beneficiary of the account is your spouse and your spouse is more than 10 years younger than you.

- 2021 RMDs PDF
- 2022 RMDs PDF

Uniform Lifetime Table III - use this if your spouse is not your sole beneficiary or your spouse is not more than 10 years younger

- 2021 RMDs PDF
- 2022 RMDs PDF

Single Life Expectancy Table I - use this if you are a beneficiary of an account (an inherited IRA)

- 2021 RMDs PDF
- 2022 RMDs PDF

See the worksheets to calculate required minimum distributions and the FAQ below for different rules that may apply to 403(b) plans.

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Can an account owner just take a RMD from one account instead of

separately from each account?

An IRA owner must calculate the RMD separately for each IRA that he or she owns, but can withdraw the total amount from one or more of the IRAs. Similarly, a 403(b) contract owner must calculate the RMD separately for each 403(b) contract that he or she owns, but can take the total amount from one or more of the 403(b) contracts.

However, RMDs required from other types of retirement plans, such as 401(k) and 457(b) plans have to be taken separately from each of those plan accounts.

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Who calculates the amount of the RMD?

Although the IRA custodian or retirement plan administrator may calculate the RMD, the IRA or retirement plan account owner is ultimately responsible for calculating the amount of the RMD.

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Can an account owner withdraw more than the RMD?

Yes.

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What happens if a person does not take a RMD by the required deadline?

If an account owner fails to withdraw a RMD, fails to withdraw the full amount of the RMD, or fails to withdraw the RMD by the applicable deadline, the amount not withdrawn is taxed at 50%. The account owner should file Form 5329, Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts PDF, with his or her federal tax return for the year in which the full amount of the RMD was not taken.

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Can the penalty for not taking the full RMD be waived?

Yes, the penalty may be waived if the account owner establishes that the shortfall in distributions was due to reasonable error and that reasonable steps are being taken to remedy the shortfall. In order to qualify for this relief, you must file Form 5329 PDF and attach a letter of explanation. See the instructions to Form 5329 PDF.

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Can a distribution in excess of the RMD for one year be applied to the RMD for a future year?

No.

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How are RMDs taxed?

The account owner is taxed at his or her income tax rate on the amount of the withdrawn RMD. However, to the extent the RMD is a return of basis or is a qualified distribution from a Roth IRA, it is tax free.

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Can RMD amounts be rolled over into another tax-deferred account?

No. Please refer to Publication 590-B, Distributions from Individual Retirement Arrangements (IRAs), for additional information.

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Is an employer required to make plan contributions for an employee who has turned 72 (70 ½ if you reach 70 ½ before January 1, 2020) and is receiving required minimum distributions?

Yes, you must continue contributions for an employee, even if they are receiving RMDs. You must also give the employee the option to continue making salary deferrals, if the plan permits them. Otherwise, you will fail to follow the plan's terms, causing your plan to lose its qualified status. You may correct this failure through the Employee Plans Compliance Resolution System (EPCRS).

How contributions affect RMDs

When you calculate an employee's RMD, consider any contributions that you make for that employee. For defined contribution plans, calculate the RMD for an employee by dividing his or her prior December 31 account balance by a life expectancy factor in the applicable table in Appendix B of Pub. 590-B. A defined benefit plan generally must make RMDs by distributing the participant's entire interest as calculated by the plan's formula in periodic annuity payments for:

- the participant's life,
- the joint lives of the participant and beneficiary, or
- a "period certain" (see Treas. Reg. §1.401(a)(9)-6, A-3).

See also:

- RMD Comparison Chart (IRAs vs. Defined Contribution Plans)
- Publication 560, Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)

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What are the required minimum distribution requirements for pre-1987 contributions to a 403(b) plan?

If the 403(b) plan (including any 403(b) plan that received pre-1987 amounts in a direct transfer that complies with Treas. Reg. Section 1.403(b)-10(b)):

- has separately accounted and kept records for pre-1987 amounts, and

- is for the primary purpose of providing retirement benefits (see the incidental benefit rules in Treas. Reg. Section 1.401-1(b)(1)(I)),

then the pre-1987 amounts (excluding any earnings or gains on such amounts):

- are not subject to the age 72 (70 ½ if you reach 70 ½ before January 1, 2020) RMD rules of IRC Section 401(a)(9),
- are not used in calculating age 70½ (or 72) RMDs from the 403(b) plan, and
- don't need to be distributed from the plan until December 31 of the year in which a participant turns age 75 or, if later, April 1 of the calendar year immediately following the calendar year in which the participant retires.

If the plan includes both pre-1987 and post 1987 amounts, for distributions of any amounts in excess of the age 70½ RMDs, the excess is considered to be from the pre-1987 amounts.

If records are not kept for pre-1987 amounts, the entire account balance is subject to the age 70½ RMD rules of IRC section 401(a)(9).

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