

Reminder: It's Time for Those Age 72 and Over to Take Their RMDs

Individuals who were born in 1950 or earlier must soon start taking required minimum distributions (RMDs) from their IRAs and retirement plan accounts, according to the IRS. ([IR 2022-217](#), 12/12/2022)

Required minimum distributions. Generally, required minimum distributions are minimum amounts that retirement plan and IRA account owners 72 and older must annually withdraw from their accounts. Depending on the type of retirement account they have, individuals can delay taking their first RMD until April 1 of the year following the year they reach age 72 or the year they retire. RMDs are taxable income and taxpayers may be subject to penalties if they don't take their RMDs on time.

The RMD rules apply to:

- IRAs, SEP, SARSEP, and SIMPLE IRA accounts.
- Workplace retirement accounts such as 401(k), 403(b) and 475(b) plans, profit-sharing and other defined contribution and defined benefit plans.

Note. The RMD rules do not apply to Roth IRAs.

Who must take RMDs. Individuals who turned age 72 in 2022 and who have a traditional IRA, SEP, SARSEP or SIMPLE IRA must take their first RMD by April 1, 2023, even if they are still working. These individuals must take their second RMD by December 31, 2023 (and annually thereafter).

Individuals with a workplace retirement account must take their first RMD by April 1 of (1) the year after they turn 72 or (2) when they stop working.

Note. The extended withdrawal date doesn't apply to a 5% owner of the employer. 5% owners must begin taking RMDs at age 72.

Calculating RMDs. The IRA trustee or plan administrator must either report the RMD to the account owner or offer to calculate it. For IRAs, the RMD must be calculated separately for each IRA that individual owns.

IRA owners may be able to withdraw their entire RMD from one IRA account. However, RMDs from retirement plans must be taken separately from each plan.

Excise tax. Taking an RMD and getting the RMD amount right is important because not taking an RMD or not withdrawing enough could mean a 50% excise tax on the undistributed amount.

Inherited retirement accounts. Non-spouse individuals who inherit a retirement account (IRA, ROTH IRA, or workplace retirement account) may be required to take an RMD before they turn age 72 and may also be required to drain the account within 10 years.

This information has been provided by Gold Gerstein Group, LLC.

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