

WHAT IS YOUR RMD?

YOUR **RE**QUIRED **MIN**IMUM **D**ISTRIBUTION

If you have tax-deferred accounts, like IRAs or 401(k)s, you'll eventually have to take a distribution from those accounts. Do you know when or how much? Worry no more as Glassman Wealth Services guides you through all you need to know about your RMD.



LIVING WELL IN RETIREMENT

When life's possibilities expand beyond your career, we help you prepare for the adventure ahead.

REQUIRED MINIMUM DISTRIBUTION



What is it?

When you put earned income into a tax deferred account like a 401(k) or IRA, Uncle Sam eventually wants to collect those taxes. So, starting in the year you turn 70 1/2, the IRS requires that you take a Required Minimum Distribution (RMD) - the minimum amount that you need to withdraw from your retirement account each year.

How To Calculate Your RMD

Most people will use the IRS table below. If your spouse is more than 10 years younger than you, you must use a different table. Inherited IRAs follow a different calculation.

- 1 Find the 12/31 balance of your IRAs for the previous year. If you have multiple IRAs, add the balances together and treat the calculation as one. 401ks and Inherited IRAs are calculated separately. You do not have to take an RMD from a Roth IRA.
- 2 Divide the IRA balance by the Distribution Period that corresponds with your age on the IRS table.
- 3 To make this even easier, we calculated the percent of your total 12/31 account balances that you will have to take each year and provided it below.

How much?

The amount of the RMD has to be calculated each year using an IRS table. Glassman Wealth Services will do this for you and help with your tax and distribution questions. For assistance, please call your GWS advisor at 703-534-4444.

IRS TABLE

| | | | | | | | | | | | | | | | | |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Age | 70 | 71 | 72 | 73 | 74 | 75 | 76 | 77 | 78 | 79 | 80 | 81 | 82 | 83 | 84 | 85 |
| Distribution Period (In Years) | 27.4 | 26.5 | 25.6 | 24.7 | 23.8 | 22.9 | 22 | 21.2 | 20.3 | 19.5 | 18.7 | 17.9 | 17.1 | 16.3 | 15.5 | 14.8 |
| Percent You Need to Take | 3.65 | 3.77 | 3.91 | 4.05 | 4.2 | 4.37 | 4.55 | 4.72 | 4.93 | 5.13 | 5.35 | 5.59 | 5.85 | 6.13 | 6.45 | 6.76 |
| Age | 86 | 87 | 88 | 89 | 90 | 91 | 92 | 93 | 94 | 95 | 96 | 97 | 98 | 99 | 100 | 101 |
| Distribution Period (In Years) | 14.1 | 13.4 | 12.7 | 12 | 11.4 | 10.8 | 10.2 | 9.6 | 9.1 | 8.6 | 8.1 | 7.6 | 7.1 | 6.7 | 6.3 | 5.9 |
| Percent You Need to Take | 7.09 | 7.46 | 7.87 | 8.33 | 8.77 | 9.26 | 9.8 | 10.42 | 10.99 | 11.63 | 12.35 | 13.16 | 14.08 | 14.93 | 15.87 | 16.95 |

For Example:



Roger is 73 and he owns 3 IRAs.

- 1 First add all the IRA 12/31 balances:
 $\$450,325 + \$370,699 + \$460,504 = \$1,281,528$
- 2 Then Divide the total by the Distribution Period to get the RMD.
 $\$1,281,528 \div 24.7 = \$51,883.72$
This is Roger's RMD for the current year

Good to Know

Over 70¹/₂, still employed and not a 5% owner of the company you are working for? You don't need to take your 401(k) distribution yet.

For your first year, your RMD is approximately 3.7% of your 12/31 balance

YOUR RMD DECISIONS

1 When do you want to take it?

You must take an RMD by December 31st each year, except for the first distribution. For that first year only, there is a special rule allowing you to defer taking the distribution until April 1st of the year following the year you turn 70^{1/2}. Keep in mind that if you wait, you will have to take two distributions in one year.



3 What if I have an Inherited IRA?

A different calculation is used and depends on several factors. To learn more about Inherited IRAs, please contact your GWS advisor.



2 How much should you withhold for Federal and State Tax?

Remember that this entire distribution may be taxable to you at ordinary income tax rates. Your tax advisor may be able to give you the percentage of taxes to be withheld. Otherwise, contact your Glassman Wealth Advisor and we can help.

4 Where do you want the distribution to go?

The distribution could be sent to your home by check, direct deposited into your bank account, transferred to another account, or wired to your bank checking account.

5 How do you want to receive your RMD?



An annual lump sum or monthly/quarterly payments.

6 From which account should you take the distribution?

You can take the entire amount from one IRA or from several. RMDs for 401ks and Inherited IRAs need to come from that specific account.

FREQUENTLY ASKED QUESTIONS

What happens if I forget one year?

The penalty is pretty stiff. The IRS imposes a 50% penalty for the amount of the RMD that was not taken.

When do I take the first RMD?

If you were born in the first half of the year, (January 1 to June 30) you take it in the year you turn 70. If you were born in the later half of the year, (July 1 to December 31) you take it in the year you turn 71. Don't forget, you can elect to delay your first distribution until April 1st of the following year.

Will GWS help me with this?

Yes we will. We track each client's RMD for the accounts that we manage and make sure it has been satisfied for that year. Once we know the answers to the questions above, we can take care of this for you each year with a simple acknowledgment.

Why is this a requirement?

When the dollars were deposited in your retirement account they were probably pre-tax, so no income tax was paid. The investments have been able to grow tax-deferred over the years as well. Since neither income tax nor capital gains have been paid on these retirement account funds, the IRS wants some tax revenue.

Can I skip if I don't need the money?



No, this is an annual IRS requirement.



We're here to help, please call us at 703-534-4444.



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-  SMART INVESTING
-  ESTATE PLANNING
-  MANAGING LIFE'S RISKS
-  NEXT GENERATION

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“Refreshing” isn’t a word many people associate with a wealth-services firm, but it’s how our clients describe us. Because we approach things differently. Because we’re not afraid to be candid. Because we manage over \$800 million in assets, yet remain a resolutely boutique firm offering personalized service. And while we're honored that Barron's and Washingtonian, among others, have named us as a Top Financial Advisory firm, we still care more about the reputation we’ve earned with our clients.

We invite you to get to know us and learn what we can do for you.

For more information or to speak with an advisor, please call us at 703-534-4444.

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