



## RMD Requirements for 2023

An RMD (Required Minimum Distribution) is a federally mandated annual distribution from a pre-tax account at a certain age. These rules vary greatly depending on if they are your assets, or if you inherited them.

### Traditional IRAs and 401(k)s

#### RMD Age Requirements

The Secure Act 2.0 raised the RMD age to 73 years old. That means that if you turn 73 in the year 2023 or later, you will be required to take an RMD no later than April 1st of the following year. If you turned 72 in 2022, you must take your first RMD by April 1st of 2023.

#### How an RMD is Calculated

Your annual RMD is calculated using the IRS life expectancy table and the end of year balance of all your pre-tax accounts.

#### Penalties

If you miss an RMD, the federal government charges up to a 25% penalty of the missed amount. It can be reduced to a 10% penalty if corrective actions are taken.

#### Roth IRAs

There are no RMD requirements for Roth IRAs. They are exempt from these rules unless inherited.

### Inherited IRAs and 401(k)s

#### Spousal IRAs

If you inherited your spouse's IRA, you are allowed to register it as your own IRA and it will fall under the standard RMD Age Requirements.

#### Non-Spousal IRAs BEFORE 1/1/2020

If you inherited a non-spouse's IRA before this date, you are able to elect a stretch RMD, meaning you take an annual RMD based on YOUR life expectancy, not the original owner.

#### Non-Spousal IRAs AFTER 1/1/2020

If you inherited a non-spousal IRA after this date, you fall under the 10 year rule, meaning you must distribute all of the assets from the account by the end of the tenth year. You don't have to do an annual distribution, but it may be more tax efficient.

#### Inherited Roth IRAs

Inherited Roth IRAs fall under the same Spousal and Non-Spousal Inherited IRA RMD rules but distributions are not taxable.