

# WHAT YOU NEED TO KNOW

## ABOUT YOUR REQUIRED BEGINNING DATE (RBD)



### What is the Required Beginning Date?

This is your due date for beginning to take required minimum distributions (RMDs) from your retirement account if you have an IRA or employer plan.

The rules differ depending on the type of retirement account you have.

Use this chart to guide you, and give me a call to discuss this important due date in more detail.

### THE IRA RBD

- Under the new SECURE Act, which is effective in 2020, the RBD for IRA owners is April 1 of the year after you turn age 72.” However, this does apply to you if you reached 70 1/2 in 2019. You still have an RBD of April 1, 2020.
  - You can defer your first RMD until April 1 of the year after you turn age 72. However, that means you would be taking two RMDs in the same year.
  - There are drawbacks to waiting:
    - ☐ You may pay a higher tax rate.
    - ☐ More of your Social Security income could become taxable.
    - ☐ You may lose tax exemptions and deductions.
- Schedule a meeting to determine if this is the right move for you.

### THE EMPLOYER PLAN RBD

- The rules are generally the same as the IRA RBD, except for the “still working exception.”
- You don’t have to take an RMD:
  - ☐ If you work past age 72;
  - ☐ And you are covered by an employer plan of your current employer;
  - ☐ And the employer plan allows the exception.
- The RBD is April 1 of the year after separation from service. If you separate from service this year, you can defer the 2020 RMD until April 1, 2021.
- The exception does not apply to other employer plans or IRAs you may have. You **MUST** still take RMDs from those other plans.
- Exceptions to the exceptions: If you own more than 5% of the company for which you work, you must take an RMD. If you have an employer SEP or SIMPLE IRA, you must follow the IRA rules, which means, you must take an RMD at age 72.