

# About Required Minimum Distributions

## What is a Required Minimum Distribution (RMD)?

The Internal Revenue Service (IRS) requires most owners of tax-qualified annuity contracts to take a withdrawal—referred to as a Required Minimum Distribution (RMD)—from their annuity contract each calendar year. These RMD rules established by the Internal Revenue Code help to ensure that your tax-qualified annuity is being used for its intended purpose—to provide retirement income. If you don't satisfy your RMD requirements, you can face tax penalties.

## Am I required to take an RMD?

The Internal Revenue Service (IRS) requires most Individual Retirement Annuity (IRA) and Tax-Sheltered Annuity (TSA) owners who are age 70½\* or older, and most Inherited IRA owners regardless of age, to take an RMD from their annuity contract each calendar year. The IRS requires New York Life Insurance and Annuity Corporation (NYLIAC) to report to them that you are required to take an RMD<sup>^</sup>.

<sup>^</sup>Traditional IRA only.

## What is New?

Recently, Congress passed, and the President signed into law, the Setting Every Community Up For Retirement Enhancement Act of 2019 ("the SECURE Act"). Effective January 1, 2020, the SECURE Act introduces several changes to the Internal Revenue Code that affect Individual Retirement Annuities ("IRAs").

The age for when RMDs from Traditional IRAs must begin has increased from 70½ to 72. For any individual who is not already age 70½ by January 1, 2020, RMDs do not have to begin until April 1st of the year after they turn 72. For individuals who have already reached age 70½ by the end of 2019, the current rules for RMD commencement still apply. For example, individuals who turned 70½ on December 15, 2019, will still be required to take their first RMD by April 1, 2020. Meanwhile, individuals born on July 1, 1949 who turns 70½ on January 1, 2020, won't be required to take their first RMD until April 1, 2022.



# When do I need to complete my RMD by?

Your RMD must be satisfied by December 31<sup>st</sup> each year. The RMD Election Form should be submitted before November 15<sup>th</sup>.

## Can I postpone my RMD?

### Traditional IRA

- The IRS allows you to postpone your first RMD until April 1<sup>st</sup> of the year following the year you turn 70 ½\*
- If you choose to postpone your first RMD, you have until March 1<sup>st</sup>, of the following year to complete the RMD Election Form. Keep in mind that if you postpone, you will be required to take two RMDs in that year:
  - The first by April 1<sup>st</sup>
  - The second by December 31<sup>st</sup>

### TSA

- The IRS allows you to postpone your first RMD until April 1<sup>st</sup> of the year following the later of the year you turn 70 ½\* or the year you retire from the employer maintaining the plan
- If you choose to postpone your first RMD, you have until March 1<sup>st</sup>, of the following year to complete the RMD Election Form. Keep in mind that if you postpone, you will be required to take two RMDs in that year:
  - The first by April 1<sup>st</sup>
  - The second by December 31<sup>st</sup>

### Inherited IRA

- If you are a surviving spouse and the only beneficiary, the RMD may be postponed until the end of the year your deceased spouse would have turned 70 ½\*.
- For non-spouse beneficiaries, the first RMD must be taken by December 31<sup>st</sup> of the year following the year in which the original owner passed away

# How can I fulfill my RMD?

You can do one of the following depending on your policy:

## IRA

- You can satisfy your RMD requirement for this year by taking a minimum withdrawal from this annuity contract; however, if you have other IRAs, you may also satisfy your RMD requirement by combining the minimum withdrawals and taking them from those IRAs instead. You can also take more than the minimum withdrawal from this annuity contract to satisfy the RMD requirement for other IRAs; however, surrender charges may apply.
- You can schedule automatic distributions to satisfy your RMD. We'll calculate your RMD amount, make the withdrawal, and automatically distribute funds where you want them.
- If you already took a withdrawal this year or have already scheduled a withdrawal to be taken this year from this annuity contract, or another IRA you may not have to take an RMD at this time.

If your spouse is the only beneficiary and is more than 10 years younger than you, or if the original owner of your inherited IRA was younger than you and passed away after April 1<sup>st</sup> following the year they attained age 70 ½\*, your recalculated RMD may be less than the estimated amount. Call us at 1-800-CALL-NYL to discuss recalculating your RMD.

## TSA

- You can satisfy your RMD requirement for this year by taking a minimum withdrawal from this annuity contract; however, if you have other TSAs, you may also satisfy your RMD requirement by combining the minimum withdrawals and taking them from those TSAs instead. You can also take more than the minimum withdrawal from this annuity contract to satisfy the RMD requirement for other TSAs; however, surrender charges may apply.
- You can schedule automatic distributions to satisfy your RMD. We'll calculate your RMD amount, make the withdrawal, and automatically distribute funds where you want them.
- If you already took a withdrawal this year or have already scheduled a withdrawal to be taken this year from this annuity contract, or another TSA you may not have to take an RMD at this time.

**\*Please note, if you did not attain age 70 ½ prior to December 31, 2019 you are not required to begin your RMD until age 72.**

**If you are uncertain as to whether your RMD requirement has been satisfied or if you have any further tax-related questions, please check with your professional tax advisor. Neither New York Life nor its agents can provide tax advice.**

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