

Required Minimum Distributions from Traditional IRA Accounts

Small Talk Education Presentation
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WHEN TO TAKE WITHDRAWALS

- Must take withdrawals starting at age 70 ½
- Must be taken by December 31

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AMOUNT TO BE TAKEN

- Based on account balance of 12/31 of previous year
- For most people, begins at about 3.6% of assets
Your amount may be different
- Increases with age
- Spouse's age may impact the withdrawal amount
- No maximum limit

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HOW IS THE AMOUNT FIGURED?

- Your IRA sponsor is required to compute it for you
- Use IRS table in Appendix B to Publication 590-B
- Assets divided by a life expectancy factor
- Example: $\$400,000 / 25.6 \text{ years} = \$15,625$

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DO I HAVE TO PAY TAXES ON THAT MONEY?

- YES
- Taxed at your ordinary income rate

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WAYS TO TAKE PAYMENT

- Lump sum or periodic payments
- Transfer stock shares
- Transfer directly to a charity
- If you own several IRAs, may take all of it out of any one of your choosing
- Timing – leave time for transactions to clear

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I FORGOT TO PAY IT

- The penalty is 50% of what you owed
- Pay and file Form 5329 with the IRS and with a statement explaining why you didn't pay on time
- The sooner the better and you will probably be excused

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Questions?



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References

- Saunders, L. (2017, Feb 06). Everything you need to know about required 401(k) and IRA withdrawals; required minimum distributions can be confusing, here are smart ways to go about it. *Wall Street Journal (Online)* Retrieved from <http://ezproxy.denverlibrary.org:2048/login?url=http://search.proquest.com/docview/1865121561?accountid=37073>
- Department of the Treasury, Internal Revenue Service, Publication 590-B, Cat. No. 66303U, Distributions from Individual Retirement Arrangements (IRAs), For use in preparing 2016 Returns, Dec 23, 2016

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Tonight's Stock Presentation

Manhattan Associates (MANH)



Presented by:
Jane Nelson
President, Rocky Mountain Chapter

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