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### Time is Running Out to Take Your 2022 RMD

#### Article Highlights:

- 2022 RMD
- What Are RMDs?
- Age 72 Distributions
- IRAs and Qualified Plans
- Computing the RMD

Required Minimum Distributions (RMD) are required taxable distributions from qualified retirement plans and are commonly associated with traditional IRAs, but they also apply to 401(k)s and SEP IRAs. The tax code does not allow taxpayers to indefinitely keep funds in their qualified retirement plans. Eventually, these assets must be distributed, and taxes must be paid on those distributions. If a retirement plan owner takes no distributions, or if the distributions are not large enough, then he or she may have to pay a 50% penalty on the required distribution amount that is not distributed.

The penalty can be waived where the failure to take the required distribution was due to reasonable cause and steps are being taken to remedy the shortfall. The penalty waiver must be applied for, creating additional hassle, not to mention the potential additional tax created by multiple year distributions in one year.

Note: RMDs do not apply to Roth IRAs while the account owner is alive.

Individuals must begin taking RMDs in the year they reach age 72. The first year's distribution for those turning age 72 in 2022 can be delayed to no later than April 3 of 2023. However, delaying the first distribution means taking two distributions in 2023, which could have adverse tax consequences.

RMDs for 2022 are determined based upon the values of the accounts as of December 31, 2021, divided by the distribution period. The distribution period is based on the taxpayer's life expectancy determined from the Uniform Lifetime Table for the taxpayer's current age.

If you have been calculating your RMD in the past, be aware that a new uniform lifetime table applies effective in 2022, as illustrated below.

CURRENT UNIFORM LIFETIME TABLE – THROUGH 2022					
Age	Distribution Period	Age	Distribution Period	Age	Distribution Period
		80	20.2	90	12.2
		81	19.4	91	11.5
72	27.4	82	18.5	92	10.8
73	26.5	83	17.7	93	10.1
74	25.5	84	16.8	94	9.5
75	24.6	85	16.0	95	8.9
76	23.7	86	15.2	96	8.4
77	22.9	87	14.4	97	7.8
78	22.0	88	13.7	98	7.3
79	21.1	89	12.9	99	6.8
					100 6.4
					101 6.0
					102 5.6
					103 5.2
					104 4.9
					105 4.6
					106 4.3
					107 4.1
					108 3.9
					109 3.7
					110 3.5
					111 3.4
					112 3.3
					113 3.1
					114 3.0
					115 2.9
					116 2.8
					117 2.7
					118 2.5
					119 2.3
					120+2.0

**Example:** Don's oldest age during 2022 is 75 and he has a single IRA account with a value of \$150,000 at the close of the business day on December 31, 2021. Using the Uniform Lifetime Table effective for 2022, we find that the distribution period for age 75 is 24.6 years. Thus, Don's RMD for 2022 is \$6,098 (\$150,000/24.6).

When an owner of a retirement plan or an IRA dies before receiving his or her entire RMD in the year of death, the unpaid amount must be distributed to the named beneficiaries or, if none, the decedent's estate.

Where an individual has multiple retirement plans and/or IRAs some additional complications may be encountered as to which accounts the distributions must be withdrawn from. Note that distributions from a 401(k) or other qualified retirement plan can't be used to satisfy the RMD of an IRA or vice versa.

If you need to make your 2022 RMD by December 31, and haven't yet done so, keep in mind that the 31st, is not a business day, and may be observed as the New Year's holiday by many financial institutions. So, a word to the wise: don't wait until New Year's Eve to arrange for the distribution.

If you need assistance related to your RMD, please contact this office.

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