TW TICINO WEALTH

Required Minimum Distributions

Making the right decisions about RMDs helps ensures tax efficiency and avoids penalties

What is a Required Minimum Distribution (RMD)?

An RMD is the minimum amount you must withdraw from retirement accounts (like IRAs or 401(k)s) starting at age 73, to avoid tax penalties.

Can I take more than the RMD amount?

Yes, you can withdraw more than the required amount, but be aware that additional withdrawals are subject to income tax.

Can I delay RMDs if I'm still working?

If you're still employed and have a 401(k) with your current employer, you may delay RMDs from that account until retirement.

When do I need to start taking RMDs?

You must start RMDs by April 1 of the year following the year you turn 73. After that, withdrawals must be made by December 31 each year.

What happens if I don't take my RMD?

If you fail to take your RMD, the IRS imposes a hefty penalty—50% of the amount you were supposed to withdraw.

Do I have to take RMDs from every account?

Yes, you must take RMDs from each account, but you can aggregate RMDs from IRAs to withdraw from any single IRA.

How are RMDs calculated?

RMDs are calculated by dividing the account balance at the end of the prior year by a life expectancy factor from IRS tables.

Are RMDs taxable?

Yes, RMDs are considered ordinary income and are subject to federal income tax. State taxes may also apply.

How do RMDs affect my retirement planning?

RMDs impact your retirement cash flow and tax strategy. You'll need to plan withdrawals to minimize taxes and ensure enough funds remain for future needs.