Required Minimum Distribution (RMD) Common Questions

Learn about your RMD distribution options.

Fidelity Viewpoints
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Key takeaways

What is an RMD?

A required minimum distribution (RMD) is a mandatory distribution from a tax-deferred retirement account like a traditional IRA, 401(k), or 403(b), or 457(b) plan which you must start taking when you reach the IRS defined age. The IRS requires you to take an annual RMD until all the money in your account has been distributed.

When must I take my first RMD?

Generally, you must begin taking RMDs by your required beginning date, which is April 1 of the year following the later of:

- The year you reach the applicable RMD age (generally age 73[1]; age 72 if you were born after June 30, 1949, and before January 1, 1951; or age 70 1/2 if you were born before July 1, 1949), or
- The year you retire.

If you continue working beyond age 73, you may be able to delay taking RMDs until you retire. Note, if you own 5% or more of the business sponsoring the plan, you must begin to receive your RMD at age 73, even if you are still working.[1]

The date by which a beneficiary is required to commence their first an RMD is based on the age of the participant at the time of their death and whether they were receiving RMDs.

What is the deadline for taking subsequent RMDs?

After you reach your required beginning date and take your first RMD, the IRS requires you to take an RMD from a workplace saving plan by December 31 of each year. However, if this is the first year of required distributions you can delay your first RMD until April 1 of the year following the year you reach age 73.

If you defer your first RMD until April 1, you will need to take 2 RMDs in that year. The first RMD, must be distributed by April 1 for the prior tax year, and the second RMD, for the current tax year, must be distributed by December 31. Check with your plan administrator to learn about your plan rules and when you'll need to start taking distributions.

How do I get started taking my first RMD?

You can satisfy your RMD with a one-time withdrawal or by setting up automatic distribution payments (monthly, annually, or on your preferred schedule). Payments can be sent electronically to your bank, brokerage, or cash management account, or by check.

How are RMDs calculated?

Your RMD is calculated by dividing your retirement account balance (excluding designated Roth account balances) as of December 31 of the previous year by your life expectancy factor, which you can find in the IRS Uniform Lifetime Table in IRS Publication 590-B.

If your spouse is more than 10 years younger than you, and they will be the sole primary beneficiary for the entire distribution calendar year, you may elect to use the IRS Joint Life and

Last Survivor Expectancy Table to calculate your RMD. This will result in a smaller RMD than with the IRS Uniform Lifetime Table.

For any RMD due for tax years after December 31, 2023, you are no longer required to take an RMD from your designated Roth account in the plan. Additionally, only distributions of non-Roth amounts will count towards satisfying the RMD.

Can I take more than my RMD in a given year?

You may take more than the RMD from your workplace savings plan subject to your plan's withdrawal rules, However, any excess amount will not be applied toward a future year's RMD. While the RMD amount is not eligible for rollover, any amount withdrawn that's more than your RMD can be rolled over to an IRA.

Do I have to take an RMD if I am still working?

If you continue to work beyond age 73 you may be able to delay taking RMDs from your workplace savings plan until April 1 of the year following the year you retire. However, if you own 5% or more of the business sponsoring the plan, you must begin receiving distributions by April 1 of the calendar year after the year you turn age 73. Be sure to check with your plan administrator to confirm your plan's rules and when you'll need to start your RMDs.

If I have more than one workplace savings plan, do I have to take an RMD from each?

All RMDs are subject to IRS rules and the terms of the plan.

- 403(b) plan sponsors may allow participants to invest in multiple contracts (annuities and custodial accounts). Fidelity will calculate and distribute the RMD based only on the amount in your Fidelity 403(b) account. If you have more than one 403(b) contract, you must calculate the RMD separately for each 403(b) contract you own but may request that the entire amount of the RMD be distributed from only one of the 403(b) contracts. You will need to call us if you want to choose this option.
- 401(k) plan sponsors may use multiple vendors. The RMD must be calculated and taken separately from each 401(k) account. Fidelity will calculate and distribute the RMD based only on the amount in your Fidelity 401(k) account.
- Your RMD due from an employer-sponsored retirement plan will not impact on any RMD you may be required to take from an IRA.

What are my options for tax withholding when I take my RMD?

Your distribution will be subject to income tax in the year that it is distributed. Federal and state (if applicable) income tax will be withheld from the taxable portion of your distribution in accordance with IRS guidance, your state's withholding requirements, and your election on IRS Form W-4P, Withholding Certificate for Periodic Pension or Annuity Payments. If you do not make an election, we will use the IRS default of "single" with no adjustments.

You may update your withholding election or opt out of withholding on IRS Form W-4P and provide to Fidelity. Additionally, amounts withheld may be less or more than what you owe in taxes, and you may be responsible for payment of estimated taxes and incur penalties

if your withholding is not sufficient. Please refer to IRS Publication 505, Tax Withholding and Estimated Tax, for information about federal taxes, and refer to your state's website for information about state taxes.

What are my options receiving RMD payments?

You can choose from 3 different options for satisfying your RMD each year.

1. **Take a one-time withdrawal** for all or part of your RMD (if your plan allows partial withdrawals).
2. **Set up recurring payments** on a schedule permitted by your plan, such as monthly, quarterly, or annually. Each payment will be a portion of your total annual RMD.
3. **Use automatic RMD payments**. If your plan offers Fidelity's automatic RMD service and you do not take action, or if your withdrawals do not fully satisfy your annual RMD, the remaining amount may be automatically distributed to you in November or December of each year.

How will Fidelity send my RMD payment?

Your RMD withdrawal can be sent electronically to your bank, brokerage, or cash management account or in the form of a check. If you choose to have it sent electronically, make sure you set up your bank information.

What happens if I miss taking my RMD?

If you forget to take your RMD, you may be able to receive a waiver and avoid any penalties by filing [IRS Form 5329](). You should include an explanation for why you missed the deadline and note that you've since taken your distribution.

What are the penalties if I miss a deadline for an RMD?

If you do not take a RMD by the annual deadline, it could result in an IRS excise tax equal to 25% of the amount that should have been distributed that year. (This amount may be reduced to 10% if you correct the shortfall within a 2-year correction window.) Income taxes- federal and state (if applicable)—will be paid on the taxable amount distributed in the year of distribution.

Am I required to take an RMD from an inherited retirement account?

If you are the beneficiary of a retirement plan participant, your distribution requirements may depend on factors such as: the date of the participant's death, the participant's age when they passed away, your age, your relationship to the deceased participant, and when distributions started for the participant. The rules below reflect the provisions applicable when a participant died on or after January 1, 2020 (January 1, 2022, for certain governmental and collectively bargained plans), the effective date of the SECURE Act.

Designated Beneficiary
Most beneficiaries are subject to what is commonly termed the 10-year rule, which requires that all funds be distributed by December 31 of the 10th year following the calendar year in which the participant passed away. If the participant had begun taking annual RMDs, you'll be required to continue taking these annual payments each year through the 9th year, with a complete distribution of the account balance by December 31 of the 10th year. If the participant had not yet begun taking RMDs, you may wait until the 10th year to receive a complete distribution of the account balance.

Spousal Beneficiary

If you are a surviving spouse or a former spouse who is entitled to some or all of the participant's benefit pursuant to a qualified domestic relations order (QDRO), who is the sole beneficiary of a participant and whose initial RMD is required to commence in 2024 or later, RMDs will generally be based on your life expectancy using the IRS Uniform Lifetime Table. Spousal beneficiaries may instead elect to use the RMD rules applicable to an eligible designated beneficiary and receive life expectancy distributions based on the IRS Single Life Expectancy Table, which may result in a faster distribution period.

As a surviving spouse, depending on plan rules, you may also be permitted to:

- If permitted by the plan, delay the initial RMD (and leave the funds in the plan) until December 31 of the later of: (1) the year the participant would have attained the applicable RMD age, generally age 73, or (2) the year after the year of the participant's death. The amount of the annual RMD would be calculated based on the spousal beneficiary's life expectancy.
- Treat the account as your own and roll over the money into an IRA in your name or employer-sponsored retirement plan (if permitted by the plan). The election options available under the participant's retirement plan will carry over and apply to the funds that are transferred to your plan or IRA.

Eligible Designated Beneficiary (EDB)

If you are an EDB who is a chronically ill individual, a disabled individual, or an individual not more than 10 years younger than the participant, you may elect to leave the funds in the plan and receive life expectancy distributions. The distributions will be calculated using your own life expectancy (or the decedent's life expectancy, whichever is longer) and the IRS Single Life Expectancy Table, provided you commence distributions by December 31 of the year immediately following the calendar year in which the participant passed away. If you elect this option, annual payments will continue to you until the account balance is completely distributed. An EDB may instead elect to use the 10-year rule if the participant had not yet begun taking annual RMDs.

An EDB who is a minor child of the participant, may elect to receive life expectancy distributions, with annual payments to be made until the minor child reaches the age of majority (21), upon which time the remaining balance must be completely distributed by December 31 of the calendar year in which the minor child attains age 31 (the end of the 10th year).

Non-individual Beneficiary

When the beneficiary is not an individual person, for example, an estate, a charity, or nonqualified trust, if the participant died before commencing RMDs, the account balance must be distributed in full by December 31 of the 5th calendar year following the calendar year of the participant's death (with no distributions required in years 1 to 4). If the participant had commenced RMDs prior to death, the beneficiary is permitted to continue the life expectancy distribution using the IRS Single Life Expectancy Table and the participant's age in the year of death, with annual payments to continue until the account balance is completely distributed.

If the participant was required to take an RMD in the year they passed away and had not yet done so, you may be required to receive that distribution in addition to any required distributions noted above.

Next steps to consider

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1. Effective January 1, 2023, SECURE 2.0 Act increased the age at which you must start taking RMDs to 73 (and it will increase to 75 in 2033).

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