How are the minimum distribution requirements met during an IRA owner’s lifetime?

*Editor’s Note: Late in 2014, Congress acted to extend the charitable rollover provisions discussed below for the 2014 tax year.  However, as of the date of this revision, Congress has not indicated whether it will extend this treatment for the 2015 tax year.*

Distributions from a non-Roth individual retirement account (“IRA”) or annuity must begin by April 1 of the year after the year in which the owner reaches age 70½, whether or not the owner has retired.[[1]](#footnote-1) Non-Roth IRA owners working beyond age 70½ are not permitted to delay distributions until after retirement, even under an employer-sponsored plan such as a SEP or SIMPLE IRA. Unless the owner’s entire interest is distributed on or before the required beginning date, distributions of the balance must begin by that date and must, at a minimum, be distributed over the time period explained below.

No minimum distribution is required during life from a Roth IRA.

**Planning Point: RMDs were waived for 2009. A distribution for 2009 that, under prior law, had to have been made by December 31, 2009 could be waived. A distribution for 2009 that must have been made by a beginning date of April 1, 2010 could also be waived. But a distribution for 2008 that was required to be made by a beginning date of April 1, 2009 could not be waived.**

# Uniform Lifetime Table

Required minimum distributions from a non-Roth individual retirement arrangement during the owner’s lifetime are calculated by dividing the owner’s account balance by the applicable distribution period determined from the RMD Uniform Lifetime Table.[[2]](#footnote-2) The amount of an individual’s lifetime required distribution is calculated without regard to the beneficiary’s age, except in the case of a spouse who is the sole beneficiary and who is more than ten years younger than the owner.[[3]](#footnote-3)

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The distribution required by April 1 is actually the distribution required for the year in which the owner attains age 70½. Distributions for each calendar year after the year the owner becomes age 70½ (including the year of the required beginning date) must be made by December 31 of that year.[[4]](#footnote-4)

For purposes of calculating minimum distributions from an IRA for a calendar year, the account balance is determined as of December 31 of the immediately preceding calendar year (i.e., the valuation calendar year).[[5]](#footnote-5)

*Example*: Ms. Getman is an IRA owner born on July 1, 1941. She reached age seventy on July 1, 2012, and age 70½ on January 1, 2013 (i.e., six months after her birthday). Consequently, Ms. Getman’s required beginning date is April 1, 2014. Assume that as of December 31, 2012, the value of Ms. Getman’s IRA was $265,000. Because Ms. Getman’s age in 2013(the year for which her first distribution will be made) is seventy-one, the applicable distribution period from the Uniform Lifetime Table is 26.5 years. Thus, the required distribution for calendar year 2013 is $10,000 ($265,000 ÷ 26.5). Assume that Ms. Getman receives this amount shortly before her required beginning date of April 1, 2014.

Assume that the value of Ms. Getman’s account balance as of December 31, 2013 is $255,000. This account balance is not reduced by the distribution received in early 2014. As a result, Ms. Getman’s required minimum distribution for 2014, which is due by December 31, 2014, would be $9,623 ($255,000 ÷ 25.6). Receiving a distribution of more than the required minimum will not reduce the amount Ms. Getman is required to take in a subsequent year.[[6]](#footnote-6)

# Spouse Beneficiary

If the IRA owner’s spouse is the only designated beneficiary of the owner’s entire interest at all times during the distribution year, the owner may receive distributions over the longer of the distribution period determined from the Uniform Lifetime Table or the joint and survivor life expectancy of the owner and spouse.[[7]](#footnote-7) The joint and survivor life expectancy will provide a longer payout period only if the spouse is more than ten years younger than the IRA owner.

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# Charitable IRA Rollover

For tax years beginning in 2006 through 2013, an IRA owner’s required minimum distribution could be reduced, within limits, by the amount of a qualified charitable distribution of up to $100,000, transferred directly from the taxpayer’s IRA to a qualified charity.[[8]](#footnote-8) This provision did not apply to SEP IRAs or SIMPLE IRAs. As of the date of this publication, Congress has not taken action to extend this treatment. Absent Congressional action to extend this provision retroactively, the special treatment of charitable distributions made directly from an IRA expired at the end of 2013.

# Distributions as Annuity Payments

IRA-required minimum distributions that are made as annuity payments are calculated in the same manner as required minimum distributions from defined benefit plans.[[9]](#footnote-9)

1. Treas. Reg. §1.408-8, A-3. [↑](#footnote-ref-1)
2. Treas. Reg. §1.401(a)(9)-9, A-2. [↑](#footnote-ref-2)
3. Treas. Reg. §1.401(a)(9)-5, A-4. [↑](#footnote-ref-3)
4. Treas. Reg. §1.401(a)(9)-5, A-1(b). [↑](#footnote-ref-4)
5. Treas. Reg. §1.408-8, A-6. [↑](#footnote-ref-5)
6. Treas. Regs. §§1.408-8, A-6, 1.401(a)(9)-5, A-3. [↑](#footnote-ref-6)
7. Treas. Reg. §1.401(a)(9)-5, A-4(b). [↑](#footnote-ref-7)
8. IRC Sec. 408(d)(8). [↑](#footnote-ref-8)
9. Treas. Regs. §§1.408-8, A-1, 1.401(a)(9)-6. [↑](#footnote-ref-9)