

# Required Minimum Distributions (RMD) Q&A

The SECURE (Setting Every Community Up for Retirement Enhancement) Act was signed in December of 2019 and went into effect on January 1, 2020. One of the provisions was to increase the age of RMD requirements from age 70½ to age 72. It was then followed by SECURE 2.0 (which is contained within the Consolidated Appropriations Act, 2023). The provisions of Secure 2.0 further increase the retirement age over a number of years and as further described in this Q&A.

- 1. Who do the required minimum distribution rules apply to?** They generally apply to anyone who is age 70½ in 2019 or earlier, age 72 or over in 2020, or age 73 or over in 2023 through 2032. In 2033, the age goes up to 75. There is an exception if you're still working for the employer that holds your retirement plan.
- 2. What if I turned 70½ in 2019 and started taking RMDs; do I have to continue taking RMDs, or can I wait until I turn 72 or 73 to take my next one?** If you turned 70½ in 2019, you are required to take a distribution before April 1, 2020, and you will have to take a second one before December 31, 2020 for 2020, and then continue to take RMDs each year, even though you may not yet be 72. The same is true for those who turned 72 in 2020; they have to take their RMDs as well even though Secure Act 2.0 changed the age to 73. For people who have not hit 70½ by the end of 2019, and those who have not hit 72 by the end of 2022, the SECURE Act 2.0 pushes out the RMD start date until age 73 for anyone who attains 73. SECURE Act 2.0 also changes the RMD age to 75 in 2033.
- 3. What if I'm age 73 or over and still working?** If you continue to work past age 73, you can delay withdrawing funds from **your current employer's retirement plan** (Oregon Public Universities Retirement Plans) until April 1 following the calendar year in which you retire. This applies to the Oregon Savings Growth Plan (OSGP) as well. If you are working for another employer, you are still required to take an RMD from the employer where you terminated employment.
- 4. What if I'm working and also have tax-deferred retirement accounts from previous employers?** You must satisfy the minimum distribution rule for those accounts each year, beginning when you reach age 73. You should verify your situation with your tax advisor.
- 5. If I have an account with the Oregon Savings Growth Plan (OSGP) 457(b) plan, do I also need to take a Required Minimum Distribution from that plan?** Yes, if you are no longer working for an Oregon Public University. You will receive a letter from OSGP if you are eligible for the distribution letting you know that you have to take a minimum distribution. If you have questions, please contact OSGP or VOYA.

- 6. Do I have to satisfy the Required Minimum Distribution rules for my tax deferred Traditional IRAs?** Yes, regardless of your employment status. You must take your first Required Minimum Distribution from your Traditional IRAs no later than April 1 of the year following the year you turn age 73, (e.g., if you turn age 73 in 2023, you must begin taking distributions by no later than April 1, 2024).
- 7. Do I have to satisfy the Required Minimum Distribution rules for my Roth 403(b)?** The Secure Act 2.0 has changed this rule and you no longer have to take an RMD from any Roth account with your retirement plan with OPURP beginning with calendar year 2023. If you were required to take a distribution for 2022, and plan to pay it in April of 2023, you will still need to take that distribution.
- 8. What about a Roth IRA?** RMDs are not required from Roth IRAs.
- 9. What do I do if I think I need to take a withdrawal?** You should contact your record keeper if you have never taken a minimum distribution and would like to begin; or if you're already withdrawing funds, but aren't sure it's enough to meet the IRS requirement.
- 10. How do I set up withdrawals?** If you need help setting up your minimum distribution withdrawals, you should contact your plan record keeper.
- 11. Are Required Minimum Distributions eligible for rollover to another plan or IRA?** No, they are not.
- 12. When do I have to take a distribution?** Beginning in 2023, because of Secure Act 2.0, you generally have to start distributions when you turn age 73 or retire, whichever is later:
- If you turn age 73 or retire (and you're already age 73 or over) in 2023, you have two choices; you can take your first withdrawal (the amount required for 2023) in 2023. Or, you can wait and take it in 2024, as long as it is paid by April 1. However, if you wait until 2024 to take your first withdrawal, you'll have to take two withdrawals in that year—one for the amount required for 2023 and one for 2024—which may increase your tax liability in 2024..
- 13. How much do I need to withdraw from my accounts?** Your Required Minimum Distribution for 2023 will be based on two things: your age that year and your account balance at the end of the previous year. (Since your age and account balance change every year, your Required Minimum Distribution must be recalculated annually.) The amount is based upon your life expectancy factor as recalculated each year using the Uniform Life Table. If your spouse is named as your sole beneficiary, and is 10 years younger than you, a joint life expectancy calculation will be used. To find out the amount you're required to take for 2023, you should call the customer service lines at your specific record keeper (TIAA, Fidelity or Corebridge), and they should be able to assist you. Some plan websites also have online calculators to help you estimate your RMD.
- Note: Contact your tax advisor regarding the tax impact of any minimum distribution decision.**
- 14. I have a small account balance. What options do I have?** If your account balance is less than \$5,000, you may be able to withdraw the entire amount; that way, you won't have to worry about satisfying the minimum distribution requirement for that account in the future. Different rules apply to different accounts, so please contact your representative at your specific record keeper.

- 15. What if I don't take the required amount?** If you did not comply with the IRS rules prior to 2023, you could be subject to a 50% excise tax on the amount you should have taken, but did not. Beginning in 2023, SECURE Act 2.0 reduced that excise tax to 25% on amounts that should be taken beginning in 2023 and thereafter.
- 16. Where can I get more information about minimum distributions?** Contact the record keeper for your account(s) (TIAA, Fidelity, or Corebridge and their customer service representatives will be able to provide you with more information.) Additional information regarding minimum distributions is also available on their websites.

Required Minimum Distributions (RMDs) based on your employment status with an Oregon Public University:

Account	Still Working	RMD Required	When is the RMD required	Subsequent Years (after reaching age 72)
*OPURP 403(b) - Tax Deferred	Yes	No	After you retire	
*OPURP 403(b) – Roth	Yes	No	No distributions requirement during your lifetime	
*OPURP Optional Retirement Account	Yes	No	After you retire	
Oregon Savings Growth Plan (Pre-Tax and Roth)	Yes	No	After you retire	
Previous Employer's Tax Deferred Retirement Acct.	Yes	Yes	April 1st following the year you turn age 72	By December 31st of that year
IRA	Yes	Yes	April 1st following the year you turn age 72	By December 31st of that year
Roth IRA	Yes	No	No distributions requirement during your lifetime	
*OPURP 403(b) - Tax Deferred	No	Yes	April 1st following the year you turn age 72 or retire (whichever is later)	By December 31st of that year
*OPURP 403(b) - Roth	No	Yes	No distributions requirement during your lifetime	By December 31st of that year
*OPURP Optional Retirement Account	No	Yes	April 1st following the year you turn age 72 or retire (whichever is later)	By December 31st of that year
Oregon Savings Growth Plan (Pre-Tax and Roth)	No	Yes	April 1st following the year you turn age 72 or retire (whichever is later)	By December 31st of that year
Previous Employer's Tax Deferred Retirement	No	Yes	April 1st following the year you turn age 72	By December 31st of that year
IRA	No	Yes	April 1st following the year you turn age 72	By December 31st of that year
Roth IRA	No	No	No distributions requirement during your lifetime	By December 31st of that year

\*OPURP = Oregon Public Universities Retirement Plans