

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.

- 1. Who do the required minimum distribution rules apply to?** They generally apply to anyone who is age 70½ in 2019 or earlier, or age 72 or over in 2020 and thereafter. There is an exception if you're still working.
- 2. What if I turned 70½ in 2019; do I have to continue taking RMDs, or can I wait until I turn 72 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 age 72. For people who have not hit 70½ by the end of 2019, the SECURE Act pushes out the RMD start date until age 72.
- 3. What if I'm age 72 or over and still working?** If you continue to work past age 72, 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.
- 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 72. 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 72, (e.g., if you turn age 72 in 2020, you must begin taking distributions by no later than April 1, 2021).
- 7. Do I have to satisfy the Required Minimum Distribution rules for my Roth 403(b)?** Yes. Even though the money was contributed on an after-tax basis, RMDs are still required for Roth plans that are sponsored by your employer. This would also include the OSGP 457(b) Roth.

8. **What about a Roth IRA?** Minimum distribution rules don't apply to Roth IRAs during the owner's lifetime, but will apply to the beneficiary that inherits the Roth IRA.
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?** You generally have to start distributions when you turn age 72 or retire, whichever is later:
 - If you turn age 72 or retire (and you're already age 72 or over) in 2020, you have two choices; you can take your first withdrawal (the amount required for 2020) in 2020. Or, you can wait and take it in 2021, as long as it is paid by April 1. However, if you wait until 2021 to take your first withdrawal, you'll have to take two withdrawals in that year—one for the amount required for 2020 and one for 2021—which may increase your tax liability in 2021.
13. **How much do I need to withdraw from my accounts?** Your Required Minimum Distribution for 2020 is based on two things: your age this year and your account balance at the end of last 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 2020, you should call the customer service lines at your specific record keeper (TIAA, Fidelity or AIG), 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 don't comply with the IRS rules, you could be subject to a 50% excise tax on the amount you should have taken, but did not.
16. **Where can I get more information about minimum distributions?** Contact the record keeper for your account(s) (TIAA, Fidelity, or AIG 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	After you retire	
*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	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	April 1st following the year you turn age 72 or retire (whichever is later)	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 1 st 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