

## *Required Minimum Distributions*

### **RMDs From Your Traditional IRA At Age 70<sup>1</sup>/<sub>2</sub>**

- Questions and Answers
  - Payment Option Explanations
  - Estimating Your 2017  
Payment
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## QUESTIONS AND ANSWERS

### **Q1 Why do I have to take money from my Traditional IRA?**

Federal tax laws require that all Traditional IRA owners who have attained age 70½ receive IRA distributions each year. Because you will attain age 70½ in 2017, you will be subject to this requirement in 2017 and each subsequent year, until you have received all of the assets in your IRA. The IRS refers to the minimum amount that you must receive from an IRA as a required minimum distribution (RMD).

### **Q2 May I take my RMDs for all of my Traditional IRAs from just one Traditional IRA?**

Yes. But the RMD from each of your Traditional IRAs must be calculated separately. To use this approach, you either have to compute the RMD for each IRA yourself, or ask each financial organization at which you have a Traditional IRA to compute it for you. You must total these RMDs and ensure that you receive this total from one or more of your Traditional IRAs.

### **Q3 Do I have to receive a Traditional IRA RMD in 2017?**

Although you are required to take an RMD for 2017, you have until April 1, 2018, to receive your 2017 RMD. You must receive your 2018 RMD by December 31, 2018. This means that if you postpone receiving your 2017 RMD until 2018, you will receive and pay income taxes on the RMDs for 2017 and 2018 in 2018. An IRA owner who does not receive payments at least equal to the RMD for the year is subject to a 50 percent excess accumulation penalty tax on the amount not taken by the deadline. Payment of

this penalty tax does not reduce the income taxes due on the assets if they are distributed later.

**Q4** **If I am already receiving regular payments from my Traditional IRA, do I still need to complete the *Post-70½ Payment Election* form?**

Yes. The payments you are currently receiving do not necessarily meet the tax law requirements for RMDs. You must elect how you want to receive your RMDs after you reach age 70½ to ensure that you meet federal tax law requirements.

If you want to receive your RMD in the same months that you are currently receiving payments, select the earliest month in 2017 that you would receive a payment under that schedule. For example, if you are receiving semi-annual payments in June and December, select June 2017 as your start date. Or, if you are receiving monthly payments, select January 2017 as your start date (even if it is already past that date).

**Q5** **What is the smallest amount I can receive from my Traditional IRA?**

Your RMD is based on the IRA balance and your age, so the RMD amount is different for each IRA. You can receive the minimum amount by selecting payment option 5, RMD payments, on the *Post-70½ Payment Election* form. Each January we will provide you with an estimate of the RMD for that year.

**Q6** **Why are there so many payment options?**

Our policy is to offer you as many payment options as are available under the law, which allows you to select the best option for your situation.

**Q7** **Once I choose a payment option, may I change it later?**

Yes.

## **Q8** How do I change my payment option?

Contact a representative at your financial organization and ask to complete a *Traditional IRA Periodic Payment Change* form.

## **Q9** How do I change my withholding election?

Contact a financial organization representative and ask to complete a *Traditional IRA Periodic Payment Change* form.

## **Q10** What if I want to withdraw money in addition to my RMD?

You may withdraw additional amounts from your IRA at any time. Contact a financial organization representative and ask to complete a *Traditional IRA Withdrawal Instruction* form. Ask the representative whether additional withdrawals will alter the payment schedule selected to meet your RMD for the year.

## **Q11** Does my Traditional IRA continue to earn dividends or interest after I start receiving payments?

That depends on the terms of the investments you have chosen for the IRA. Refer to those terms or contact a financial organization representative for further information.

## **Q12** May I change my Traditional IRA investments once I start receiving payments?

You may change investments at any time, except as limited by the terms of your IRA investment contracts.

## **Q13** May I still roll over or transfer my IRA assets to another financial organization once I start taking payments?

Yes. You may roll over or transfer the remaining assets in your IRA, except as limited by the terms of your IRA investment contracts. You may not roll over your RMD. We recommend that you receive your entire RMD for the year and then roll over or transfer the remaining assets.

## **Q14 Does my beneficiary designation affect the payment options available to me?**

No. The payment options available for RMDs are not affected by your beneficiary designation or by the fact that you have not designated beneficiaries. Your beneficiary designation can affect the amount of your RMD, however, if your spouse is more than 10 years younger than you. If your spouse is more than 10 years younger than you and is the only primary beneficiary of the IRA during the entire year, the RMD amount will be based on the joint life expectancy of you and your spouse, resulting in a smaller RMD. If a trust for the sole benefit of your spouse is named as the primary beneficiary of your IRA, the trust must meet certain requirements for the joint life expectancy to be used for calculating your RMD payments. Ask your financial organization representative for a *Qualified Trust Certification for Determining Post-70½ RMD* form.

## **Q15 How do I change the beneficiary for my Traditional IRA?**

Contact your financial organization representative for assistance in obtaining and completing an *IRA Beneficiary Designation* form.

## **Q16 Whom can I contact for more information about choosing a payment option?**

Contact a financial organization representative or a competent tax advisor for further information.

## PAYMENT OPTION EXPLANATIONS

### Option 1

#### IRA Owner Responsible for Payments

If you choose payment option 1 in section B of the *Post-70½ Payment Election* form, you will be responsible for calculating and receiving the RMD for your IRA. If you have only one Traditional IRA, be sure to withdraw at least the RMD amount by the deadline. If you have two or more Traditional IRAs, you can take each RMD from each IRA, or you can add together the RMDs for each IRA and receive the total from one or more of your Traditional IRAs by the deadline. If you turn age 70½ in 2017, the deadline is April 1, 2018, for the 2017 RMD, December 31, 2018, for the 2018 RMD, and December 31 of each subsequent year for each year's RMD.

To select this payment option, provide the information requested at the top of the *Post-70½ Payment Election* form, check the box in front of payment option 1 in section B, and sign and date the form. Do not complete the rest of the form.

## Option 2 Lump-Sum Payment

If you choose payment option 2 in section B of the *Post-70½ Payment Election* form, you will receive the entire balance of your Traditional IRA in one single, lump-sum payment that will close the IRA. You can receive this lump-sum payment any time before April 1, 2018.

If you want to receive your lump-sum payment immediately, please do the following.

1. Do not complete the *Post-70½ Payment Election* form.
2. Contact a financial organization representative. You will need to complete a *Traditional IRA Withdrawal Instruction* form to receive your lump-sum payment.

If you do not want to receive your lump-sum payment until a later date, please complete the entire *Post-70½ Payment Election* form.

### Option 3

#### Payments Over a Specific Number of Years

If you choose payment option 3 in section B of the *Post-70½ Payment Election* form, we will compare the time period you select to the time period used by the tax laws to determine the RMD for the IRA. If the time period you select is shorter, we will base the payments on that time period. If the time period you select is longer than that used by the tax laws, we will make payments under payment option 5.

Please complete the entire form and sign it.

#### ***How Your Payments Will Be Calculated***

If you select payment option 3, we will calculate your 2017 RMD by dividing your IRA's adjusted December 31, 2016, balance by the applicable number of years you indicate on the *Post-70½ Payment Election* form. (If you made any contributions in 2017 for 2016, those contributions will not be added to your December 31 balance.)

**Example:** If you have \$10,000 in your Traditional IRA on December 31, 2016, and want to receive payments over five years, you will receive \$2,000 for your 2017 payment (\$10,000 divided by five years = \$2,000).

For each year thereafter, we will calculate your RMD by dividing the prior year's adjusted December 31 balance by the remaining number of years. (If the number of years you indicate is five, then it will be four years for 2018, three years for 2019, and so on.)

See page 10 to estimate your 2017 RMD using this method.

## Option 4

### Payments of a Specific Amount

If you choose payment option 4 in section B of the *Post-70½ Payment Election* form, you will receive payments equal to the amount you indicate. These payments will be made according to the frequency you indicate in section D (monthly, quarterly, semi-annually, or annually). The annual amount of these payments must equal or exceed your RMD. If the amount you select is less than the RMD, we will make payments under payment option 5.

Please complete the entire form and sign it.

## Option 5

### RMDs

If you choose payment option 5 in section B of the *Post-70½ Payment Election* form, you will receive the RMD each year.

Please complete the entire form and sign it.

### ***How Your Payments Will Be Calculated***

Each Traditional IRA RMD is determined by dividing the prior year's December 31 adjusted IRA balance by a distribution period. For most IRAs, the distribution period is taken from the Uniform Lifetime Table published by the IRS. Here is a portion of that table.

Attained Age in Year	Distribution Period
70	27.4
71	26.5
72	25.6
73	24.7
74	23.8

If you attain age 70 on your birthday in 2017, the 2017 RMD is determined by dividing the adjusted IRA balance on December 31, 2016, by 27.4. If you attain age 71 in 2017, the adjusted IRA balance is divided by 26.5.

If your spouse is the only primary beneficiary of the IRA for the entire year and your spouse is more than 10 years younger than you, based on your attained ages in the same year, the distribution period for the IRA is the joint life expectancy of you and your spouse each year. This joint life expectancy is found on the Joint Life Expectancy Table published by the IRS. For example, if in 2017, an IRA owner attains age 70 and the spouse attains age 55, the 2017 RMD is determined by dividing the adjusted IRA balance on December 31, 2016, by 31.1. This would result in a smaller RMD than if the Uniform Lifetime Table was used.

The adjusted IRA balance is the IRA balance on December 31 plus the amount received into the IRA in the following year as (1) a rollover or transfer contribution that left the distributing retirement plan or IRA in the prior year, or (2) a recharacterization into your Traditional IRA of an IRA conversion or retirement plan-to-Roth IRA rollover that you made in the prior year. The IRA balance also may need to be adjusted by subtracting the value of any qualifying longevity annuity contracts, if applicable. We will make these adjustments for you.

## ESTIMATING YOUR 2017 PAYMENT

You can estimate your 2017 payment under payment option 3 or payment option 5 by completing the simple calculation below.

$$\begin{array}{r} \$ \underline{\hspace{2cm}} \\ 12/31/2016 \\ \text{Adjusted IRA} \\ \text{balance} \end{array} \div \begin{array}{r} \underline{\hspace{2cm}} \\ \text{Distribution} \\ \text{period}^* \end{array} = \$ \begin{array}{r} \underline{\hspace{2cm}} \\ \text{Estimated} \\ \text{2017 payment} \end{array}$$

\*For payment option 5, use the distribution period from the Uniform Lifetime Table on page 8 or contact your financial organization for the complete Uniform Lifetime Table. The distribution period under payment option 3 is the shorter of the period you select or the distribution period from the Uniform Lifetime Table.

*This information is not intended as tax advice.  
Please consult a tax professional.*