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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Key Planning Issues When Clients Reach Age 70½

2016 is a milestone year for retirement planners. On January 1, 2016 the very first Baby Boomer turned 70 years old. Of course, that also means that in 2016, the first Baby Boomers are also reaching 70½, a key planning age. While many associate age 70½ with required minimum distributions (RMDs) – and that's certainly one planning consideration – it's far from the only change or planning issue when clients reach that age. What follows is a summary of some of the most important planning considerations advisors need to be aware of as clients hit the age 70½ milestone.

The Required Beginning Date (RBD)

The year a client reaches age 70½ is the first year for which they must take an RMD. How old will they be? It may be either the year the client attains age 70 or the year they attain age 71. It depends on when their birthday falls during the calendar year. If their 70th birthday falls between January and June, the year of their 70th birthday will be their first distribution calendar year. If their birthday falls between July and December, the year of their 71st birthday will be their first distribution calendar year.

Clients have until April 1 of the year following the year they attain age 70½ to take their first RMD. That date is known as the required beginning date (RBD). The deadline for each year after the first distribution calendar year is December 31.

Some clients may want to delay taking that first RMD as long as possible. There is a downside to that. Clients who delay taking their first RMD until April 1 of the year following the year they attain

See Page 7 for Information on the New Self-Certification Process for Late 60-Day Rollover Relief

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