



# ED SLOTT'S IRA ADVISOR

June 2024

Tax & Estate Planning for Your Retirement Savings

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### GUEST IRA EXPERT: Martin James, CPA®/PFS®

Modern Wealth  
Management  
Mooresville, IN

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## Fundamentals of Lifetime RMDs

Complex retirement topics abound. However, if you spend all of your time in the deep end, discussing advanced IRA and work plan issues, it is easy to forget there are new swimmers in the shallows, testing the waters for the first time. Additionally, seasoned financial advisors are not immune to forgetting some basic concepts. Since questions on lifetime required minimum distributions (RMDs) are so prevalent, and with new retirees constantly wading into the pool, a beginner's course is in order.

### RMD Age and the RBD

When a traditional IRA owner or retirement plan participant reaches a certain age (or employment status), then lifetime RMDs must begin. That age has been adjusted a few times over the last couple of years (due to the [SECURE Act](#) and [SECURE 2.0](#).) and it will eventually move to age 75 in 2033.

To determine which RMD age applies, use the date of birth, as follows:

Date of Birth	RMD Age
June 30, 1949 or earlier	70½
July 1, 1949 – December 31, 1950	72
January 1, 1951 – December 31, 1959	73
January 1, 1960 or later	75

The first RMD year is the calendar year in which an IRA owner turns one of the ages listed in the chart. (Since 73 is the current RMD age, this article will use that number when referring to RMDs.) It does not matter if the actual birthday is January 1 or December 31. The year an IRA owner turns age 73 is the first year for RMDs. This first RMD can be taken any time during the calendar year. There is no need to wait until the 73<sup>rd</sup> birthday. Additionally, the first RMD (and the first RMD only) can be delayed until April 1 of the year after the owner turns age 73. This date is known as the "required beginning date," or "RBD," and it is one of the most misunderstood IRA concepts.

The purpose of the 3-month delay is to give first-time RMD takers extra time to figure things out. But be forewarned: If the first RMD is delayed until the following year, the IRA owner must take two RMDs in that second year — *the first RMD by April 1, and the second RMD by December 31*. If the first RMD is delayed into the next year, both will be taxable in that year.

**Example 1:** Tom has a traditional IRA and his 73<sup>rd</sup> birthday is in June 2024. Therefore, Tom's first RMD year is 2024. He can take his first RMD anytime during that calendar year, including the months before his birthday (January – May). Since this is Tom's first RMD, he is allowed to delay taking it until April 1, 2025. However, if Tom delays his first RMD until 2025, he will have to take two

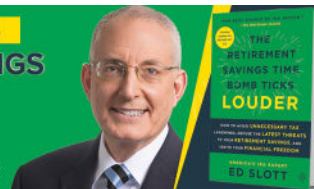
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