

Tax Special Report 2023

IRA required minimum distributions (RMD)

Your guide to meeting the IRS requirements

Effective January 1, 2023, the “Securing a Strong Retirement Act of 2022” (SECURE 2.0) modified the age IRA holders are generally required to begin taking annual RMDs from IRA accounts (not Roth IRAs) to the year in which the account owner turns 73. Failing to take an RMD may result in penalty taxes on the amount that should have been withdrawn.

If you reach age 73 in the year 2024, you must take your 2024 RMD by April 1, 2025. All subsequent RMDs are due by December 31 for each year thereafter.

The IRS requires us to report account numbers for which RMD is required (not the dollar amount). We will report that your account is eligible for a 2024 RMD on a 2023 Form 5498, IRA Contribution Information.

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RMD calculation basics

An RMD equals the value of each of your IRA holdings (as of the previous December 31) divided by your distribution period. As you get older, the distribution period decreases.

Effective January 1, 2022, the IRS Life Expectancy Tables used to calculate RMD have been updated. Please consult IRS Publication 590-B, Appendix B for more detailed information.

For example:

Bill will be 73 years old in 2024. His Traditional IRA account balance is \$100,000 as of December 31, 2023. According to the life expectancy table, Bill’s distribution period is 26.5. So, \$100,000 divided by 26.5 (distribution period) equals \$3,773.58 (Bill’s required minimum distribution).

Calculation examples:

Dec. 31 account balance	Age	Distribution period	Distribution amount
\$100,000	73	26.5	\$3,773.58
\$100,000	74	25.5	\$3,921.57

The above chart is shown for illustrative purposes only.

3 steps to calculating your IRA RMD

- 1. Enter the year-end balance of your Traditional IRA in the RMD worksheet below. This balance must be as of December 31st of the prior year.
- 2. Find the distribution period that corresponds to your age as of your birthday in the year for which the distribution is being made. Please see the Uniform Life Expectancy table to the right.

Exception: If your sole designated beneficiary is your spouse and is more than 10 years younger than you, you’ll need to use the Joint Life and Last Survivor Expectancy Table (Table II) found in IRS Publication 590-B, Appendix B. You can view or print this form and table from the IRS Web site at www.irs.gov.

- 3. Subtract any Traditional IRA withdrawals already taken for the current year. This gives you the amount you still need to withdraw to fulfill your RMD requirement for the year.

RMD worksheet

Your Traditional IRA balance \$ _____

Divided by the distribution period (see table to the right) ÷ _____

RMD for the year = \$ _____

Total Traditional IRA withdrawals for the current year – \$ _____

Remaining RMD = \$ _____

The above worksheet is shown for illustrative purposes only.

Uniform life expectancy table

Account holder’s age	Distribution period
73	26.5
74	25.5
75	24.6
76	23.7
77	22.9
78	22.0
79	21.1
80	20.2
81	19.4
82	18.5
83	17.7
84	16.8
85	16.0
86	15.2
87	14.4
88	13.7
89	12.9
90	12.2
91	11.5
92	10.8
93	10.1
94	9.5
95	8.9
96	8.4
97	7.8
98	7.3
99	6.8
100*	6.4

Source: IRS Web site www.irs.gov

**If you are over age 100, consult Table III in IRS Publication 590-B, Appendix B. You can view or print this form from the IRS Web site at www.irs.gov.*

RMD questions and answers

What if I have more than one IRA?

You must consider the total value of all of your Traditional IRAs when determining your RMD. You can take the RMD from one of your Traditional IRAs or any other Traditional IRA (or even split your distribution between them). However, you must calculate your RMD for each of your Traditional IRA accounts separately as of December 31 of the prior year. Then, total those amounts for your total RMD. Balances in other tax-qualified retirement accounts such as SIMPLE IRAs, SEP IRAs, 401(k) and 403(b) plans must be considered separately as well as balances of IRA accounts for which you are the beneficial owner.

Does my choice of beneficiary affect my RMD?

For the vast majority of people, no, and you can name your beneficiary at any time. However, there is one exception. If your only named primary beneficiary is also your legal spouse and more than 10 years younger than you, you must use the Joint Life and Last Survivor Expectancy Table (Table II) instead of the Uniform Life Expectancy Table. (See IRS Publication 590-B, Appendix B for more detailed information.) In general, IRA holders using this table will have a smaller RMD than those using the Uniform Life Expectancy Table.

Can I take out more than my calculated RMD?

Yes. You can always withdraw more than the required minimum distribution. (Note: There may be a deferred sales charge depending on share class.) Please speak with your financial professional to review your investment objectives and discuss the various distribution alternatives.

To obtain a new prospectus on our mutual funds, please ask your financial professional or simply call 1-800-480-4111. You also can choose to receive distributions in systematic payments monthly, quarterly or annually, or you can choose to take one lump-sum distribution from all funds held in your Traditional IRA.

Need help?

Please call Investor Services at 1-800-480-4111 if you have any questions or would like us to calculate your RMD for you. Please understand that J.P. Morgan Asset Management and its affiliates do not provide tax advice. Please consult your tax advisor for this type of assistance.

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