Goldleaf PARTNERS® EMPLOYER SERVICES

Required Minimum Distributions

Frequently Asked Questions
2018 Calendar Year

Are all participants required to take an RMD for their 70½ year?
Most plans define the required beginning date for participants as April 1 following the *later of* the year the participant attains age 70½ or the year the participant retires. Therefore, most plans do not require a distribution if the participant is still working for the employer after age 70½. However, if the participant is also a more than five percent owner of the business, they must begin taking RMDs once they attain age 70½ and cannot wait until they retire.

What is the distribution deadline for an RMD?
The deadline for a required minimum distribution depends on whether it is the participant's first RMD or a subsequent RMD.

- ***First Required Distribution***: A participant must take her first minimum distribution by April 1 of the year following her "first distribution year." The first distribution year is either the participant's 70½ year, or the year the participant retired, if later. When RMDs must begin is defined in the plan's document. The participant has the option to take their first RMD during the first distribution year or the following year, but it must be distributed by April 1 of the following year.

  Example: Susie is retired and she turned 70½ on July 1, 2018. She can take her first RMD anytime in 2018 or she can delay the RMD until 2019 as long as it is taken by April 1, 2019. However, if Susie delays taking her 2018 distribution until 2019, both the 2018 and 2019 RMD amounts will be taxable in 2019.

- ***Subsequent Year Distributions***: Minimum distribution amounts must be taken annually by December 31 every year after the first distribution year.

Can a family member of a more than five percent owner of the organization use the "delay option" if still employed after they are 70½?
No, the RMD cannot be delayed for a participant who is a family member of a more than five percent owner of the organization. Family members include any employee who is a spouse, child (including legally adopted), parent, or grandparent of an owner.

If a participant's ownership percentage changed during the plan year, is he required to take an RMD?
A participant who holds a more than five percent ownership of the organization anytime during the calendar year in which he turns age 70½ is required to take an RMD. The RMD must be taken for the year in which the participant attained the age of 70½ and each subsequent year, even if the participant is no longer an owner in subsequent years.

> Example: Edwin, age 70½, who had 10 percent ownership in the organization from January through June and no ownership in the organization from July through December is considered a more than five percent owner for that year since the participant held more than five percent ownership of the organization during the calendar year. This participant is required to take an RMD for the current calendar year and each subsequent year.

How are required minimum distribution amounts determined?
Required minimum distributions are calculated based on complex rules written in the Internal Revenue Code and the Treasury Regulations. An RMD is calculated by dividing the account balance as of the last day of the prior calendar year (i.e., December 31, 2017 balance for 2018 RMDs) by a life expectancy factor. Goldleaf Partners will calculate the RMD using a factor from the Uniform Lifetime Table for all participants, unless otherwise directed. If a participant has named their spouse as beneficiary and the spouse is more than 10 years younger than the participant, the calculation may be completed using a joint life expectancy table which will result in a smaller RMD amount. Please contact your Goldleaf Partners Client Relationship Manager to assist in an RMD calculation based on this exception.

Can the RMD for one qualified plan be satisfied by taking a distribution from a different qualified plan?
No. If a participant has a balance in more than one qualified plan, the minimum distribution requirements must be met separately in each qualified plan. The distribution requirements are different for other types of plans (such as a 403(b) plan or an IRA). Please contact your tax advisor or Client Relationship Manger for additional information, if needed.

Does the beneficiary of a qualified plan participant need to take an RMD?
Generally, the beneficiary of a retirement account must take an annual minimum distribution after inheriting an account balance. However, the requirements for beneficiaries will vary according to the following factors:

- Age of the participant at the time of death,

- Type of beneficiary (i.e., spouse or non-spouse). With the repeal of DOMA, a same-sex couple who is married under any state law is a spouse for all qualified retirement plan purposes, and

- Provisions selected in the plan document.

If your plan has a beneficiary with an account balance, please contact your Client Relationship Manager for assistance in determining if a distribution is necessary. All qualified plans are required to have a rollover provision that will allow both spouse and non-spouse beneficiaries to roll over the balance to an IRA or inherited IRA.