



Required Minimum Distribution Processing

OVERVIEW

The Internal Revenue Service (IRS) requires qualified plan participants to begin taking Required Minimum Distributions (RMD) from qualified retirement accounts once they reach their required beginning date (RBD). RMD age varies based on participants' birth dates as follows:

- Prior to July 1, 1949, RMD age is 70 ½.
- July 1, 1949, through December 31, 1950, RMD age is 72.
- On or after January 1, 1951, RMD age is 73.

The following individuals are required to take RMD payments:

Account Holder Type	Description
Non-owner Plan participant	Participants who are RMD age or older and have terminated employment.
5% Owner (or more) as defined by the IRS	Participants who are RMD age or older, regardless of employment status.
Beneficiaries	<ul style="list-style-type: none">• The beneficiary's age does not define required begin date.• The required begin date is based on the following factors:<ul style="list-style-type: none">– The type of beneficiary– The original participant's age and timing of death– The death RMD rule• NOTE: The Death RMD Rules section of this document defines the rules used to calculate RBD for beneficiaries unless the Plan Administrator directs otherwise.
Alternate Payees	<ul style="list-style-type: none">• The alternate payee's age does not define required begin date.• Alternate payees must begin RMDs when the original participant reaches RMD age.

Calculating RMDs

RMD's are calculated by dividing the prior year-end account balance by the applicable Life Expectancy factor. The IRS provides Life Expectancy tables to calculate the required RMD amount.

IRS Table	Description
Uniform Lifetime Table	The primary table used to calculate participants' RMDs unless the participant is eligible and directs Empower to calculate their RMD using the Joint Life and Last Survivor Table.
Joint Life and Last Survivor Table	To be eligible, the participant's spouse must be the participant's sole primary beneficiary and more than 10 years younger.
Single Life Table	The table used to calculate RMDs for beneficiaries and alternate payees.

NOTE: As of January 1, 2024, Roth is excluded from the RMD calculation, and Roth withdrawals do not count toward the participant's or alternate payee's RMD amount.

RMD Timing

Payment Type	Description
Initial RMD	<ul style="list-style-type: none">Participants must distribute their initial RMD no later than April 1 of the calendar year following the year they reach RMD age or the year that they retire, whichever is later.When participants defer their initial RMD to April 1 of the following year, they must also distribute a second RMD by December 31 of the same year.Beneficiaries and alternate payees must begin taking RMDs no later than December 31 of the year they are subject to take an RMD.
Subsequent RMDs	Each year after the first RMD, participants, beneficiaries, and alternate payees must distribute their RMD by December 31.

NOTE: If RMD-eligible individuals fail to satisfy their RMD in any year, they may incur an excise tax from the IRS on the RMD amount not paid timely.

Death RMD Rules

The Setting Every Community Up for Retirement Enhancement (SECURE) Act established updated RMD payout timing rules for when participants become deceased. Therefore, Death RMD Rules are based on the Plan's SECURE Act effective date and are established as follows:

Plan Type	SECURE Act Effective Date
Non-government and Non-union	January 1, 2020
Union	January 1, 2020, 2021, or 2022 as directed by the Plan Administrator.
Government	January 1, 2022

Prior to Effective Date

The following table outlines the death RMD rules used to calculate RBD for deaths prior to the Plan's SECURE Act effective date unless the Plan Administrator directs otherwise.

Beneficiary Type	Timing of the RMD Payout Rules Pre-SECURE Act
Spousal beneficiaries	<ul style="list-style-type: none">Life expectancy which requires the beneficiary to start RMDs the year following the year of death or the year in which the original participant would have reached RMD age, whichever is later.If the participant died after starting RMD payments and the participant did not satisfy their RMD in the year of death, the beneficiary must withdraw the decedent's RMD for that year.
Non-spousal beneficiaries	<ul style="list-style-type: none">Life expectancy which requires the beneficiary to start RMDs the year following the year of death.If the participant died after starting RMD payments and the participant did not satisfy their RMD in the year of death, the beneficiary must withdraw the decedent's RMD for that year.

Beneficiary Type	Timing of the RMD Payout Rules Pre-SECURE Act
Non-designated beneficiaries	<ul style="list-style-type: none"> • 5-year rule if the participant died <u>before</u> starting RMD payments, which requires the beneficiary to withdraw the entire account by December 31 of the year containing the fifth anniversary of the participant's death. • Life expectancy if the participant died <u>after</u> starting RMD payments, which requires the beneficiary to start RMDs the year following the year of death. Annual payments are based on the deceased participant's lifetime. If the participant did not satisfy their RMD in the year of death, the beneficiary must withdraw the decedent's RMD for that year. • Non-designated beneficiaries include charities, estates, and certain trusts.

On or After Effective Date

The following table outlines the death RMD rules used to calculate RBD for deaths on and after the Plan's SECURE Act effective date unless the Plan Administrator directs otherwise.

Beneficiary Type	Timing of the RMD Payout Rules Post-SECURE Act
Eligible Designated Beneficiaries	<ul style="list-style-type: none"> • Life expectancy, which requires the beneficiary to start RMDs the year following the year of death with the following exceptions: <ul style="list-style-type: none"> – If the beneficiary is the spouse, payments begin the year the participant would have reached RMD age, if later than the year following the year of death. – If the beneficiary is the participant's minor child, payments continue until the minor reaches age 31 at which time the minor must withdraw the entire account by December 31 of the year containing the tenth anniversary of the minor reaching age of majority. • If the participant died after starting RMD payments and the participant did not satisfy their RMD in the year of death, the beneficiary must withdraw the decedent's RMD for that year. • Eligible designated beneficiaries include: <ul style="list-style-type: none"> – Spousal beneficiaries. – Non-spousal beneficiaries who are no more than 10 years younger than the decedent. – Non-spousal beneficiaries who are disabled or chronically ill. – The participant's minor children, less than age 21 at the time of the participant's death.
Non-Eligible Designated Beneficiaries	<ul style="list-style-type: none"> • 10-year rule, which requires the beneficiary to withdraw the entire account by December 31 of the year containing the tenth anniversary of the participant's death. • If the participant died after starting RMD payments, annual payments are required during the 10-year period based on the beneficiary's lifetime. If the participant did not satisfy their RMD in the year of death, the beneficiary must withdraw the decedent's RMD for that year.
Non-Designated Beneficiaries	<ul style="list-style-type: none"> • 5-year rule if the participant died <u>before</u> starting RMD payments, which requires the beneficiary to withdraw the entire account by December 31 of the year containing the fifth anniversary of the participant's death. • Life expectancy if the participant died <u>after</u> starting RMD payments, which requires the beneficiary to start RMDs the year following the year of death. Annual payments are based on the deceased participant's lifetime. If the participant did not satisfy their RMD in the year of death, the beneficiary must withdraw the decedent's RMD for that year.

Tax Withholding

RMDs may be subject to federal and state tax withholding as follows:

- RMDs paid as partial withdrawals are subject to 10% federal withholding unless the payment request directs otherwise.
- RMDs paid as periodic payments are subject to federal withholding based on tax filing status of Single and no adjustments unless the payment request directs otherwise.
- RMDs paid to foreign addresses may be subject to 30% federal withholding.
- RMDs are subject to state withholding based on the state on file at the time the RMD is processed.

RMD Notifications & Processing

Empower

- Sends RMD Letter to individuals that may be RMD eligible.
- Notifications are sent based on Plan and participant communication preferences.
- Processes RMD requests as directed by Plan Administrator, participants, beneficiaries, or alternate payees.
- **NOTE:** Participants who defer the initial RMD to April 1 of the following year are required to receive an additional RMD by December 31 of the same year.
- Sends requested funds to individuals via the elected payment method.
- Sends appropriate tax forms early in the year following the distribution reporting the RMD amount distributed in the year paid.

Plan Administrator

- Orders, receives, and reviews the Participant Data Extract report and Required Minimum Distribution report from the Plan Service Center (PSC).
- Verifies accuracy of applicable participant data including
 - Participant status
 - Date of birth
 - Date of death
 - Ownership Percent
 - Beneficiary and alternate payee accounts
 - Participants that have obtained RMD Age
 - Termination date.
- See [Required Minimum Distribution Report Overview](#) for additional information.
- **NOTE:** Plan Administrators are responsible for monitoring and/or providing direction to force-out RMD payments.

Participant, Beneficiary, Alternate Payee

- Receives annual notice with instructions to determine if an RMD is due and takes action to distribute the RMD by the RMD deadline, when applicable.
- Participants initiate RMD requests online, by speaking with an Empower Representative, or by submitting a distribution request form to Empower.
- **NOTE:** Beneficiaries and alternate payees are required to submit a distribution request form.

The non-discretionary recordkeeping and administrative services described in this Service Overview are general in nature and reflect the standard service offering. Service descriptions are not specific to any plan provision or administration practice. The recordkeeper may agree to provide an alternate service arrangement, as applicable, if separately requested by the Plan Sponsor. FOR ADVISOR/PLAN SPONSOR OR TPA USE ONLY. Not for use with Plan Participants