



# Building a Brilliant Retirement.

## Required Minimum Distributions Overview

### What are Required Minimum Distributions?

Required Minimum Distributions (RMDs) are amounts that a retirement plan account holder must withdraw annually, typically starting no later than April 1st of the calendar year following the calendar year in which he or she attains age 70½, or the year in which he or she retires if later.

### When must I begin to receive a RMD?

Please refer to the chart on next page for general information on RMD requirements.

**Note:** The parameters in the chart are the general rule and may vary depending on plan specifics. Additionally, the terminated/retired/active statuses in the chart refer to your employment status with the employer that sponsors this plan.

### What is a required beginning date?

The required beginning date (RBD) is the date by which a person is required to take his or her first RMD. Generally, a person's RBD is no later than April 1st of the year following the calendar year in which he or she reaches 70½, or the year in which he or she retires if later. Subsequent RMDs must be taken by December 31st of each year.

**Note:** The option to defer RMD payments until retirement is not allowed for more than 5%\* owners or if your plan does not allow the deferral option.

## TYPE OF PARTICIPANT | RMD REQUIREMENTS

<ul style="list-style-type: none"> <li>• I turned 70 ½ in the current year</li> <li>• I am retired or terminated from the employer who sponsors this plan</li> </ul>	<ul style="list-style-type: none"> <li>• Your first RMD is due no later than April 1 of the following year.</li> <li>• <b>Please note:</b> If you defer your first RMD until April 1 of the following year, you will still be required to take your subsequent RMD by December 31.</li> </ul>
<ul style="list-style-type: none"> <li>• I am 70 ½ or older</li> <li>• I retired or terminated employment prior to the current calendar year</li> <li>• This is not my first RMD</li> </ul>	<ul style="list-style-type: none"> <li>• You are required to receive your RMD annually by December 31.</li> </ul>
<ul style="list-style-type: none"> <li>• I am a 5% owner and,</li> <li>• I will be 70 ½ or older in the current year</li> <li>• I am not retired or otherwise separated from service</li> </ul>	<ul style="list-style-type: none"> <li>• If you attained age 70 ½ in the current calendar year then your RMD is due no later than April 1 of the following year.</li> <li>• If you did not attain age 70 ½ in the current calendar year, the RMD is due by December 31.</li> </ul>
<ul style="list-style-type: none"> <li>• I am a spouse or non-spouse beneficiary of a participant who died after his/her required beginning date</li> </ul>	<ul style="list-style-type: none"> <li>• In the year of Death, you are required to receive a RMD by December 31 of the year of the participant's death only if the participant did not already fulfill their RMD prior to their death.</li> <li>• In subsequent years, the RMD is due by December 31.</li> </ul>
<ul style="list-style-type: none"> <li>• I am a spouse beneficiary of a participant who died before his/her required beginning date</li> </ul>	<ul style="list-style-type: none"> <li>• You may elect to receive a RMD by December 31 of the year of the first anniversary of the participant's death; however, you can delay the distribution until December 31 of the year the participant would have turned 70½.</li> <li>• <b>Note:</b> Regardless of the option chosen, once started, RMDs must continue annually by December 31</li> </ul>
<ul style="list-style-type: none"> <li>• I am a non-spouse beneficiary of a participant who died before his/her required beginning date</li> </ul>	<ul style="list-style-type: none"> <li>• You are required to receive a full distribution of the participant's account by December 31 of the year of the fifth anniversary of the participant's death, unless you begin taking distributions over your own life expectancy by December 31 of the year of the first anniversary of the participant's death.</li> </ul>
<ul style="list-style-type: none"> <li>• I am an active participant</li> <li>• I am not a 5%* owner</li> <li>• I have not been a 5%* owner since attaining 70 ½</li> <li>• I have attained age 70 ½</li> </ul>	<ul style="list-style-type: none"> <li>• You are required to receive a RMD distribution by April 1 following the end of the calendar year in which you retire or separate from service.</li> </ul>
<ul style="list-style-type: none"> <li>• I am a QDRO Alternate Payee of a participant who attained age 70 ½</li> </ul>	<ul style="list-style-type: none"> <li>• Your first RMD is due by December 31 of the year the participant attained age 70 ½, but you have an option to defer its payment until April 1 of the following year.</li> <li>• <b>Please note:</b> If you defer your first RMD until April 1 of the following year, you will still be required to take your subsequent RMD by December 31.</li> </ul>

\* A 5% owner is one who owns more than 5% of Company stock or business interest; or a spouse, child, grandparent or parent of a 5% owner. Ownership is determined as of the plan year ending in the calendar year the participant attains age 70 ½. Ownership, for the purposes of Required Minimum Distribution requirements, will always apply when ownership is retained at or beyond age 70 ½. This is not applicable to governmental plans; 403(b) and 457(b) plans do not have 5% owners.

## What if I do not meet the Required Minimum Distribution rules?

Failure to meet the RMD requirements may result in a 50% federal excise tax payable to the IRS by you. This tax is applied to the amount by which the RMD exceeds the amount you actually received (if any). To report and pay the federal excise tax due, you will need to file an IRS Form 5329. File this form with your IRS Form 1040.

## How is the RMD calculated?

Your RMD amount is determined by applying a distribution period set by the IRS to your account balance at the end of the previous year. Refer to IRS Publication 590 for calculation tables and methods, which is available on the IRS website at [www.irs.gov](http://www.irs.gov).

## How will a withdrawal during the year affect my RMD?

Any taxable cash payment(s) withdrawn from your plan during the year will be applied to your RMD payment. For instance, if your current year RMD payment is supposed to be \$5,000, and you take \$2,000 in cash payment withdrawals during the year, you will be required to take an additional \$3,000.

**Note:** If your plan transitioned to MassMutual in the current year, distributions processed by the prior recordkeeper will not be considered when your RMD is calculated.

## What if I have multiple accounts?

If you have multiple retirement accounts (including custodial accounts), your RMD should be determined separately for each account. MassMutual will only calculate the RMD amount based on your balance in the retirement account that is invested with MassMutual.

## What are my tax considerations?

- 10% tax withholding will be applied to your RMD (unless you elect no, or additional, withholding on this amount).
- If federal tax is withheld, your state may also require state tax be withheld.
- Withholding is for pre-payment of federal (or state) income tax. You may be subject to additional federal and/or state taxes.
- Your RMD cannot be rolled over.
- If your address is outside of the United States, a Citizenship Statement and W8-BEN (if applicable) are required to be submitted with your RMD Election Form. If these forms are not received, MassMutual will withhold 30% towards taxes from your payment.

For additional tax information, read the enclosed Special Tax Notice and State Tax Information documents.

**“Calendar Year” on the Required Minimum Distribution (RMD) Election Form refers to the year this RMD is attributable to:**

- If this is your initial RMD because you turned 70 ½ during the prior year but decided to defer the RMD distribution to April 1, of the current year, the applicable “Calendar Year” is the prior year.
- If this withdrawal is one that you are required to take this year other than the above special situation for initial RMD recipients, the applicable “Calendar Year” is the current year.

**Note:** Those participants, who deferred their initial RMD, will also be required to take a second RMD during the current year that is attributable to the current “Calendar Year”. A separate election form will be required for this RMD. Since both the initial and second RMD are actually paid to you during the current year, you will be taxed on both RMD’s for the current tax year.

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**Your retirement planning decisions are based on your personal situation — MassMutual encourages you to consult with your investment or tax advisor to assess your actual RMD requirements.**

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\* Source: Morningstar: Customize Your Income-Replacement Rate for Retirement, August 2014.

The information contained herein is not intended or written as specific legal or tax advice and may not be relied on for purposes of avoiding any federal tax penalties. Neither MassMutual nor any of its employees or representatives are authorized to give legal or tax advice. You must rely on the advice of your own independent tax counsel.

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