

Calculation of Your IRA Required Minimum Distribution (RMD) Under the Final IRS Rules Issued in April 2002

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Scenario 1 Calculation of the RMD for the Original Account Owner (or for a Surviving Spouse who Rolled the Account Over)

Note: The calculation below is for the year 2006. For other years, adjust the dates given in Steps 1, 3, and 4. (If you are younger than 70-½ on 12/31/06, you do not need to take an RMD. If you are younger than 59-½, a withdrawal is subject to a 10% penalty, unless you qualify for an exception to the penalty.)

Step 1: Enter the age you will become on your birthday in 2006. _____

Step 2: From the table below, enter your divisor for the age in Step 1. _____ (If you are married and your spouse is more than 10 years younger than you, your divisor will be larger. Call us for advice.)

Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor
70	27.4	80	18.7	89	12.0	98	7.1	107	3.9
71	26.5	81	17.9	90	11.4	99	6.7	108	3.7
72	25.6	82	17.1	91	10.8	100	6.3	109	3.4
73	24.7	83	16.3	92	10.2	101	5.9	110	3.1
74	23.8	84	15.5	93	9.6	102	5.5	111	2.9
75	22.9	85	14.8	94	9.1	103	5.2	112	2.6
76	22.0	86	14.1	95	8.6	104	4.9	113	2.4
77	21.2	87	13.4	96	8.1	105	4.5	114	2.1
78	20.3	88	12.7	97	7.6	106	4.2	115+	1.9
79	19.5								

Step 3: Enter the value of your account (IRA, 401k, etc.) on 12/31/05. \$ _____

Step 4: Divide the Step 3 value by the Step 2 divisor:

Step 3 value ÷ Step 2 divisor = \$ _____

This is what you must withdraw during 2006, to avoid a 50% penalty on the part not withdrawn. You can withdraw more than the RMD, penalty-free. All withdrawals are taxable. If you turned 70-½ in 2006, you can postpone the 2006 RMD until 4/1/2007 with no penalty.

Important:

- A husband and wife must do their RMD calculations and withdrawals separately.
- If you have more than one IRA, use the same steps for each account (or total the IRAs to calculate the RMD total). Amounts comprising the RMD total may be taken from one or more of the accounts.
- For a 401(k), 403(b), or other pension plan, the RMD must be made from each plan separately. You normally do not need to begin RMDs until 70-½ or until you retire, whichever is later.
- For an “inherited IRA” (or “beneficiary IRA”) – which is an IRA or other retirement account inherited by someone other than a spouse rolling the account over to become her/his own IRA – a different table of divisors is used. See Page 2.

Scenario 2 Calculation of RMD for an Inherited IRA (aka Beneficiary IRA)

Important:

- When an IRA is inherited by a spouse who does not roll the account over to become his or her own IRA, special rules apply. Call us for advice.
- The RMD calculations below are for an inherited IRA. Required withdrawals from a qualified plan account – such as a 401(k), 403(b), etc. – will be different. Contact the plan administrator. In many cases, the entire account must be withdrawn soon after the owner’s death. (This is why a lifetime rollover to an IRA is usually wise.)

For the first RMD (for the year following the account owner’s death)

Step 1: Enter the age the beneficiary will become on his or her birthday in the year after the account owner’s death. _____

Note: If the account has more than one beneficiary, separate accounts for the beneficiaries must be established no later than December 31 of the year following the account owner’s death (and, practically speaking, this should be done by September 30) for each beneficiary to be able to use his or her age to obtain separate divisors in Step 2.

Step 2: From the table below, enter the divisor for the age in Step 1. _____

Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor	Age	Divisor
1	81.6	20	63.0	39	44.6	58	27.0	77	12.1	96	3.8
2	80.6	21	62.1	40	43.6	59	26.1	78	11.4	97	3.6
3	79.7	22	61.1	41	42.7	60	25.2	79	10.8	98	3.4
4	78.7	23	60.1	42	41.7	61	24.4	80	10.2	99	3.1
5	77.7	24	59.1	43	40.7	62	23.5	81	9.7	100	2.9
6	76.7	25	58.2	44	39.8	63	22.7	82	9.1	101	2.7
7	75.8	26	57.2	45	38.8	64	21.8	83	8.6	102	2.5
8	74.8	27	56.2	46	37.9	65	21.0	84	8.1	103	2.3
9	73.8	28	55.3	47	37.0	66	20.2	85	7.6	104	2.1
10	72.8	29	54.3	48	36.0	67	19.4	86	7.1	105	1.9
11	71.8	30	53.3	49	35.1	68	18.6	87	6.7	106	1.7
12	70.8	31	52.4	50	34.2	69	17.8	88	6.3	107	1.5
13	69.9	32	51.4	51	33.3	70	17.0	89	5.9	108	1.4
14	68.9	33	50.4	52	32.3	71	16.3	90	5.5	109	1.2
15	67.9	34	49.4	53	31.4	72	15.5	91	5.2	110	1.1
16	66.9	35	48.5	54	30.5	73	14.8	92	4.9	111	1.0
17	66.0	36	47.5	55	29.6	74	14.1	93	4.6		
18	65.0	37	46.5	56	28.7	75	13.4	94	4.3		
19	64.0	38	45.6	57	27.9	76	12.7	95	4.1		

Step 3: Enter the value of the beneficiary’s share of the inherited IRA as of 12/31 of the year of the account owner’s death. \$ _____

Step 4: Step 3 value ÷ Step 2 divisor = \$ _____

The beneficiary must withdraw this amount during the year following the account owner’s death, in order to avoid a 50% penalty on the part not withdrawn. More can be withdrawn, with no 10% penalty even if the beneficiary is younger than 59½. All withdrawals are taxable.

For later years: Each year the divisor drops by 1.0. For example, if the first-year divisor in Step 2 is 34.2, then the second-year divisor will be 33.2, the third-year divisor 32.2, and so on. The same penalty rules apply.