

2021 RMD Package Overview

Your required minimum distribution (RMD) package contains helpful resources—including your plan’s participant data lists and a guide to fulfilling your plan’s compliance requirements. When you receive your package, please carefully review your responsibilities.

What you need to keep in mind

- Participants who have previously requested an RMD from the plan with us may be set up for automatic processing. These participants will be identified in your RMD package. We will begin automatically processing their distributions in early December—so no further action on these accounts is required. Note that RMDs generally must be distributed by December 31 of each year. If participants are not set up for recurring payments, you are required to authorize their RMD payments.
- RMDs for beneficiaries follow a unique set of rules. The three biggest factors that determine beneficiary payments are whether the participant died on or after January 1, 2020, whether the participant had died before—or on or after—their required beginning date, and whether the beneficiary is an eligible designated beneficiary. Your RMD packet includes a chart that will help you determine whether (and when) beneficiaries in your plan are required to take RMDs. To initiate a beneficiary distribution, you must complete a *Distribution Due to Death* form that indicates the reason for the distribution.
- RMD forms must be submitted no later than December 1, 2021 to be processed on time. Forms are required for the first year of the participant’s RMD or if the participant requests federal withholding other than 10 percent.
- You may find that deceased participants or their beneficiaries are listed on the report regardless of their age. Here’s why: beneficiaries must take distributions from an inherited retirement account. While the original account owner has to take RMDs at age 72 (70½ if born before July 1, 1949), beneficiary options are complex and beneficiaries may be required to start taking distributions the year following the year of death. Your RMD packet will include additional information pertaining to these rules and regulations.

Steps you can take now

- Run the *RMD Eligible Participants with Balances* report found on the plan website. This report can be run at any time.
- Use this report to determine which participants (or beneficiaries) require forms. In some cases, participants may not be eligible for automatic RMD processing, such as when they have previously used the *Joint Life Expectancy Table* for RMD calculations.
- Correct or add participants’ birth dates and their status on the plan website to help you identify which participants need to take action on their accounts.
- Verify that you have properly identified those that own more than five percent of your company. These participants are not allowed to delay their RMD starting date until they retire or are terminated. They can delay their first year’s RMD until April 1 of the year following the year they turn 72 (70½ if born before July 1, 1949).

Why the RMD process is important

- The IRS enforces strict RMD rules. Plans that fail to follow these rules create operational failures that could jeopardize the plan’s qualification status.
- Participants who do not receive timely RMDs may be responsible for an IRS excise tax equal to 50 percent of the amount of the RMD that was not taken on time.