

# 2018 RMD Package Overview

## What You Need To Know About Your RMD Package

Your required minimum distribution (RMD) package contains helpful resources—including your plan participant data lists and a step-by-step guide to help your plan fulfill its compliance requirements. When you receive your package, please carefully review your responsibilities. An introductory guide will be included to walk you through each section’s action steps.

Here are few reminders and steps you can take now:

- **Determine which participants (or beneficiaries) require forms.** In some cases, participants with previous RMD activity may not be eligible for automatic RMD processing every year.
- For those participants set up to receive recurring RMD payments, **we will begin processing distributions** in mid-December. Note that RMDs generally must be distributed by December 31 of each year.
- Life expectancy payments for *beneficiaries* do not follow the same rules as those for *participants* age 70½ or older. The two biggest factors that determine beneficiary payments are whether the beneficiary is a spouse or nonspouse of the deceased participant and whether the participant had been required to take RMDs before his or her death. Your RMD packet includes a chart that will help you determine whether (and when) beneficiaries in your plan are required to take a life expectancy payment.
- Many plan sponsors ask us why deceased participants or their beneficiaries show up on the report if they are not age 70½ or older.

Here’s why: beneficiaries *must* take distributions from an inherited retirement account. The timing and calculation of these distributions depend on factors such as the deceased participant’s age and date of death, the beneficiary’s relationship to the decedent (spouse or nonspouse), and possibly the plan’s distribution elections. The age of the beneficiary does not determine *whether* a payment is required, but it may affect the *calculation* of the required payment.

### Steps you can take today

- Review the “Age 70½ With Balances” report on the plan site. This report can be run on the plan site at any time.
- Correct or add participant birthdates and status through the plan site.
- Verify that participants who own more than 5% of the business are properly identified.

### Why the RMD process is important

The Internal Revenue Service (IRS) enforces strict RMD rules. Plans that fail to follow these IRS rules create operational failures that could jeopardize the plan’s qualification status.

In addition, participants who do not receive RMDs in a timely manner may be responsible for an IRS excise tax equal to 50% of the amount of the RMD that was not taken on time. ■