



2024 Fact Sheet: Required Minimum Distributions Traditional Individual Retirement Account (IRA)

This fact sheet explains Pension Fund's policies and procedures for calculating and distributing required minimum distributions (RMDs) to owners of a Pension Fund Traditional Individual Retirement Account (IRA). Traditional IRAs are required to comply with the RMD rules under Section 408(a)(6) of the Internal Revenue Code.

GENERAL INFORMATION

Federal law requires Traditional IRA owners to begin receiving distributions from their IRA in certain minimum amounts by specified dates. If you are an IRA owner, you must begin receiving RMDs by April 1 of the calendar year following the calendar year in which you reach **age 73**.¹

After your first RMD, you must receive an RMD by the end of each year until your entire IRA has been distributed. If you do not receive a distribution that satisfies these minimum requirements, you must pay a nondeductible 25% penalty tax on the amount that you should have, but did not, receive (a reduced penalty tax of 10% applies for late RMDs that are made within two years of the due date). Distributions from your account under the Tax-Deferred Retirement Account or any other employer plan do not satisfy the RMD requirements for your IRA. It is your responsibility to make certain that a RMD is timely distributed to you.

First RMD Payment

If 2024 is your first year for an RMD, then you may choose to receive your RMD in either 2024 or 2025. If you elect to delay your first RMD until 2025, however, you must also receive a second RMD by December 31, 2025, to satisfy the RMD requirement for 2025.

IMPORTANT: If you have reached age 73 – *whether or not you are still working* – the RMD rules for IRAs apply to you.

SATISFYING THE RMD REQUIREMENTS

To help you satisfy the RMD requirements for IRAs, Pension Fund calculates the amount of your RMD from each of your Traditional IRAs and mails you a personalized statement each year. The statement shows the assumptions used to calculate your RMD and provides other information. Your Roth IRAs are not subject to RMD requirements during your lifetime.

¹ If you were born before July 1, 1949, your applicable age for RMD purposes is 70 ½, and if you were born on or after July 1, 1949 and before January 1, 1951, your applicable age for RMD purposes is 72. In either case, you should currently be receiving annual RMDs.

Your RMD Calculation

The amount of your RMD is calculated by dividing your Traditional IRA account balance as of the prior December 31 by your life expectancy. Life expectancy is the length of time the Internal Revenue Service (IRS) expects an individual to live.

Except in certain circumstances discussed below, Pension Fund uses the Uniform Lifetime Table to determine RMDs for IRA owners regardless of your marital status or whether or not you have designated a beneficiary. For your calculation each year, Pension Fund uses the life expectancy factor corresponding to your age on your birthday in that year.

UNIFORM LIFETIME TABLE			
Age	Factor	Age	Factor
73	26.5	97	7.8
74	25.5	98	7.3
75	24.6	99	6.8
76	23.7	100	6.4
77	22.9	101	6
78	22	102	5.6
79	21.1	103	5.2
80	20.2	104	4.9
81	19.4	105	4.6
82	18.5	106	4.3
83	17.7	107	4.1
84	16.8	108	3.9
85	16	109	3.7
86	15.2	110	3.5
87	14.4	111	3.4
88	13.7	112	3.3
89	12.9	113	3.1
90	12.2	114	3
91	11.5	115	2.9
92	10.8	116	2.8
93	10.1	117	2.7
94	9.5	118	2.5
95	8.9	119	2.3
96	8.4	120 & older	2

EXAMPLE 1

Assume you turn age 73 on February 1, 2024. You must receive your first RMD by April 1, 2025, to satisfy the RMD requirement for 2024. Because you are age 73 in 2024, the calculation will be based on the life expectancy factor corresponding to age 73, which is 26.5. Assume you have an IRA balance of \$100,000 on December 31, 2023. Your RMD for 2024 will be:

12/31/2023 balance	\$100,000
Uniform Lifetime Table factor.....	<u>26.5</u>
2024 RMD	\$3,773.58

Assume that this amount is distributed to you in December 2024. You must receive your second RMD by December 31, 2025. Your second RMD will be calculated using the factor corresponding to your age in 2025 (age 74), which is 25.5. Assume your IRA balance on December 31, 2024 is \$97,226.26. Your RMD for 2025 will be:

12/31/2024 balance	\$97,226.26
Uniform Lifetime Table factor	/ 25.5
2025 RMD	\$ 3,812.79

Note that your RMD for a year will be *reduced* by the amount of any voluntary distributions you take that year from the IRA before the RMD is distributed.

Beneficiary Designations

In most cases, RMD calculations are based on the factors in the Uniform Lifetime Table. However, there is an exception if your sole designated beneficiary for the entire tax year is your spouse who is more than 10 years younger than you. In this case, your RMD will be calculated using the IRS Joint and Last Survivor Table, based on the joint life expectancy factors for both you and your spouse. This will result in a lower RMD payment. If Pension Fund does not have your spouse's date of birth on record, we will calculate your RMD using the Uniform Lifetime Table.

EXAMPLE 2

Assume the same facts as Example 1, except that your spouse is your sole designated beneficiary and is age 55 in 2024. Your RMD for 2024 will be:

12/31/2023 balance	\$100,000
Joint and Last Survivor Table factor	/ 32.6
2024 RMD	\$3,067.48

If you have not designated a beneficiary and want to do so, you must complete and return a *Beneficiary Designation Form*. This form can be found at www.pensionfund.org/forms or you may request a copy from Pension Fund.

Multiple IRAs

If you have more than one Traditional IRA with Pension Fund, an RMD will be calculated on and distributed from each separate IRA. You may instead ask to have your entire RMD distributed from a specific IRA by completing a *Traditional IRA Application for Required Minimum Distributions*. This form can be found at www.pensionfund.org/forms or you may request a copy from Pension Fund. The RMD rules do not apply to any Roth IRA you may have with Pension Fund during your lifetime.

Default RMD Payment Schedule

If your required beginning date for RMDs is in 2024, you are not required to receive your first RMD until April 1, 2025. However, Pension Fund will automatically make the first RMD to you in November 2024, *unless you make an election to receive your RMD in a different form or at a different time.*

To make changes to the payment of your 2024 RMD, complete and return the *Traditional IRA Application for Required Minimum Distributions* postmarked no later than **October 1, 2024**.

After the first year, Pension Fund will automatically make the RMD to you in November of each year, unless you make an election to receive your RMD in a different form or at a different time.

IRA OWNER PAYMENT OPTIONS

IRA owners may satisfy their RMDs in one of the following ways:

1. Elect to receive annual distributions from your IRA equal to your RMD for each year. Complete and return *Traditional IRA Application for Required Minimum Distributions*.
2. Elect to receive installment payments from your IRA each year. Note that unless the installment payment is equal to or greater than your RMD for a year, Pension Fund will distribute any additional amount needed to satisfy your RMD in November of that year. Complete and return *Traditional IRA Application for Installment Payments*.
3. Elect to receive the equivalent of your RMD as a lump sum payment. Complete and return *Traditional IRA Application for One-Time Distribution/Transfer*.

These forms can be found at www.pensionfund.org/forms or you may request a copy from Pension Fund.

Please note: Unless you make an affirmative election to receive your Traditional IRA in one of the above ways, Pension Fund will follow its default process for distributing RMDs.

Installment Payments and Other Distributions

If you are taking installment payments from the IRA, or if you take a lump sum distribution from the IRA, you may automatically satisfy or reduce your annual RMD. If Pension Fund records show that you have received prior distributions during the year, at the end of the year we will compare the total distributions during the year with your RMD, and distribute only the remaining amount you need to satisfy the RMD for that year, if any.

SURVIVING BENEFICIARIES

When you die, distributions to your beneficiaries must also satisfy the RMD rules. Different RMD rules apply depending on who you designate as your beneficiary. These rules are not addressed in detail here, but generally –

- If your designated beneficiary is (i) your surviving spouse, (ii) your child who has not attained age 21, (iii) disabled or chronically ill, or (iv) not more than ten years younger than you, your beneficiary will receive annual RMDs. If your spouse is your sole designated beneficiary, then he or she may instead elect to treat your IRA as his or her own IRA, in which case the RMD rules will apply to your spouse as an IRA owner, not a beneficiary.
- If your designated beneficiary is an individual who does not fit into one of the above categories, your entire account must be distributed to your beneficiary by no later than the last day of the tenth

calendar year after the year of your death. This deadline applies in addition to any annual RMDs that may also be required.

- Pension Fund will calculate annual RMDs due to your beneficiary using the life expectancy factors from the IRS Single Life Table. This may result in a different RMD amount than you received.

FEDERAL INCOME TAX WITHHOLDING

RMDs are not eligible for rollover. Except for a qualified charitable distribution (see below), you will owe federal income taxes on the part of the distribution that you must include in income (this includes deductible contributions and earnings). By law, Pension Fund is required to withhold 10% of the distribution for federal income tax purposes, unless you either request a different withholding rate or no withholding. If you received an RMD payment prior to 2024, Pension Fund will continue to follow your current withholding election unless you choose to make a new election. You may elect to change the default withholding rate (or your current withholding election) by completing a Form W-4R, *Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions*. To access this form, see www.pensionfund.org.

STATE INCOME TAX WITHHOLDING

You may also owe state income taxes on the amount distributed. You will need to complete and return the state tax withholding certificate for your state of residence. If you do not return a completed certificate for your state, Pension Fund will apply your state's default tax withholding rules. If you reside in a state that requires mandatory withholding, Pension Fund will withhold the required amount. The following states currently mandate state income tax withholding on certain pension distributions: Arkansas, California, Connecticut, Delaware, Georgia, Iowa, Kansas, Maine, Maryland, Massachusetts, Michigan, Minnesota, Nebraska, North Carolina, Oklahoma, Oregon, Vermont, and Virginia, as well as the District of Columbia. For more information, refer to the state tax withholding form at www.pensionfund.org/forms or request a copy from Pension Fund.

Note: *In some states, if federal income tax withholding is elected, state income tax must also be withheld. Pension Fund recommends that you consult a tax or financial advisor regarding the state income tax withholding rules that apply to you.*

QUALIFIED CHARITABLE DISTRIBUTIONS

You may direct that all or part of your RMD be contributed to a charitable cause in a non-taxable transfer by taking a qualified charitable distribution (QCD) from your Traditional IRA. A QCD is a distribution made directly by Pension Fund from your IRA to an organization eligible to receive tax-deductible contributions. You must be at least age 70 ½ when the distribution is made, and the distribution must otherwise be includible in your gross income. The amount of the QCD that is excluded from your gross income is limited to \$105,000 in 2024, and will be reduced by your deductible contributions to the IRA for any year beginning with the year you reach age 70 ½.

You may also make a one-time election to treat as a QCD a distribution of up to \$53,000 (for 2024) from your IRA to a charitable remainder annuity trust, charitable remainder unitrust, or charitable gift annuity, but only if the contribution would otherwise be deductible and certain other requirements are satisfied.

To the extent that a QCD is not included in your income, it is also not deductible on Schedule A of your income tax return. If you wish to make a QCD, complete and return *IRA Application for Qualified Charitable Distribution* postmarked no later than October 31, 2024. This form can be found at www.pensionfund.org/forms or you may request a copy from Pension Fund.

Tips for Processing Your RMD

- Read all forms carefully and complete according to the instructions on the form. Forms not completed accurately may not be processed according to your instructions.
- When filling out and submitting forms to Pension Fund, please do not include special instructions. Special requests must be submitted separately and in writing.

QUESTIONS?

Contact Pension Fund if:

- you have questions about your IRA; or
- you want to change your designated beneficiary.

If you have specific questions about your personal financial situation, you should consult an accountant or tax advisor. Pension Fund does not provide tax advice.



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