

# SETTING THE RMD TABLE

## UNDERSTANDING REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

It's about 70½ plus a whole lot more – how to navigate different situations.

### OWNER RMDs

**Required Beginning Date:** An account owner must take the first RMD payment for the year in which he or she turns age 70½ (this is the case for IRAs). However, this first payment can be delayed until April 1 of the year following the year in which he or she turns age 70½. For all subsequent years, including the year in which the first RMD was paid by April 1, the account owner must take the RMD by December 31 of that year.

**IRS Table III – Uniform Lifetime Table:** IRS table for use by owners to calculate RMDs. This is the table for all who do not use the joint life table, including single persons. The factor changes each year as the owner gets older. The table assumes a life expectancy of the owner and a beneficiary exactly 10 years younger.

**IRS Table II – Joint Life Table:** IRS table for use by owners who have a spousal beneficiary that is 10 or more years younger. Use of this table provides a smaller payout as the joint life table results in larger factors.

### BENEFICIARY RMDs/STRETCH DISTRIBUTIONS

**Stretch Deadline:** A non-spouse beneficiary must take the first stretch distribution by December 31 following the year of the IRA owner's death (or within one year from the date of death for non-qualified deferred annuities). Failure to satisfy the stretch distribution may subject the beneficiary to the excise tax on the amount of the RMD, or may require the beneficiary to elect the five-year option in order to avoid the excise tax.

**Owner's Final RMD:** If the owner passed away after the required beginning date for RMD purposes, the beneficiary (or each beneficiary if there is more than one beneficiary listed) is required to satisfy the final RMD for the owner's year of death if the owner had not satisfied it already.

**IRS Table I – Single Life Expectancy Table:** Non-spouse beneficiaries must use IRS Table I to determine the maximum stretch period allowed. Unlike IRS Table II or IRS Table III, Table I does not assume a joint life factor.

### VARIABLE ANNUITIES AND RMDs

As you will see on IRS Table III Uniform Lifetime Table on side 2, the percentage of withdrawal for RMD purposes increases over time. Steadily increasing RMDs can impact a sustainable withdrawal strategy based on a fixed percentage. The impact of RMDs on sustainable withdrawal strategies in retirement is important to review.

**RMD-Friendly Living Benefits:** For living benefits that are RMD-friendly, the owner is able to withdraw the greater of the allowable withdrawal under the living benefit or the RMD without reducing the base allowable income from the living benefit. As the owner gets older, the RMD percentage withdrawal increases (exceeds 5% at age 79). Since the RMD-friendly living benefit allows the owner to withdraw the greater of the RMD or the living benefit amount, the owner may receive an enhanced cash flow by purchasing the RMD-friendly benefit.

Variable annuities with optional living and death benefits are valued for RMD purposes under the entire interest rule. This rule may add an actuarial present value to the December 31 account value for annuity contracts that have living or death benefits that exceed specific actuarial values in relation to the account value. For RMD purposes, contracts that exceed this threshold may have a higher RMD value which results in a larger RMD.

Note: RMD-friendly living benefit does not apply to RMDs calculated using Table I.

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# HOW AGE AFFECTS THE RMD

## BASED ON IRS TABLE III: UNIFORM LIFETIME

### FOR USE BY OWNERS

To calculate an RMD: Divide the December 31 account value by the Owner's Factor: December 31 value ÷ factor = RMD

AGE	%	FACTOR	AGE	%	FACTOR	AGE	%	FACTOR	AGE	%	FACTOR	AGE	%	FACTOR	AGE	%	FACTOR
70	3.65	27.4	76	4.55	22	82	5.85	17.1	88	7.87	12.7	94	10.99	9.1	100	15.87	6.3
71	3.77	26.5	77	4.72	21.2	83	6.13	16.3	89	8.33	12	95	11.63	8.6	101	16.95	5.9
72	3.91	25.6	78	4.93	20.3	84	6.45	15.5	90	8.77	11.4	96	12.35	8.1	102	18.18	5.5
73	4.05	24.7	79	5.13	19.5	85	6.76	14.8	91	9.26	10.8	97	13.16	7.6	103	19.23	5.2
74	4.2	23.8	80	5.35	18.7	86	7.09	14.1	92	9.8	10.2	98	14.08	7.1	104	20.41	4.9
75	4.37	22.9	81	5.59	17.9	87	7.46	13.4	93	10.42	9.6	99	14.93	6.7	105	22.22	4.5

## BASED ON IRS TABLE I: SINGLE LIFE EXPECTANCY

### USE OWNER'S (BENEFICIARY'S) AGE IN YEAR FOLLOWING DEATH

To calculate a stretch distribution (for beneficiaries): Divide the December 31 account value by the Owner's Factor: December 31 value ÷ factor = RMD. Every year thereafter, reduce the initial factor by one.

AGE	FACTOR	AGE	FACTOR	AGE	FACTOR	AGE	FACTOR	AGE	FACTOR	AGE	FACTOR	AGE	FACTOR
21	62.1	31	52.4	41	42.7	51	33.3	61	24.4	71	16.3	81	9.7
22	61.1	32	51.4	42	41.7	52	32.3	62	23.5	72	15.5	82	9.1
23	60.1	33	50.4	43	40.7	53	31.4	63	22.7	73	14.8	83	8.6
24	59.1	34	49.4	44	39.8	54	30.5	64	21.8	74	14.1	84	8.1
25	58.2	35	48.5	45	38.8	55	29.6	65	21	75	13.4	85	7.6
26	57.2	36	47.5	46	37.9	56	28.7	66	20.2	76	12.7	86	7.1
27	56.2	37	46.5	47	37	57	27.9	67	19.4	77	12.1	87	6.7
28	55.3	38	45.6	48	36	58	27	68	18.6	78	11.4	88	6.3
29	54.3	39	44.6	49	35.1	59	26.1	69	17.8	79	10.8	89	5.9
30	53.3	40	43.6	50	34.2	60	25.2	70	17	80	10.2	90	5.5

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There is no additional tax-deferral benefit derived from placing IRA or other tax-qualified funds into an annuity. Features other than tax-deferral should be considered in the purchase of a qualified annuity.

Withdrawals of taxable amounts are subject to ordinary income tax and if taken prior to age 59½, a 10% federal tax penalty may apply. Variable annuities are subject to investment risk, including possible loss of principal. Variable annuity fees and charges include mortality and expense risk fee, administrative charge, surrender charge, annual fee, and subaccount management fees. Additional fees may apply to optional benefits selected.

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