



Effective January 1, 2022

New Life Expectancy Tables for 2022 & later

The Internal Revenue Service (IRS) has published new Life Expectancy Tables (“2022 Tables”) which take effect on January 1, 2022. These tables are used to determine the annual Required Minimum Distribution (“RMD”) amount on individual Retirement Accounts (IRAs) and qualified retirement plans for individuals who are subject to RMD (those age 72 and older or age 70½ if born prior to July 1, 1949).

Life Expectancy Tables used to calculate RMD payments

The 2022 Tables are updated versions of the Life Expectancy Tables published in 2002 (“2002 Tables”). The 2022 Tables generally reflect longer life expectancies and therefore may result in lower RMDs than would have been calculated using the 2002 Tables.

Q: Are individuals required to take an RMD from their eligible retirement account in 2022?

A: Yes. RMDs from eligible retirement accounts are required in 2022.

Q: How will the new tables impact a client’s RMD for 2022?

A: Beginning on January 1, 2022, all RMDs (exceptions noted below) will be calculated using the 2022 Tables. Some individuals may see a modest reduction in their annual RMD; however, this will depend on several factors (e.g., type of annuity contract, interest earned, withdrawal activity, etc.).

Q: Are there any exceptions regarding which distributions use the new 2022 Life Expectancy Tables?

A: Yes. If an individual is newly subject to RMD in 2021, they have until April 1, 2022 to take their first RMD for the 2021 tax year. If that distribution occurs in 2022 (anytime from January 1, 2022 to April 1, 2022), their RMD payment will be calculated using the 2002 Tables since the distribution is for the 2021 tax year. After that distribution, they will be required to make a second distribution in 2022 to satisfy their RMD obligation for the 2022 tax year. That second distribution for the 2022 tax year will then be calculated using the 2022 Tables.

Q: If an individual is set up on an RMD systematic withdrawal program, will their RMD payments for 2022 automatically be adjusted?

A: Yes, if an individual has an established RMD program with AIG, no action is needed as the company will adjust the RMD payment based on the applicable factor in the 2022 Tables.

Q: Does AIG plan to notify qualified contract owners who are subject to RMD that their payments may change in 2022 due to the new 2022 Life Expectancy Tables?

A: Yes. AIG sends a Fair Market Value notification to all qualified contract owners in January of each year. This communication will include notice that RMD payments are calculated based on current Life Expectancy Tables and that new tables will take effect on January 1, 2022, which may impact the calculated amount.

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