

Required Minimum Distributions FAQ

Individual retirement accounts and annuities (IRAs) and other retirement savings accounts are designed to help you save for retirement over the course of your career and lifetime. IRA and other retirement account savings will grow, tax-deferred, via interest and market performance, but once you reach a certain age, the IRS requires an annual minimum distribution.

As an IRA owner, it's essential you understand required minimum distribution (RMD) rules. The penalty for not taking your RMD can be hefty; the IRS will levy a penalty amounting to 25% of required withdrawal sum. (Although, if corrected timely, the IRS may lower the penalty to 10%.)

Many people use their RMDs to cover expenses and support their lifestyle in retirement. RMDs aren't just a tax obligation; they can also create an opportunity to strategize your retirement income. This guide has the answers to many questions you may have regarding how your RMDs work; ultimately, it will help ensure you're well-prepared to work with your financial professional to build a retirement income plan that will maximize your savings, follow IRS rules and retire remarkably.

What is a Required Minimum Distribution?

A required minimum distribution is the minimum amount you must withdraw from your pre-tax, tax-deferred IRAs and retirement plans and account(s) to satisfy federal tax rules once you reach RMD age.

What types of retirement accounts have an RMD?

RMDs apply to most types of pre-tax, tax-deferred retirement plans and accounts, including, but not limited to: traditional individual retirement accounts and annuities (IRAs), SEP IRAs, SIMPLE IRAs, 401(k) plans, 403(b) plans, 457(b) plans, profit-sharing plans and other qualified pension or retirement plans.

Minimum distribution rules don't apply to Roth IRAs during the owner's lifetime, though they may apply to the beneficiary that inherits the Roth IRA.

Why do I have to take an RMD?

RMDs are required from **most types of tax-qualified retirement plans and accounts** because they are funded with pre-tax money. Federal law requires you to begin withdrawing money to ensure that the savings, which have benefited from tax-deferred growth, are eventually drawn down and taxed, while providing you with retirement income.

When do I have to start taking RMDs?

In general, you must take your first RMD by April 1 of the year after you reach RMD age (some exceptions are noted below). For every year after, you'll have to take your RMDs by December 31. If you delay your first RMD, you'll have to take your first and second RMD in the same tax year. We recommend you consult your financial professional or tax advisor regarding the advantages or disadvantages of delaying your first RMD and the impacts on your taxes and future RMDs.

Account Types & RMD Timing

Tax-Qualified Retirement Plan or Account Type	First RMD Timing
IRAs, including traditional IRAs, SEP IRAs and SIMPLE IRAs	April 1 of the year following the calendar year in which you reach RMD age.
401(k), 403(b), 457(b) plans or other tax-qualified plan	<p>April 1 of the year following the calendar year in which you reach RMD age.</p> <p>However, if you are still employed, you may be able to delay your first RMD until April 1 of the year after you retire from the plan sponsor.</p>
Roth IRA	<p>RMDs don't apply during the owner's lifetime.</p> <p>There are RMD requirements for beneficiaries who own Inherited Roth IRAs.</p>
Roth 401(k), 403(b), 457(b) (designated Roth account)	<p>RMDs don't apply during the owner's lifetime.</p> <p>There are RMD requirements for beneficiaries who own Inherited Roth IRAs.</p>
Inherited IRAs	<p>If the deceased had reached their RMD age and had not taken their RMD, you must generally take a distribution for them by December 31 of the year of death.</p> <p>If the heir of the account is of RMD age, they might also be subject to their own RMDs.</p> <p>The RMD rules for inherited IRAs are very complex. Please consult with your tax professional for guidelines specific to your situation.</p>

What RMD age triggers the requirement to take RMDs?

The Internal Revenue Code sets the age that triggers the requirement to begin RMDs, and that age varies depending on when you were born.

- 70½ if you were born before July 1, 1949
- 72 if you were born on or after July 1, 1949
- 73 if you were born on or after January 1, 1951
- 75 if you were born on or after January 1, 1960

What if I'm still working?

For IRAs, you must take RMDs once you reach your RMD age even if you are still working.

For tax-qualified employer-sponsored retirement plans, if you work beyond your RMD age, you may be able to delay your first RMD until April 1 of the year after you retire from the plan sponsor. A few other requirements apply: The ability to delay until retirement applies only to the plan for your most recent employer, the plan must allow this exemption and you cannot own more than 5% of the employer's business.

Do RMDs ever stop?

There is no specified age at which RMDs stop. As long as you have balances in your tax-qualified retirement plans and IRAs, you must continue to take RMDs each year.

If I have an inherited IRA, do I still need to take an RMD?

Yes. RMD rules for inherited IRAs are complex. With an inherited IRA, you may either need to take annual distributions no matter what age you are or you may be required to fully distribute the assets in the inherited IRA within a specified number of years, or in some cases a combination of both. These rules don't apply if you've simply transferred another IRA to your own IRA, but they are specific to inherited IRAs.

If your Athene contract is an inherited IRA, Athene commonly calculates the RMD amount for such contracts as if you are a non-spouse beneficiary. However, RMD requirements may differ if your inherited IRA is from your spouse. If your RMD should be calculated as a spouse beneficiary, please contact Athene to request an updated RMD amount.

Please consult with your financial professional or tax advisor about your specific situation.

What if I have more than one retirement plan or IRA?

You generally must determine your RMD for each tax-qualified retirement plan and IRA separately. However, depending on the types of plans and IRAs you hold, you may have some flexibility in deciding from which plans and IRAs to withdraw your total RMD amount in any given year.

For more information on consolidating your RMDs, see the next question. We recommend consulting with your financial professional or tax advisor regarding the advantages or disadvantages of consolidating RMDs.

If I have more than one retirement plan or IRA, can I withdraw my entire RMD amount from one?

Yes, you can withdraw your entire IRA RMD amount out of any of your IRAs (excluding Roth IRAs, inherited IRAs and inherited Roth IRAs) at any financial institution. You can also withdraw a portion from each IRA. However, you do have to withdraw your RMD from one or more of your IRA contracts before December 31 (or April 1, for your first RMD).

Distributions taken from your Roth IRAs or inherited IRAs and inherited Roth IRAs do not count toward meeting RMD requirements from other IRAs. Additionally, you cannot aggregate an inherited IRA with your own IRAs.

Tax-Qualified Retirement Plan or Account Type	Combined RMDs Allowed?
IRAs, including traditional IRAs, SEP IRAs and SIMPLE IRAs	Yes, you can combine with other IRAs' RMDs.
401(k), 457(b) plans, or other tax-qualified plan	No, you must take an RMD from each plan.
403(b) plans	Yes, you can combine with other 403(b) plans' RMDs.
Roth IRA	RMDs don't apply during the owner's lifetime.
Roth 401(k), 403(b), 457(b) (designated Roth account)	RMDs don't apply during the owner's lifetime.
Roth 401(k), 403(b), 457(b) (designated Roth account)	RMDs don't apply during the owner's lifetime.

Please consult with your financial professional or tax advisor regarding the advantages or disadvantages of consolidating RMDs.

What if I don't want or need the money? Do I still have to take an RMD?

Regardless of whether you want or need the money, once you reach RMD age, you must take the RMD under federal tax law.

Can I choose to direct my IRA RMD to a charity?

You may make qualified/non-taxable charitable distributions directly from your IRA to a charitable organization while also satisfying your RMD, subject to applicable tax rules.

Please consult with your financial professional and tax advisor for guidelines specific to your situation.

Can I take more than the RMD amount?

Yes, you can withdraw more than the annual RMD if there are sufficient funds in your plan or IRA. However, any amount taken over the RMD amount for that year will not count towards the RMD amount required to be distributed in subsequent years.

If you plan to withdraw more than your RMD, you should first verify whether taking more than the RMD for an IRA would affect any guarantees or benefits the IRA might otherwise provide and whether any contractual charges may apply.

If your Athene annuity has an income rider, you may want to consider the income options available under your rider when evaluating your RMD strategy. Please consult with your financial professional or tax advisor regarding the advantages or disadvantages of electing income as part of your RMD strategy.

How do I set up a withdrawal to take my RMD from my Athene IRA?

You may request to take your first RMD from your Athene IRA annuity contract at any time between the first day of the calendar year in which you will reach RMD age and prior to market close on April 1 of the following year (or the last business day prior to April 1). You may request any subsequent RMD at any time between the first business day of the calendar year and market close on the last business day of the calendar year.

Note that while an RMD is calculated on an annual basis, you may choose to receive distributions on a monthly, quarterly semiannual basis, as long as you take the full amount required each year.

MyAthene users can set up RMDs online. You may also complete the setup process by calling Athene's Customer Contact Center at 888-ANNUITY (888-266-8489) or emailing a completed form to documents@athene.com. Forms can be found in the [forms library](#).

Athene's standard processing time for a withdrawal request is 3-5 business days. Please consider processing times for your RMD request to ensure your withdrawal is completed within the intended calendar year.

What happens if I do not take my RMD or mistakenly take less than my RMD?

If you fail to take your RMD, you may be subject to an excise tax equal to 25% of the required (but not taken) distribution amount.

The IRS may waive the excise tax if you establish that you did not take your full RMD due to a reasonable error and that reasonable steps are being taken to withdraw the full amount required. To request an excise tax waiver, you must file IRS Form 5329 with your income tax return and attach a letter of explanation. (Instructions may be found at IRS.gov.) RMD failures that do not qualify for the waiver may be eligible for a reduced 10% excise tax provided that a correction meets certain criteria.

Please consult with your own tax advisor for guidelines specific to your situation.

How is my RMD calculated for an IRA?

If you're RMD age, Athene will automatically calculate the RMD amount each year for your IRAs held at Athene.

Your RMD amount varies by year and is calculated by dividing the "entire interest" of your IRA by your life expectancy. If you've started receiving standard annuity payout benefits, the payment amount is treated as your RMD.

The IRS has three tables which may be used for calculating the RMD: Single Life Expectancy, Joint Life and Last Survivor Expectancy and Uniform Lifetime. Athene commonly calculates the RMD utilizing the life expectancy factors on the Uniform Lifetime table. If you calculate your RMD utilizing a different table, please contact Athene's Customer Contact Center for an updated RMD estimate.

How is the "entire interest" or fair market value of my IRA calculated?

The "entire interest," or fair market value (FMV), of your annuity is generally the accumulated value of your contract. On occasion, an actuarial present value (APV) calculation may be added to your account value to determine the RMD if your annuity has certain benefits that are not included in the accumulated value. Required by federal regulations, the APV takes into account these excluded benefits in the accumulated value, which may include income rider or living benefits, unvested interest credits, withdrawal benefits and some death benefits. Athene takes the future value of those benefits and converts it into today's dollar amount based on factors such as projected mortality, lapse and interest rates.

Sometimes the impact of the APV of additional benefits on your FMV will be minimal. However, if the benefit is disproportionately higher than the accumulated value, the impact may be much greater.

[Visit the IRS website](#) to learn more about calculating the RMD amount that applies to your situation. If you need further assistance, please contact your financial professional or Athene's Customer Contact Center.

What taxes apply to my RMD?

RMDs are generally subject to federal income tax and applicable state income tax. However, if your IRA holds after-tax contributions, part of your RMD will be treated as a nontaxable return on a portion of those contributions.

It is not mandatory to withhold federal tax from your RMD payment. Whether or not you choose to have taxes withheld, you are responsible for payment of all applicable federal and state income taxes on the taxable portion of the distribution. You may also be subject to penalties under the estimated tax rules if your withholding and estimated tax payments, if any, are not adequate.

Your tax advisor can help you determine the amount of withholding applicable for your specific situation. Athene customer service representatives do not offer tax advice, such as your appropriate withholding amount.

How will my RMD distributions be reported?

In general, distributions from a traditional IRA are taxable in the year you receive them. You will receive Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc., which reports your total distribution amount taxable amount and any tax withholding taken. However, the IRS Form 1099-R you receive will not specify that this was an RMD distribution as the IRS provides no separate code for RMD distributions.

Please consult a qualified tax professional to understand your individual tax liability.

What if I still have questions?

For more details on RMDs, consult with your financial professional, tax or legal advisor, or email AskAthene@athene.com with questions.