Quarterly Financial Integration Planning Pointer
"IRA Required Minimum Distributions"

As we enter the fourth quarter of calendar year 2016, we will be assisting our clients who have qualified retirement accounts (IRA, SEP IRA, or Employer Sponsored Retirement Plan Accounts) and have (or will) reach age 70 ½ by December 31, 2016 to ensure that they adhere to the Required Minimum Distribution (RMD) rules mandated by the Internal Revenue Service. This is often a confusing income tax requirement for clients who have not been subject to these rules in past years. We thought it would be timely to review these requirements for those clients who are currently subject to these compliance requirements or will be in the coming years.

Required Minimum Distributions (RMD)

- Required Minimum Distributions generally are the minimum amounts that a retirement account owner must withdraw annually starting with the year that he or she reaches 70 ½.

- You must take your first required minimum distribution for the year in which you turn age 70 ½. However, the first payment can be delayed until April 1 of the year following the year in which you turn 70 ½. For all subsequent years, including the year in which you were paid the first RMD by April 1, you must take the RMD by December 31 of the year.

- Generally, a RMD is calculated for each account by dividing the prior December 31 balance of that IRA or retirement plan account by the life expectancy factor that IRS publishes in Publication 590-B, titled Distributions from Individual Retirement Arrangements (IRA's). The table shows a life expectancy based on the beneficiary's age. The account balance is divided by this life expectancy to determine the first RMD. The life expectancy is reduced by one for each subsequent year.

- If an account owner fails to withdraw the full amount of the RMD, or fails to withdraw the RMD by the applicable deadline, the amount not withdrawn is taxed at 50%. This represents a punitive penalty. Inadvertent failure to meet the RMD requirements "may" be corrected under IRS guidelines which must be strictly adhered to in an allowable time period.

In addition to the Age 70 ½ RMD rules, similar life expectancy based RMD rules exist for beneficiaries of "Inherited" retirement accounts.

Although most IRA custodians or retirement plan administrators may calculate the RMD for account owners, the responsibility to ensure that these rules are adhered to remains on the account owner. For all client IRA and retirement accounts managed by TD Capital, we will make the necessary calculations and initiate the required distributions prior to December 31, 2016.

> *** Caution: If you have an IRA or retirement account not under our management, you should request the IRA custodian or retirement plan administrator to immediately implement the 2016 RMD from this account. TD Capital cannot be responsible for accounts subject to RMD rules which are not under our management.*

If you have any questions related to the IRS RMD rules, please contact us to discuss.

Sincerely,
Your TD Capital Team

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