REQUIRED MINIMUM DISTRIBUTIONS - PARTICIPANTS AGE 70½ OR OVER

Required Minimum Distributions

A Required Minimum Distribution (RMD) is the minimum amount that a participant must withdraw each year. Effective 1/1/23, these will generally start with the year in which the participant reaches age 73. However, if a participant is age 70½ or over as of 12/31/19, or age 72 or over as of 12/31/2022 then these may need to begin earlier. If an individual is a participant in more than one qualified plan, each plan must satisfy the minimum distribution rules separately.

Required Beginning Date (if (i) age 70½ on or before 12/31/19 or (ii) age 72 or older on or before 12/31/2022)

The first RMD for an employee **who is a more than 5% owner** and is in one of the age categories must be made by April 1 of the year following the calendar year in which the participant reached required age (70½ or 72).

The first RMD for an employee **who is not a more than 5% owner** and is in one of the age categories must be made by April 1 of the year following the calendar year in which the later of two events occurs:

- the participant reached specified age (70½ or 72), or
- the participant terminates or retires (if selected in the plan provisions).

Required Beginning Date (if age 73 or older on or *after* 1/1/2023)

The first RMD for an employee **who is a more than 5% owner** and is age 73 or older must be made by April 1 of the year following the calendar year in which the participant reaches age 73.

The first RMD for an employee **who is not a more than 5% owner** and is age 73 or older must be made by April 1 of the year following the calendar year in which the later of two events occurs:

- the participant reaches age 73, or
- the participant terminates or retires (if selected in the plan provisions).

Subsequent Required Minimum Distributions

Required minimum distributions must be withdrawn by December 31 for each subsequent year after the participant's required beginning date.

The participant will generally have two required distributions in the first year following the year the participant reaches the applicable age bracket defined above. April 1 (for the year the participant turns the applicable age) and December 31 (for the year following the year the participant turned the applicable age). To avoid having both amounts included in the participant's income for the same year, the participant may take the first distribution by December 31 of the year the participant reaches the applicable age bracket, instead of waiting until April 1 of the following year.

Action Needed

When completing the annual administration for the plan year, we will determine which participants are due a Required Minimum Distribution. To properly calculate the RMD, we will need the date of birth for the participant's beneficiary and the beneficiary's relationship to the participant. We will provide the amount to be distributed for each participant due an RMD. If, however, any participant in your plan was age 70½ or over on or before 12/31/19, or age 72 or over on or before 12/31/2022, or age 73 or over on or after 1/1/2023 and you have not received this information, or if you have any questions, please contact your Creative Pension Consultants administration team.

Consequence for Failing to Take Required Minimum Distributions

Any participant who has not taken their required minimum distribution, or if the distribution is not large enough, may be subject to a 50% excise tax on the amount not distributed as required. This penalty will be reduced to 25% for RMD beginning in 2023.

IRS Form 1099-R

The minimum distribution must be reported on the IRS Form 1099-R.

Individual Retirement Accounts

These rules apply to IRAs also. If an individual has more than one IRA, the RMD must be calculated for each IRA separately. The RMD amounts, however, may be aggregated and the total withdrawn from one IRA or a portion can be withdrawn from each IRA. IRA RMD amounts may NOT be aggregated with qualified retirement plan RMD amounts.