SETTING THE RMD TABLE

UNDERSTANDING REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

OWNER RMDs

Required Beginning Date: An IRA (other than a Roth IRA) owner must begin taking distributions for each calendar year beginning with the calendar year in which the owner attains age 73. The distribution for the year the IRA owner attains age 73 must be made no later than April 1 of the following calendar year; RMDs for any other year must be made no later than December 31 of that year.

IRS Table III – Uniform Lifetime Table: IRS table for use by owners to 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.

VARIABLE ANNUITIES AND RMDs

As you see on IRS: Uniform Lifetime Table to the right, 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 81). 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.

BASED ON IRS TABLE III: UNIFORM LIFETIME TABLE

FOR USE BY OWNERS (RMDs CALCULATED USING DECEMBER 31, 2021, VALUES AND AFTER)

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

AGE	%	FACTOR	AGE	%	FACTOR
72	3.65	27.4	89	7.75	12.9
73	3.77	26.5	90	8.2	12.2
74	3.92	25.5	91	8.7	11.5
75	4.07	24.6	92	9.26	10.8
76	4.22	23.7	93	9.9	10.1
77	4.37	22.9	94	10.53	9.5
78	4.55	22.0	95	11.24	8.9
79	4.74	21.1	96	11.9	8.4
80	4.95	20.2	97	12.82	7.8
81	5.15	19.4	98	13.7	7.3
82	5.41	18.5	99	14.71	6.8
83	5.65	17.7	100	15.63	6.4
84	5.95	16.8	101	16.67	6.0
85	6.25	16.0	102	17.86	5.6
86	6.58	15.2	103	19.23	5.2
87	6.94	14.4	104	20.41	4.9
88	7.3	13.7	105	21.74	4.6

Note: RMD-friendly living benefit does not apply to RMDs calculated using the uniform lifetime table. Shaded boxes indicate at which age the RMD exceeds the previous listed percentage.

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BENEFICIARY OPTIONS

Designated Beneficiaries (living persons): Designated beneficiaries of a qualified retirement account are no longer able to elect a life expectancy payout if the owner died after December 31, 2019. The account must be liquidated by the end of the tenth year, following the owner's date of death. Beneficiaries of nonqualified deferred annuities are still allowed a life expectancy payout provided the first distribution is taken within one year of the owner's date of death.

Eligible Designated Beneficiaries: Spouses, individuals who are disabled, chronically ill, beneficiaries not more than 10 years younger than the owner, and minor children of the account holder are still permitted a qualified stretch payout (or spousal continuation in the case of a spouse). It is important to note that minor children are only allowed this distribution method while they are under the age of majority. Unless disabled, once they reach the age of majority (age 21), they will need to liquidate the account within a 10-year window.

Entity Beneficiaries: An entity and some trusts are forced to liquidate qualified accounts by the end of the year containing the fifth anniversary of death. In the case of nonqualified deferred annuities, the account needs to be liquidated by the fifth anniversary of death. A properly drafted trust that is the beneficiary of a qualified account may be allowed the 10-year window.

Stretch Deadline: A spousal beneficiary who elects a qualified stretch must take the first stretch distribution by the later of December 31 following the year of the IRA owner's death or December 31 of the year the deceased owner would have turned 72. If applicable, 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 nonqualified deferred annuities). Failure to satisfy the stretch distribution may subject the beneficiary to a 25% excise tax on the amount of the RMD, or may require the beneficiary to elect the 10-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: Eligible designated beneficiaries must use this table to determine the maximum stretch period allowed. Unlike the uniform lifetime table or the joint life table, the single life table not assume a joint life factor.

BASED ON IRS TABLE I: SINGLE LIFE EXPECTANCY TABLE

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
21	64.1	39	46.7	57	29.8	75	14.8
22	63.1	40	45.7	58	28.9	76	14.1
23	62.1	41	44.8	59	28	77	13.3
24	61.1	42	43.8	60	27.1	78	12.6
25	60.2	43	42.9	61	26.2	79	11.9
26	59.2	44	41.9	62	25.4	80	11.2
27	58.2	45	41	63	24.5	81	10.5
28	57.3	46	40	64	23.7	82	9.9
29	56.3	47	39	65	22.9	83	9.3
30	55.3	48	38.1	66	22	84	8.7
31	54.4	49	37.1	67	21.2	85	8.1
32	53.4	50	36.2	68	20.4	86	7.6
33	52.5	51	35.3	69	19.6	87	7.1
34	51.5	52	34.3	70	18.8	88	6.6
35	50.5	53	33.4	71	18	89	6.1
36	49.6	54	32.5	72	17.2	90	5.7
37	48.6	55	31.6	73	16.4	91	5.3
38	47.7	56	30.6	74	15.6	92	4.9

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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