

# RMD Frequently Asked Questions

## What is a Required Minimum Distribution?

- Age 70 ½ is an important age for people who have saved for their retirement by investing in Individual Retirement Annuities (IRAs) and tax deferred qualified retirement plans, because the Internal Revenue Service requires that distributions from these plans commence generally at age 70 ½.
- A distribution is required for the year in which you turn 70 ½ and for every year thereafter. The amount of money required to be withdrawn each year is known as the **Required Minimum Distribution (RMD)**.

## When do I need to start taking my RMD?

- All IRA account holders must begin to take minimum distributions by their required beginning date (RBD), April 1st of the calendar year following the year the IRA owner attains age 70 ½.
- For all 403(b) plan annuity plan participants, the required beginning date (RBD) is April 1st of the calendar year following the later of (1) the calendar year in which the plan participant attains age 70 ½ or (2) the calendar year in which the plan participant retires.
- **RMD Postponement:** If you postpone the distribution of your first RMD until the April 1st deadline, you must take a second RMD by December 31st of the same year to satisfy that calendar year's requirement.

## How is my Required Minimum Distribution calculated?

- The calculation of required minimum distributions is individualized, because it depends upon your age (life expectancy) and the value of your IRA(s) and qualified retirement plan account(s).
- The RMD is calculated by dividing the RMD Basis Value as of the end of the prior year by the life expectancy factor from the IRS Uniform Lifetime Table. The IRS Joint Life and Last Survivor Expectancy Table is used when the IRA owner's sole beneficiary is a spouse who is more than 10 years younger.
- **Effective January 2006:** The IRS has instructed that RMDs be based on your entire interest under the annuity contract. The entire interest is referred to as the RMD Basis Value by Sun Life Financial and it is your year-end account value plus the value assigned to future benefits. Benefits are additional features that will be payable in the future. They may include death and living benefits. You will be affected only when your RMD Basis Value is higher than your year-end account value, because your RMD amount will be higher.

RMD Basis Value = 12/31 account value + value of future benefits, **if applicable.**

Therefore,

$$\text{Your RMD Amount} = \frac{\text{RMD Basis Value}}{\text{Life Expectancy Factor}}$$

**Please Note:** You will be notified of your RMD amount by January 31st of each calendar year.



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### How do I satisfy my RMD with Sun Life?

- Sun Life Financial has a Minimum Distribution Program designed to help you satisfy your annual RMD automatically each year. It eliminates the necessity of submitting a written request for each RMD payment. We will calculate your RMD each year and distribute it to you monthly, quarterly, semi-annually, or annually. You may enroll in the program by completing the application entitled Required Minimum Distribution (RMD) Request Form for Owners.
- If you are an owner of a qualified plan such as a Simplified Employee Pension Plan, 401(k) plan, Defined Benefit Plan, Profit Sharing Plan, or a 457 plan, you are welcome to contact us or use our IRA/Non-Qualified Variable Annuity Withdrawal Form to fulfill your annual RMD requirement.

### When Do I need to take my RMD?

- Distributions to satisfy your annual RMD may begin at any time during a calendar year provided the total amount of your RMD for a particular calendar year is distributed by December 31st of that year.

### Want to learn more about RMDs?

- Visit [www.irs.gov](http://www.irs.gov) for more information.

