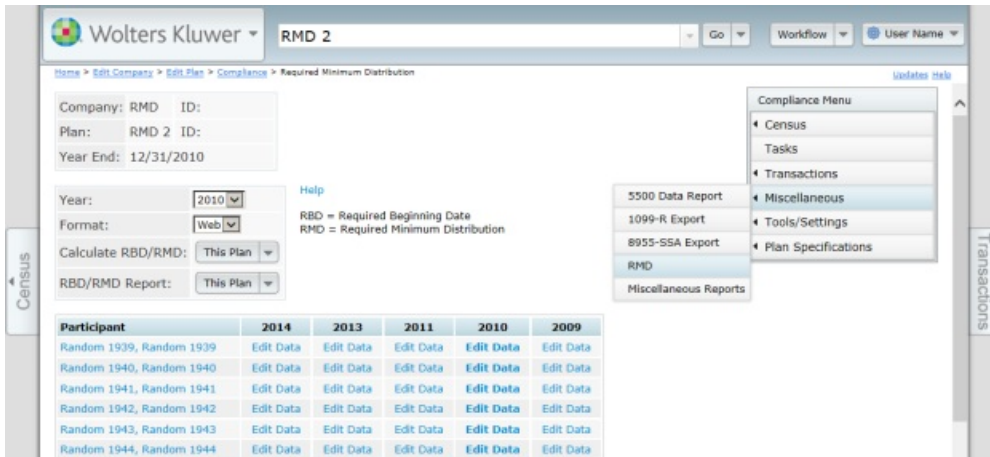


8.4. Required Minimum Distributions

10/29/2024 4:30 pm CDT

The Required Minimum Distribution Screen is accessed from the “Compliance Menu” by hovering over “Miscellaneous” and clicking on “RMD”.



Overview

The Required Minimum Distribution (RMD) rules were created to ensure that the payment of benefits is not postponed indefinitely. These distributions are generally required within a certain time frame once a participant reaches the applicable RMD age. The distribution amount a participant must take is called the Required Minimum Distribution (RMD). The date the participant must take their first RMD is called the Required Beginning Date (RBD).

For the system to calculate the RBD and RMD correctly, the following data must be in the system (as applicable):

- Participant’s account balance for the [valuation calendar year](#)
- Participant’s date of birth
- Participant’s ownership data as of the calendar year they attain RMD age
- Termination date and reason for termination
- Beneficiary’s date of birth

Transactions/Statement Menu

The value of the participant’s account balance is determined in the [valuation calendar year](#). To obtain a participant’s account balance for the valuation calendar year, account balance activity must be posted in the Transaction Menu for that year. Additionally, statements need to be run in order for the system to be able to pick up the balances. Please note: if the valuation calendar year is a conversion year with the only activity on the system being an ending balance batch, the system will not recognize those balances for RMD purposes. In this instance the account balance will need to be overridden and manually entered. Please refer to the [RMD override](#) section for additional instructions.

Do Data Scrub/Elig Calc

The following census data must be uploaded or keyed into the system in the [distribution calendar year](#): participant date of birth, beneficiary’s date of birth, participant’s ownership, termination date and reason for termination (as applicable). The data scrub must be run before the RMD Menu will become available.

Calculate RBD/RMD

Select the year (either the current year or the next year) for which the RBD/RMD should be calculated for. Then select the format of which you would like to view the RBD/RMD report. If “Web” is selected, the report will open in a web page. If “CSV” is selected, the report will print in .csv format for you to view in an appropriate viewer, such as MS Excel.

If the user has administrative rights, the RBD/RMD can be calculated on either a plan level or global level. The default is to calculate for the current plan only (simply click “This Plan” next to the calculate option). To calculate on a global level, click the arrow next to the button that reads “This Plan” and click “All Plans”.

[Home](#) > [Edit Company](#) > [Edit Plan](#) > [Compliance](#) > Required Minimum Distribution

Company:	RMD	ID:	
Plan:	RMD 2	ID:	
Year End:	12/31/2010		

Year:	2010	Help
Format:	Web	RBD = Required Beginning Date RMD = Required Minimum Distribution
Calculate RBD/RMD:	This Plan	
RBD/RMD Report:	All Plans	

If the user is not a designated administrator, the RBD/RMD may only be run for the current plan. The option to run for “All Plans” is not available.

[Home](#) > [Edit Company](#) > [Edit Plan](#) > [Compliance](#) > Required Minimum Distribution

Company:	RMD	ID:	
Plan:	RMD 2	ID:	
Year End:	12/31/2010		

Year:	2010	Help
Format:	Web	RBD = Required Beginning Date RMD = Required Minimum Distribution
Calculate RBD/RMD:	Run	
RBD/RMD Report:	Run	

When the calculation is run, the system calculates the following (as applicable):

- RBD
- 5% Owner for RMD purposes
- Death Date
- Date that the participant attains RMD age
- 1st Distribution Cal Year
- Non 5% Term Date
- RMD factor
- Total account balance
- Vested account balance
- RMD

When the calculation is run a pop-up box will open. This lists every participant with an error. For example, if a participant’s beneficiary’s birth date is missing, an error message will appear on this screen to alert the user of invalid data.

NOTE: To review the actual calculations, you must close this box and print the RBD/RMD report.



Print RBD/RMD Report

After running the RBD/RMD calculation, you must print the RBD/RMD Report. The top section of the report displays the Required Beginning Date information, showing all participants who have attained the applicable RMD age. The Required Minimum Distribution section of the report lists all participants who the system evaluates should receive a RMD. Users also have the option to open this report in excel format by clicking "csv" next to the report.

RBD/RMD Report in web format

The screenshot shows a window titled "RBD/RMD Reports". At the top, it says "Calendar Year: 12/31/2012". Below that, there are two sections: "Required Beginning Date Report" and "Required Minimum Distribution Report".

Required Beginning Date Report:

Participant Name	Override	70-1/2 Date	Death Date	5% Owner	Non 5% Term Date	Desig Ben Birth Date	1st Distribution Cal Year	Required Beg Date	Life Tables
RMD 7-19-2012 plan 1									
Key 7, Key 7	No	2/1/2011	1/1/2001	Yes		01/01/1960	2002	12/31/2002	Uniform Lifetime Table
Key 8, Key 8	No	02/01/2011		Yes		01/01/1961	2011	04/01/2012	Uniform Lifetime

Required Minimum Distribution Report:

Participant Name	Bal Yr End	Balance O/R	Tot Bal	Vest Bal	Factor O/R	Factor	Required Min Dist
RMD 7-19-2012 plan 1							
Key 7, Key 7	2011-12-31	No	\$10000.00	\$0.00	No	25.6	\$0.00
Key 8, Key 8	2011-12-31	No	\$10000.00	\$0.00	No	25.6	\$0.00
Key 9, Key 9	2011-12-31	No	\$10000.00	\$0.00	No	23.8	\$0.00

There is a "Close" button at the bottom right.

RBD/RMD Report in .csv format

Required Beginning Date Report as of Calendar Year 12/31/2012										
Plan Name	Participant Name	Override	70-1/2 Date	Death Date	5% Owner	Non 5% Term Date	Desig Ben	1st Distribution Ca	Required Beg Da	Life Tables
RMD 7-19-2012 plan 1	Key 7, Key 7	No	2/1/2011	1/1/2001	Yes		1/1/1960	2002	12/31/2002	Uniform Lifetime Table
RMD 7-19-2012 plan 1	Key 8, Key 8	No	2/1/2011		Yes		1/1/1961	2011	4/1/2012	Uniform Lifetime Table
RMD 7-19-2012 plan 1	Key 9, Key 9	No	7/1/2008		Yes			2008	4/1/2009	Uniform Lifetime Table
RMD 7-19-2012 plan 1	KeyAtt 1, KeyAtt 1	No	7/1/2009		Yes			2009	4/1/2010	Uniform Lifetime Table
RMD 7-19-2012 plan 1	KeyAtt 7, KeyAtt 7	No	7/1/2010		Yes			2010	4/1/2011	Uniform Lifetime Table
RMD 7-19-2012 plan 1	NonKey 1, NonKey 1	No	7/1/2008		No		1/1/2012	2012	4/1/2013	Uniform Lifetime Table
RMD 7-19-2012 plan 1	NonKey 5, NonKey 5	No	7/1/2008		No		2/1/2009	2009	4/1/2010	Uniform Lifetime Table

Required Minimum Distribution Report as of Calendar Year 12/31/2012								
Plan Name	Participant Name	Bal Yr End	Balance O/R	Tot Bal	Vest Bal	Factor O/R	Factor	Required Min Dist
RMD 7-19-2012 plan 1	Key 7, Key 7	12/31/2011	No	\$10,000.00	\$0.00	No	25.6	\$0.00
RMD 7-19-2012 plan 1	Key 8, Key 8	12/31/2011	No	\$10,000.00	\$0.00	No	25.6	\$0.00
RMD 7-19-2012 plan 1	Key 9, Key 9	12/31/2011	No	\$10,000.00	\$0.00	No	23.8	\$0.00
RMD 7-19-2012 plan 1	KeyAtt 1, KeyAtt 1	12/31/2011	No	\$10,000.00	\$0.00	No	24.7	\$0.00
RMD 7-19-2012 plan 1	KeyAtt 7, KeyAtt 7	12/31/2011	No	\$10,000.00	\$0.00	No	25.6	\$0.00
RMD 7-19-2012 plan 1	NonKey 1, NonKey 1	12/31/2011	No	\$10,000.00	\$0.00	No	23.8	\$0.00
RMD 7-19-2012 plan 1	NonKey 5, NonKey 5	12/31/2011	No	\$10,000.00	\$0.00	No	23.8	\$0.00

RBD Definitions

RBD calculation for a 5% Owner for RMD purposes

The RBD for a participant who is a [5 percent owner for RMD purposes](#) is April 1st of the calendar year following the year that the participant attains RMD age.

RBD calculation for a non-5% Owner for RMD purposes

The RBD for a participant who is a [non-5% owner for RMD purposes](#) is April 1st of the calendar year following the year that the participant attains RMD age or, if later following the year in which he or she terminates employment.

RBD calculation for a deceased participant

The RBD for a participant who dies before attaining age the applicable RMD age will be calculated as December 31st in the calendar year following the year in which the participant died.

The RBD will already have been calculated by the system for 5 Percent Owners who die on or after attaining the applicable RMD age and for non-5 Percent Owners who die on or after attaining RMD age and have terminated employment.

RBD Overrides

A link, displaying participants names, appears when the RBD/RMD calculation is run. Clicking on this link opens a screen where the RBD and the data on the screen below can be edited for a given participant.

Participant	2014	2013	2012	2011	2010
Key 7, Key 7	Edit Data	Edit Data	Edit Data	Edit Data	
Key 8, Key 8	Edit Data	Edit Data	Edit Data	Edit Data	
Key 9, Key 9	Edit Data	Edit Data	Edit Data	Edit Data	Edit Data
KeyAtt 1, KeyAtt 1	Edit Data	Edit Data	Edit Data	Edit Data	Edit Data
KeyAtt 7, KeyAtt 7	Edit Data	Edit Data	Edit Data	Edit Data	Edit Data
NonKey 1, NonKey 1	Edit Data	Edit Data	Edit Data	Edit Data	
Nonkey 5, Nonkey 5	Edit Data	Edit Data	Edit Data	Edit Data	Edit Data

NOTE: The 'Override Calculation of Required Beginning Date' field must be set to 'Yes' to override a) The date the participant attained age 70-1/2, b) The RMD first distribution calendar year and c) the RMD required beginning date.

RBD Overrides	
Override Calculation of Required Beginning Date	No ??
Date the Participant attained age 70-1/2:	2/1/2011 ??
Enter the employee's date of death	1/1/2001 ??
Participant was a 5% owner in the plan year ending in the calendar year in which the Participant attained	Yes ??

Override Calculation of Required Beginning Date

The "Override Calculation of Required Beginning Date" should be set to "Yes" if the user wishes to bypass the recalculation of:

- Date the Participant attained RMD age
- Date of death
- RMD first distribution calendar year, or
- RMD required beginning date for the year

Date the Participant attained the applicable RMD age

The "Date the Participant attained RMD age" field equals the date the participant reached the applicable RMD age in MM/DD/YYYY format. It is based on the participant's date of birth in the system and is calculated when the RBD calculation is run. To override the system calculation of this value in the year the participant attains the applicable

RMD age, enter a valid date (MM/DD/YYYY) and set "Override Calculation of RMD" to "Yes". To override the system calculation of this value in any other year, simply enter a valid date (MM/DD/YYYY).

Enter the employee's date of death

The date of death field will populate (in MM/DD/YYYY format) if a valid termination date is in the system with the reason of termination due to death. The date of death is calculated when the RBD calculation is run if it is not already populated with a value. To delete this date entirely the user must set "Override Calculation of RBD" to yes.

Participant was a 5% owner in the plan year ending in the calendar year in which the Participant attained RMD age

The system will calculate whether or not a participant was a [5% owner for RMD purposes](#) if the value of 5% Owner for RMD purposes equals "unknown" and the participant has attained RMD age. If census data is not in the system for the year the participant has attained RMD age, the 5% Owner for RMD purposes field will be set to no.

If not a 5% owner for purposes of RMDs, Termination date of Participant after the Participant attained RMD age

If a participant is marked as a [non-5% owner for RMD purposes](#) and has a valid termination date, this field will populate with that termination date when the RBD calculation is run.

Birth Date of Designated Beneficiary

The designated beneficiary's date of birth is used to calculate the factor when the Single Life Table is selected and also used with the participant's date of birth to determine the factor when Joint and Survivor Life Table is selected. To override this field simply enter a new date of birth in MM/DD/YYYY format in the RBD overrides menu.

Another option is to Other Import/Export/Reports from the Compliance Menu, select the *ftw Beneficiary fields grid, press update, then enter the dates directly in the grid or download/upload the spreadsheet with this data. This method is best used when there are multiple participants that you need to enter data for.

Life expectancy table to use

Life expectancy tables determine what factor will be used to calculate the RMD. The [Single Life Table](#), [Uniform Lifetime Table](#), or [Joint and Last Survivor Table](#) will be populated by the system when the RBD calculation is run. This selection is based on individual circumstances of the participant. To override this field use the drop-down box to select a different lifetime table to use.

Enter the RMD first distribution calendar year

RMD first distribution calendar year field equals the calendar year in which the participant reached RMD age. The value is calculated when the RBD calculation is run. To change the system calculation of this value the user may enter a valid four digit year (YYYY). [Link to FAQ](#)

Enter the RMD required beginning date

This field equals the date the participant must take their first RMD. The value is calculated when the RBD calculation is run. To change the system calculation of this value, simply enter a valid date (MM/DD/YYYY). [Link to FAQ](#)

RMD Overrides

To edit a participant's balance data or the RMD factor, click on "Edit YYYY Data". The YYYY is the distribution calendar year for the RMD.

Home > Edit Company > Edit Plan > Compliance > Required Minimum Distribution [Help](#) [Update Data](#)

Company: RMD ID:

Plan: RMD Demo Plan ID:

Year End: 12/31/2012

Year: [Help](#)

Format: [Help](#)

RBD = Required Beginning Date
RMD = Required Minimum Distribution

Calculate RBD/RMD:

RBD/RMD Report:

Participant	2014	2013	2012	2011	2010
Key 7, Key 7	Edit Data	Edit Data	Edit Data	Edit Data	Edit Data
Key 8, Key 8	Edit Data	Edit Data	Edit Data	Edit Data	Edit Data
Key 9, Key 9	Edit Data	Edit Data	Edit Data	Edit Data	Edit Data
KeyAtt 1, KeyAtt 1	Edit Data	Edit Data	Edit Data	Edit Data	Edit Data
KeyAtt 7, KeyAtt 7	Edit Data	Edit Data	Edit Data	Edit Data	Edit Data
NonKey 1, NonKey 1	Edit Data	Edit Data	Edit Data	Edit Data	Edit Data
NonKey 5, NonKey 5	Edit Data	Edit Data	Edit Data	Edit Data	Edit Data

Compliance Menu

- Compass
- Tasks
- Transactions
- Miscellaneous
- Tools/Settings
- Plan Specifications

Edit Participant - 2012 RMD

Company: RMD

Plan: RMD Demo Plan

Distribution Calendar Year: 2012

Participant: Key 7, Key 7

RMD Overrides

Override calculation of Participant account balance:	<input type="text" value="No"/> ??
Participant total balance for purposes of calculating RMD:	<input type="text" value="10000.00"/> ??
Participant vested balance for purposes of calculating RMD:	<input type="text" value="0.00"/> ??
Override calculation of Participant RMD Factor:	<input type="text" value="No"/> ??
Factor used to calculate Participant RMD	<input type="text" value="25.6"/> ??

Override calculation of Participant account balance

If “Override Calculation of Participant account balance” is set to “Yes”, the system will calculate the RMD based on the balance data manually entered in this screen. If set to “No”, when the RMD calculation is run, the account balance data will repopulate based on the data in the system.

Participant total balance for purposes of calculating RMD

This field equals the participant’s ending balance in the [valuation calendar year](#). To override, set “Override Calculation of Participant account balance” to “Yes” and enter the new total account balance.

Participant vested balance for purposes of calculating RMD

This field equals the participant’s ending vested balance in the [valuation calendar year](#). To override, set “Override Calculation of Participant account balance” to “Yes” and enter the new vested account balance.

Override calculation of Participant RMD Factor

If “Override Calculation of Participant RMD Factor” is set to “Yes”, the system will calculate the RMD based on the factor manually entered in this screen. If set to “No”, when the RMD calculation is run, the factor will repopulate based on the data in the system.

Factor used to calculate Participant RMD

This field equals the factor that will be used to calculate the RMD. To override the system calculated factor, set “Override calculation of Participant RMD Factor” to “Yes” and enter the new factor you wish to use.

[Link to RBD/RMD FAQ](#)

RMD Definitions

Valuation Calendar Year:

The valuation calendar year is the calendar year prior to the distribution calendar year.

Distribution Calendar Year:

The distribution calendar year is the calendar year in which an RMD is due.

5% Owner for RMD purposes:

A participant will be considered a 5% owner for RMD purposes if they have an ownership percentage greater than 5% in the calendar year that they turned RMD age.

Note: If the RBD calculation is run for a future year the 5% owner calculation will be determined based on current plan year data. Once this field is calculated, the user must override if ownership changes prior to the year a participant attains RMD age.

Non- 5% Owner for RMD purposes:

A participant will be considered a Non-5% owner for RMD purposes if their ownership percentage is not greater than 5% in the calendar year that they turned RMD age.

Note: If the RBD calculation is run for a future year the 5% owner calculation will be determined based on current plan year data. Once this field is calculated, the user must override if ownership changes prior to the year a participant attains RMD age.

Single Life Expectancy Table:

If the participant is deceased, the system will default to the Single Life Table. The system uses the designated beneficiary's date of birth to calculate the life expectancy factor. Note: If a participant dies after this has already been populated with Uniform Life Table, the user must [override](#) to change the Life Expectancy Table to Single Life Table. [Link](#)

Uniform Life Expectancy Table:

If the participant is alive the system will default to the Uniform Lifetime Table. The system uses the participant's date of birth to calculate the life expectancy factor. [Link](#)

Joint and Last Survivor Life Expectancy Table:

If a participant's spouse is the sole beneficiary and the spouse is ten years younger than the participant, the Joint and Last Survivor Table must be used to determine the factor that will be used in the RMD calculation. The user must manually change the Life Expectancy Table option to Joint and Last Survivor Table in this instance. The system uses both the participant's and the designated beneficiary's date of birth to calculate the life expectancy factor. [Link](#)

Death Date:

To determine if a participant is deceased the system will look to see if a valid "death date" is entered. If no death date is found, the system will check the service history for a termination date due to death. If a valid death date is found or there is a termination date due to death in the service history, the system will assume the participant is dead.

RBD/RMD FAQ's

How does the system determine if a participant is a 5% Owner for RMD purposes?

To determine if a participant is a 5% owner, the system first finds a year end that is less than or equal to the calendar year end in which the participant turned RMD age. The system then looks to see if the participant was a 5% owner in that plan year. The system performs this calculation if the 5% Owner for RMD purposes variable is equal to "Unknown" and if the participant turns RMD age in the calendar year. Please note that if no census data is found for that person for the year end, 5% Owner for RMD purposes will be set to "No".

When will the system calculate the RBD for a participant?

The system calculates the RBD if the participant has a valid date of birth, the RMD first distribution calendar year field is blank, the Required Beginning Date field is blank, and if the participant is a 5% owner and turns RMD age in the calendar year or if a non-5% owner attains RMD age and terminates employment or if the participant dies.

I've overridden the RBD, how do I make the system recalculate it?

First make sure that the "Override Calculation of Required Beginning Date" is set to "No". Then delete the RBD and 1st Distribution Calendar Year fields in "Edit Participant Master File Data" screen. Finally, re-run the RBD calculation.

How does the system determine if a participant is RMD age?

The system looks to calculate the date the participant attained RMD age if there is not a valid date in the system already. If there is no valid date in the system, the system will look at the participant's date of birth to determine if the participant has reached RMD age. If they have, the date the participant attained RMD age is recorded.

What are the rules of IRC §401(a)(9)-5?

[IRC §401\(a\)\(9\)-5](#)

How is the RMD calculated if the participant is alive?

The RMD is equal to the account balance as of the last valuation date in the valuation year divided by the RMD factor. The factor is determined by the age of the participant as of the distribution year. The default life expectancy table used to obtain the RMD factor will be the uniform table.

Note: If the spouse is the sole beneficiary and is greater than ten years younger than the participant, the regulations state that the Joint and Last Survivor Table must be used to obtain the RMD factor. In this situation, the user must override and change the table to the Joint and Last Survivor Table.

Note: The RMD will calculate even if the Required Begin Date setting in the document is "Election of later of RMD age or retirement".

How is the RMD is calculated if the participant is deceased?

The RMD is equal to the account balance as of the last valuation date in the valuation year divided the RMD factor.

In general, if death occurs before the RBD, the benefit should be distributed over the life expectancy of the designated beneficiary as outlined in IRC §401(a)(9). In the system, the user must set the override calculation of Participant RMD Factor to "Yes" and enter the user determined factor in the "Factor used to calculate Participant RMD" field. When the RMD calculation is run, the RMD will be calculated based on the manually entered factor.

Note: If death occurs before the RBD and there is no designated beneficiary, the 5-year method should be used. The 5 year method requires that the entire vested balance must be distributed in full by the end of the calendar year that contains the 5th anniversary of the participant's death. In this case, the factor must be manually entered.

For example, if the balance must be distributed in three years (two payments have already been made), the user should enter "3" for the factor so the RMD is correctly calculated.

If death occurs on or after the RBD, the user must determine the correct factor that should be used, using the [Single Life Table](#) as outlined in [IRC §401\(a\)\(9\)-5](#). In the system, the user must set the override calculation of Participant RMD Factor to "Yes" and enter the user determined factor in the "Factor used to calculate Participant RMD" field. When the RMD calculation is run, the RMD will be calculated based on the manually entered factor.

Why does the RMD report factor show "Manual Override" and what do I do to fix it?

When a participant has a death date, the user must set override calculation of Participant RMD Factor to "Yes" and enter the user determined factor in the "Factor used to calculate Participant RMD" field. When the RMD calculation is run, the RMD will be calculated based on the manually entered factor. Please review the [regulations](#) for additional information about how the RMD factor should be calculated for a deceased participant.

RBD/RMD Reports

Calendar Year: 12/31/2015

Required Beginning Date Report

Participant Name	Override	70-1/2 Date	Death Date	5% Owner	Non 5% Term Date	Desig Ben Birth Date	1st Distribution Cal Year	Required Beg Date	Life Tables
RMD Test US4991									
Alive, 100	No	08/02/1985		No					Uniform Lifetime Table
Alive, 70	No	08/02/2015		No					Uniform Lifetime Table

Required Minimum Distribution Report

Participant Name	Override	70-1/2 Date	Death Date	5% Owner	Non 5% Term Date	Desig Ben Birth Date	1st Distribution Cal Year	Required Beg Date	Life Tables
Alive Owner, 97				No	\$0.00	\$0.00	No		7.6 \$0.00
Alive Owner, 98				No	\$0.00	\$0.00	No		7.1 \$0.00
Alive Owner, 99				No	\$0.00	\$0.00	No		6.7 \$0.00
Dead Owner, 100				No	\$0.00	\$0.00	No		21.0 \$0.00
Dead Owner, 70				No	\$0.00	\$0.00	No		21.0 \$0.00
Dead Owner, 71				No	\$0.00	\$0.00	No		Manual Override \$0.00

Close