

THE REQUIRED BEGINNING DATE IS NOW A “REALLY BIG DEAL”

Monday, October 31, 2022

By Ian Berger, JD

IRA Analyst

Follow Us on Twitter: [@theslottreport](https://twitter.com/theslottreport)

When it comes to IRAs and workplace plans, the concept of the “required beginning date” (RBD) is a “really big deal” again.

The RBD is the first date you’re required to start required minimum distributions (RMDs). For traditional IRAs, the RBD is April 1 of the year following the year you turn age 72. (But if you were born before July 1, 1949, your RBD was April 1 of the year after the year you turned 70 ½.) There are no lifetime RMDs for Roth IRA owners, so they are always considered to have died before the RBD with respect to their Roth IRAs.

Most company plans allow you to delay your RMD until April 1 of the year following the year you retire if you work past age 72. However, this rule (called the “still-working exception”) isn’t available if you own more than 5% of the company sponsoring the plan.

It’s important to remember that choosing to take your first RMD before the next April 1 doesn’t accelerate your RBD.

The SECURE Act completely changed the RMD rules for inherited IRAs and company plan accounts. With the new law, most people believed it no longer mattered whether the original IRA owner died before or after the RBD. The new law clearly requires most beneficiaries, except for spouses and certain other “eligible designated beneficiaries,” to empty the inherited account within 10 years after death. (The life expectancy stretch is still available for those EDBs.) However, like the old 5-year rule, it appeared that annual RMDs were not required during that 10-year period.

But the IRS saw it differently. In proposed regulations issued February 23, 2022, the Service called attention to an old RMD rule called the “at-least-as-rapidly” rule and

said that the SECURE Act did not do away with that rule. The at-least-as-rapidly rule says that once a retirement plan owner begins receiving RMDs, RMDs must continue after the owner's death.

This means that when an individual beneficiary (other than an EDB) inherits after 2019, different RMD rules are in place depending on when the original account owner died. If death occurred before the RDB, the 10-year rule applies, but annual RMDs aren't required during the 10-year period. However, if death occurred on or after the RBD, the 10-year applies and the beneficiary must take annual RMDs in years 1-9 of the 10-year period (because of the at-least-as-rapidly rule). Those annual RMDs are based on the beneficiary's single life expectancy factor under the IRS Single Life Expectancy Table.

Subsequent to the February regulations, the IRS received significant pushback to the RMD rule for deaths on or after the RBD. [In response, the IRS announced on October 7 that it will waive penalties on missed 2021 and 2022 RMDs for the first two years of the 10-year period for beneficiaries who inherited in 2020. It also will waive penalties on missed 2022 RMDs for the first year of the 10-year period for beneficiaries who inherited in 2021.](#)

Copyright © 2022, Ed Slott and Company, LLC Reprinted from The Slott Report, [October 31, 2022], with permission. [<https://www.ira-help.com/slottreport/required-beginning-date-now-%E2%80%9Creally-big-deal%E2%80%9D>] Ed Slott and Company, LLC takes no responsibility for the current accuracy of this article.