



MORE RMD CHANGES TO COME FOR 2022

What's Changing?

Updated life expectancy tables from the IRS will allow retirees and some beneficiaries to hold on to money in their tax-advantaged retirement accounts for longer.

If you have a qualified retirement account (such as an IRA) you'll want to keep tabs on new rules for required minimum distributions (RMDs) coming in 2022. The rule changes come on the heels of recent RMD changes, including the waiver of 2020 RMDs, increasing the mandatory age for RMDs to 72, and the 10-year payout rule for most non-spouse beneficiaries.

Beginning in 2022, the various life expectancy tables used by owners and beneficiaries to calculate RMDs are being updated, presumably to reflect an increase in life expectancies.

What's the Impact?

Ultimately, these changes mean that smaller distributions will be required on an annual basis. This means smaller tax bills during the IRA owner's lifetime and longer-lasting account balances, thereby improving the opportunity for funds in the account to appreciate. There are three tables that are used for determining your RMD: (a) the Uniform Lifetime Table (most IRA owners will use this table), (b) the Joint and Last Survivor Life Expectancy Table, and (c) the Single Life Expectancy Table.

- (a) Owners of IRAs, retirement plans and nonqualified annuities who will use their life expectancy to take out the annual RMD in 2022 will use the new factors from the Uniform Life Table to adjust their payout schedule. IRA owners who have a spouse who is more than 10 years younger than they are and who is their sole IRA beneficiary would use the Joint and Last Survivor Life Expectancy Table.
- (b) Non-spouse beneficiaries of inherited IRAs, retirement plans and certain nonqualified annuities who inherited those accounts prior to December 31, 2019, will use the new factors from the Single Life table adjusted by the number of years they have been taking an RMD. A beneficiary would use the new 2022 Single Life expectancy tables, find the year in which they were required to take their first RMD to get their new starting divisor, and subtract the number of years they have been taking RMDs to calculate their divisor for 2022.
- (c) Beneficiaries in 2020 and beyond who are considered "eligible designated beneficiaries" (including a surviving spouse, a disabled individual, a chronically ill individual, a minor child, or an individual who is not more than 10 years younger than the account owner) will use the new updated Single Life Expectancy Tables for 2022 and beyond.

Non-eligible designated beneficiaries who inherited an IRA, retirement plan, or certain annuities after December 31, 2019 are still subject to the 10 year rule as laid out in the SECURE Act.

All this to say, before you take out your RMD in 2022 talk to your tax advisor and your financial advisor to make sure you are using the correct RMD factor. One final note, if you are over 70 ½ and charitably inclined, talk to us about making a qualified charitable distribution before you take any money out of your IRA in 2022. The new Uniform Lifetime Table is included below (the joint and last survivor and single life tables can be found here: [New RMD Tables](#))

Uniform Life Tables

Age	Uniform Lifetime Table in Effect Through 2021		New Uniform Lifetime Table Effective Jan 1, 2022		Comparison	
	Current Uniform Table RMD Factor	Current RMD as a % of Account Balance	New Uniform Table RMD Factor	New RMD as a % of Account Balance	Difference	% Decrease of RMD
70	27.4	3.65%	29.1	3.44%	-0.21%	-5.75%
71	26.5	3.78%	28.2	3.55%	-0.23%	-6.08%
72	25.6	3.91%	27.4	3.65%	-0.26%	-6.65%
73	24.7	4.05%	26.5	3.78%	-0.27%	-6.67%
74	23.8	4.21%	25.5	3.93%	-0.28%	-6.65%
75	22.9	4.37%	24.6	4.07%	-0.30%	-6.86%
76	22	4.55%	23.7	4.22%	-0.33%	-7.25%
77	21.2	4.72%	22.9	4.37%	-0.35%	-7.42%
78	20.3	4.93%	22	4.55%	-0.38%	-7.71%
79	19.5	5.13%	21.1	4.74%	-0.39%	-7.60%
80	18.7	5.35%	20.2	4.96%	-0.39%	-7.29%
81	17.9	5.59%	19.4	5.16%	-0.43%	-7.69%
82	17.1	5.85%	18.5	5.41%	-0.44%	-7.52%
83	16.3	6.14%	17.7	5.65%	-0.49%	-7.98%
84	15.5	6.46%	16.8	5.96%	-0.50%	-7.74%
85	14.8	6.76%	16	6.25%	-0.51%	-7.54%
86	14.1	7.10%	15.2	6.58%	-0.52%	-7.32%
87	13.4	7.47%	14.4	6.95%	-0.52%	-6.96%
88	12.7	7.88%	13.7	7.30%	-0.58%	-7.36%
89	12	8.34%	12.9	7.76%	-0.58%	-6.95%
90	11.4	8.78%	12.2	8.20%	-0.58%	-6.61%
91	10.8	9.26%	11.5	8.70%	-0.56%	-6.05%
92	10.2	9.81%	10.8	9.26%	-0.55%	-5.61%
93	9.6	10.42%	10.1	9.91%	-0.51%	-4.89%
94	9.1	10.99%	9.5	10.53%	-0.46%	-4.19%
95	8.6	11.63%	8.9	11.24%	-0.39%	-3.35%
96	8.1	12.35%	8.4	11.91%	-0.44%	-3.56%
97	7.6	13.16%	7.8	12.83%	-0.33%	-2.51%
98	7.1	14.09%	7.3	13.70%	-0.39%	-2.77%
99	6.7	14.93%	6.8	14.71%	-0.22%	-1.47%
100	6.3	15.88%	6.4	15.63%	-0.25%	-1.57%
101	5.9	16.95%	6	16.67%	-0.28%	-1.65%
102	5.5	18.19%	5.6	17.86%	-0.33%	-1.81%

Source: Forbes