

REQUIRED MINIMUM DISTRIBUTIONS (RMD) OPTIONS

by John Woods

(70 1/2 & over)

- 1) IF YOU NEED THE MONEY FROM THE ANNUAL RMD TO LIVE ON:
 - A) Withdraw when market is high -- keep IRA as large as possible; or
 - B) Dollar cost average -- set up automatic periodic withdrawals

- 2) IF YOU DON'T NEED THE MONEY FROM THE ANNUAL RMD TO LIVE ON:
 - A) Best to transfer to taxable brokage account at low market price (more shrs) to reduce number shares in your IRA determining next year's RMD

EXAMPLES (in your IRA):

End of 2012 you owned 5,000 Shares of "X" mutual fund

Value per share \$100: Total Value \$500,000

Your age is 72 -- Uniform Lifetime Table Divisor: 25.6

Your 2013 RMD is (500,000/25.6) \$19,531

Sell from your IRA at <u>low</u> market @\$75 per shr (RMD/75)	260.4 Shares
Balance shares at the end of 2013 (5,000 Minus)	4,739.6 Shares
Value per share at end of 2013 is \$130	\$616,146 Value
RMD Divisor for age 73: 24.7 (value/24.7)	
Your RMD for 2014 is	\$24,945

Sell from your IRA at <u>high</u> market @\$125 per shr	156.3 Shares
Balance shares at the end of 2013 (5,000 Minus)	4,843.8 Shares
Value per share at end of 2013 is \$130	\$629,688 Value
RMD Divisor for age 73: 24.7 (value/24.7)	
Your RMD for 2014 is	\$25,493

<u>LOW vs. HIGH:</u>	Difference # Shares at end 2013	104.2 Fewer
	2014 RMD Difference	\$548 Lower

SPECIAL NOTE: RMD withdrawals are taxed at 100% income rate (taxable IRA)
 Amount transferred into brokage account where future
 capital gains are taxed at 15% (under current law) rate
 Future capital gains in IRA are taxed at 100% income rate

VERY SPECIAL NOTE: Do a Qualified Charitable Distribution (QCD) rollover &
Not Pay Taxes on that amount of the RMD