



TOWNSHIP OF UNION

IN THE COUNTY OF UNION

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MEMORANDUM

To: Partners, Residents, Small Business Owners and Others
From: Union Township Office of Economic Development
Date: March 09, 2023
Subject: General Information and Reminder from IRS regarding IRAs and 401(k)s for Retirees:
April 1 is last day to start taking money out of IRAs and 401(k)s

WASHINGTON — The Internal Revenue Service today reminded retirees who turned 72 during 2022 that, in most cases, Sunday, April 1, 2023, is the last day to begin receiving payments from Individual Retirement Arrangements (IRAs), 401(k)s and similar workplace retirement plans.

The payments, called [required minimum distributions](#) (RMDs), are normally made by the end of the year. But anyone who reached age 72 during 2022 is covered by a special rule that allows IRA account owners and participants in workplace retirement plans to wait until as late as April 1, 2023, to take their first RMD. In other words, in general, the special April 1 rule applies to IRA owners and other participants in these plans who were born after Dec. 31, 1949.

Two payments in the same year

The April 1 RMD deadline only applies to the required distribution for the first year. For all later years, the RMD must be made by Dec. 31.

This means that taxpayers who receive their first required distribution (for 2022) in 2023, on or before April 1, must receive their second RMD (for 2023) by Dec. 31, 2023. Even though the first distribution is actually the required 2022 distribution, it's taxable in 2023 and reported on the 2023 tax return - along with the regular 2023 distribution.

Types of retirement plans requiring RMDs

These required distribution rules apply to owners of traditional, SEP and SIMPLE IRAs while the original owner is alive. They also apply to participants in various workplace retirement plans, including 401(k), 403(b) and 457(b) plans. RMDs don't apply to Roth IRAs.

An IRA trustee must either report the amount of the RMD to the IRA owner or offer to calculate it. Often, the trustee shows the RMD amount on Form 5498 in Box 12b. For a 2022 RMD, required by April 1, 2023, the RMD amount is shown on the 2021 [Form 5498](#), normally issued to the owner during the first part of 2022.

Some can delay RMDs

Though the April 1 deadline is mandatory for all owners of traditional IRAs and most participants in workplace retirement plans, some people with workplace plans can wait longer to receive their RMD.

Most participants who are still working for that employer can wait until April 1 of the year after they retire to start receiving these distributions, if their workplace plan allows. This RMD exception does not apply to [5% owners](#) of the business sponsoring the retirement plan or to participants in SEP and SIMPLE IRA plans. See Tax on Excess Accumulation in [Publication 575](#) for details.

Employees of public schools and certain tax-exempt organizations with 403(b) plan accruals before 1987 should check with their employer, plan administrator or provider to see how to treat these accruals.

IRS online tools and publications can help

Many answers to questions about RMDs can be found at [RMD FAQs](#) on IRS.gov. Most taxpayers use Table III (Uniform Lifetime) to figure their RMD. Married taxpayers whose spouse is more than 10 years younger and is their only beneficiary use Table II.

For a 2022 RMD (due April 1, 2023), use the life expectancy tables in Appendix B of the [Publication 590-B](#). As shown in Table III, the RMD for a person age 72 in 2022 will normally be based on a distribution period of 27.4 years. Divide the Dec. 31, 2021, balance by 27.4 to get the RMD for 2022. Pub. 590-B has worksheets, examples and other information that can help anyone figure their RMD.

New age 73 rule starts in 2023

For those planning ahead, starting in 2023 retirees can wait until age 73 to begin receiving RMDs. Visit IRS.gov for more information on this and other changes affecting retirees and retirement-plan participants.

This is being provided as general information / announcement / reminder from the IRS. Any specific questions regarding this subject should be directed to the IRS. Please consult your accountant, CPA and / or Individual Investor for your particular situation.