

# Taking 2024 Required Minimum Distributions



## Investors 73 and Older

### What are Required Minimum Distributions (RMDs)?

The IRS requires you to begin annual withdrawals from most retirement accounts when you reach age 73.<sup>1</sup> These withdrawals are called required minimum distributions, or RMDs.

- RMDs are required for Traditional, Rollover, SEP, SARSEP and SIMPLE IRAs.<sup>2</sup> We notify the IRS if you are required to take an RMD for the year.
- RMDs are also required for 403(b), governmental 457(b) and qualified retirement accounts.<sup>2</sup> Plan rules may allow you to delay RMDs until you retire.
- RMDs are not required for Roth IRAs during the owner's lifetime.<sup>2</sup> Starting in 2024, RMDs are not required for designated Roth accounts in a 401(k), 403(b) or governmental 457(b). First-year RMDs for 2023 that are not due until April 1, 2024, must still be withdrawn.
- You are required to take your RMD by December 31 each year. Exception: See **First Year RMD** on next page.
- Generally, RMDs are considered additional income which will be taxed at your individual federal income tax rate. See next page for more information.

### Calculating Your RMD

If you want to calculate your RMD yourself, first use your December 31 age and the IRS Uniform Lifetime Table<sup>3</sup> to determine your life expectancy factor. Then, divide your

prior year's December 31 plan value by your life expectancy factor. Each year you will use a new life expectancy factor and the prior year's December 31 value. Please see the section below for examples.

We provide your RMD amount for most applicable accounts on your next account statements. If your RMD amount isn't shown, call us and we will calculate it for you. Or, use our RMD Planner tool at [americancentury.com](http://americancentury.com) (search RMD Planner).

### Keep Your Money Working for You

You may automatically reinvest your RMD directly into a new or existing American Century Investments non-retirement account. We offer more than 80 no-load funds, including asset allocation portfolios. Call us if you are interested in this option.

<sup>1</sup> If you were born before 1951, you had to begin RMDs earlier.

<sup>2</sup> RMDs are also required for beneficiary accounts in these types of plans; however, different RMD rules apply. Please call us for RMD information if your account has "as beneficiary of" in the registration.

<sup>3</sup> If your spouse was your sole beneficiary for the entire calendar year and your spouse is more than 10 years younger than you, you can use the IRS joint life expectancy table, which may reduce your RMD amount. You will need to let us know if you want us to use the joint life expectancy table in our calculations.

### Uniform Lifetime Table<sup>†</sup>

Age on Dec. 31 of Distribution Year	Life Expectancy Factor (Years)	Age on Dec. 31 of Distribution Year	Life Expectancy Factor (Years)
<b>73</b>	<b>26.5</b>	87	14.4
74	25.5	88	13.7
75	24.6	89	12.9
76	23.7	90	12.2
77	22.9	91	11.5
78	22.0	92	10.8
79	21.1	93	10.1
80	20.2	94	9.5
81	19.4	95	8.9
82	18.5	96	8.4
83	17.7	97	7.8
84	16.8	98	7.3
85	16.0	99	6.8
86	15.2	100	6.4

The life expectancy factors shown below apply to RMD calendar years beginning on or after January 1, 2022. To obtain life expectancy factors in effect for a year prior to 2022, refer to the IRS Publication 590 applicable to that year.

Below are three examples that show how to calculate an RMD using the Uniform Lifetime Table.

Age as of Dec. 31 of This Year	Total Value of Account as of Dec. 31 Last Year	Your Life Expectancy Factor (Years)	This Year's Required Minimum Distribution
<b>73</b>	<b>\$300,000</b>	÷ <b>26.5</b>	= <b>\$11,321</b>
<b>78</b>	<b>\$255,500</b>	÷ <b>22.0</b>	= <b>\$11,614</b>
<b>86</b>	<b>\$200,000</b>	÷ <b>15.2</b>	= <b>\$13,158</b>

<sup>†</sup> Source: Internal Revenue Service. Complete Uniform Lifetime and Joint Life Expectancy Tables can be found in IRS Publication 590. The life expectancy factors shown above are effective for RMD years beginning January 1, 2022.

## Frequently Asked Questions

### Q: What is the deadline for taking RMDs from IRAs?

A: Each year's RMD must be taken by **December 31**, with the exception of your first year RMD.

**First Year RMD:** You have until April 1 of the year after you reach age 73 to withdraw your first year RMD. Your RMD for age 74 will also be due by December 31 of that same year in which you reach age 74.

Note: If you choose to delay your first year RMD, this will result in two distributions in one calendar year, causing two taxable events, which may place you in a higher tax bracket.

### Q: What is the deadline for taking RMDs from 403(b), governmental 457(b) and qualified retirement accounts?

A: If you participate in a qualified retirement plan and own at least 5% of the company, the IRA rules above apply. If you do not own at least 5%, or if you participate in a 403(b) or governmental 457(b), you will need to check with your employer to determine if the plan's terms require you to begin taking RMDs when you reach RMD age or if you can wait until you retire. If the plan does not allow you to wait until retirement, the IRA rules above apply.

### Q: Do I have to provide RMD withdrawal instructions each year?

A: Remembering to take your RMD each year can be stressful. We encourage you to set up an automatic withdrawal plan, and each year we'll automatically calculate and distribute your RMD. You can choose to receive a single payment or periodic payments throughout the year. You can have the proceeds automatically reinvested in a non-retirement account, or you can have them sent to your bank account or by check. If you do not set up an automatic withdrawal plan, you will need to contact us each year.

### Q: How do I withdraw my RMD or set up an automatic withdrawal plan?

A: For IRAs, you can call us or complete a form. For other types of accounts, a form is required. To obtain a form, call us or download the appropriate form at [americancentury.com](http://americancentury.com) (search RMD).

### Q: Are RMDs subject to taxes?

A: Generally, RMDs are taxed as ordinary income. Consequently, they are taxable at your individual federal income tax rate. Additionally, state taxes may apply. Your taxable income may be reduced by any non-deductible or after-tax contributions you made, as well as by sending an RMD to a qualified charity. When removing your RMD, we are required to withhold federal taxes unless you provide alternate instructions that meet IRS requirements. If applicable, state tax will also be withheld. As always, it's best to consult your tax advisor with questions, such as how much to withhold or if directing your RMD to a qualified charity is an option.

### Q: What are the consequences for failing to take my RMD?

A: If you do not take any distributions, or if the distributions are not large enough, you may have to pay a 25% excise tax on the amount not distributed as required. If you miss taking an RMD, we encourage you to contact your tax advisor to discuss your options.

### Q: What do I do if I have multiple accounts?

A: Your RMD is calculated for each account, but you may be able to aggregate RMDs for the withdrawal. For IRA RMDs, you may withdraw the entire amount from a single IRA or take a portion from multiple IRAs. The same is true for 403(b)s, as long as they have the same plan sponsor. For other types of plans, such as 401(k) and 457(b), you usually have to withdraw the RMD from each account.

### Q: If I'm still working, can I continue to make contributions after reaching my RMD age?

A: Yes. The SECURE Act removed age restrictions for IRA contributions. You may also be eligible to contribute to a Roth IRA if you meet certain adjusted gross income requirements. Contributions to a 403(b), governmental 457(b), qualified retirement plan, SEP, SARSEP and SIMPLE IRA are generally allowed if you are still employed by the sponsoring employer. Please consult your tax advisor to determine eligibility.

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**Traditional, Roth or Rollover IRAs**  
1-800-345-2021

**SEP, SARSEP or SIMPLE IRAs, 403(b),  
457(b) and Qualified Retirement Plans**  
1-800-345-3533

**Brokerage IRAs**  
1-888-345-2071

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*Please consult your tax advisor for more detailed information regarding the Roth IRA or for advice regarding your individual situation.*

*Taxes are deferred until withdrawal if the requirements are met. A 10% penalty may be imposed for withdrawal prior to reaching age 59½.*

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