

Understanding IRA Required Minimum Distributions

Individual Retirement Accounts (IRAs) play a key role in helping many Americans save for retirement. Knowing when and how to take distributions from your IRA is equally as important as the decisions you make about contributions and investment strategy. You should consider your options carefully and then review your choices on a regular basis with your financial and tax advisors to help make sure your distribution decisions meet all legal requirements and your personal needs too.

Q. When must I begin taking distributions from my IRA?¹

A. If you have a Traditional, SEP, SAR-SEP or SIMPLE IRA account, you must take a Required Minimum Distribution (RMD) for each year, starting with the year in which you attain the age at which an individual must start taking RMDs (“RMD Age”). RMD Age depends on your date of birth. The first distribution may be delayed until April 1 of the year after the year you attain RMD Age. This date is referred to as the Required Beginning Date (RBD). After the year in which you attain RMD Age, RMDs must be taken by December 31 of each year. See additional information related to delaying your first RMD until

on or before April 1 of the year after the year you attain RMD Age in the sidebar on page 2.

Q. How does Morgan Stanley facilitate my RMDs?

A. As a Morgan Stanley client, we will calculate and provide your RMD on a separate page in your quarterly statements, starting with the December statement for the year prior to the year you attain RMD Age. Contact your Morgan Stanley Financial Advisor or Private Wealth Advisor to help you select a convenient distribution plan. Your RMD can be set up to be paid out on a schedule and automatically deposited into another nonretirement

account, in order to help you avoid missing a distribution. Please note that your RMD will not be distributed unless you have sufficient cash available.

Our Automated RMD service can calculate and distribute your computed RMD amount each year according to your choices of frequency and method. You may set up Auto RMD payments from each of your IRA accounts separately, or if you have multiple IRAs, you can choose Auto RMD by Social Security Number, which will group your like IRA types together and distribute the aggregate RMD amounts from one account. You can schedule your payments monthly, quarterly, annually or semiannually. Methods of distribution include:

- Transfer of cash to your Morgan Stanley nonretirement account
- Direct deposit to your bank account
- An automated check to your home address or to a secondary address

Enroll in our Auto RMD service to gain the benefits indicated above: a

Date of Birth

RMD Age (age at which RMD Begins)

Before July 1, 1949	70½
June 30, 1949–December 31, 1950	72
January 1, 1951–December 31, 1959	73
January 1, 1960, and later ²	75

¹ Note: RMDs do not apply during the lifetimes of Roth IRA owners.

² An apparent drafting error in the statutory language makes it unclear when age 75 starts to apply in lieu of age 73, but it appears age 75 is intended to apply if born after 1959.

flexible distribution schedule, multiple distribution opportunities, and to help prevent a tax penalty. Best of all, there is no charge for this service.

Q. How are RMDs calculated?

A. To calculate RMDs, divide the prior year’s Traditional, SEP, SAR-SEP or SIMPLE IRA account balance (December 31 value) by the applicable IRS life expectancy factor.

$$\frac{\text{Prior year balance on 12/31}}{\text{Life expectancy factor}} = \text{RMD}$$

³ Special rules apply to figuring the RMD if your Traditional IRA is an individual retirement annuity (IRA annuity). Prior to annuitization, IRA annuities generally follow the RMD rules applicable to Traditional IRA accounts (as generally described above). However, once annuitized, IRA annuities generally follow the RMD rules applicable to defined benefit plans (the “RMD Annuity Rules”), instead of the rules applicable to Traditional IRA accounts and defined contribution plans (the “RMD Individual Account Rules”), meaning the calculation of the annuitized payment stream must comply with certain IRS requirements and the resulting annuitized payment equals the RMD for the IRA annuity. The SECURE 2.0

Act of 2022 modified the RMD rules related to annuity payments. Under this new rule, while an annuitized IRA annuity is still subject to the RMD Annuity Rules (and not the RMD Individual Account Rules), if the annuity payments for a year exceed the amount that would be required to be distributed under the RMD Individual Account Rules for that year based on the value of the IRA annuity, the excess amount for the year can be applied towards the RMD for any of the client’s other eligible IRAs for the year.

NOTE: If you made both deductible and nondeductible contributions, or rolled over after-tax retirement plan contributions to any of your non-Roth IRAs (i.e., Traditional, SEP, SAR-SEP and SIMPLE IRAs), you must determine the taxable portion of every non-Roth IRA distribution by aggregating all your non-Roth IRAs together and using the pro rata rule. You may not remove your nondeductible or after-tax rollover amounts first. Please consult your own independent tax advisor for more information.

Q. How is an IRA owner’s life expectancy factor determined?

A. The life expectancy factor is determined by using one of the following two IRS life expectancy tables.

1. UNIFORM TABLE. (see Exhibit 1.) This is the life expectancy table that will be used by all IRA owners, unless they qualify to use the “joint life expectancy table” and elect to use it (as discussed in item 2 of this question and answer). IRA owners will obtain their life expectancy

factor from the “uniform table.” The uniform table assumes that RMDs are based on the lives of an IRA owner and a beneficiary who is 10 years younger than the IRA owner. The IRA owner will refer back to the uniform table each calendar year and use the factor that appears next to the IRA owner’s age on his or her birthday during that year. This life expectancy table should be used regardless of whether an individual or a nonliving entity (such as a trust) is named as the primary beneficiary of the IRA account.

2. JOINT LIFE EXPECTANCY WITH YOUR SPOUSE. (see Exhibit 2.) This is the one exception to the uniform table. If an IRA owner has named his or her spouse as the sole primary beneficiary for the entire calendar year⁵ and the spouse is *more* than 10 years younger than the IRA owner, the IRA owner can choose to use the “joint life expectancy table.” In this case, the IRA owner still refers back to the applicable life expectancy table each calendar year, but uses the factor in the “joint life expectancy table” that appears at the intersection of their age and that of their younger spouse, as of their birthday in that year.



If you decide to delay your first RMD until the RBD (April 1 of the year after the year you attain RMD Age), you will have two RMDs in one tax year.

EXAMPLE: John attains RMD Age in 2024. John must take an RMD for 2024 but may wait until April 1, 2025, to take his distribution. John must take an RMD for 2025 by December 31, 2025.

Thereafter, for each year from 2025 forward in which John is alive and has not exhausted his IRA⁴ account, he must take an RMD by December 31.

⁴ Not including Roth IRAs.

Exhibit 1. Uniform Table for Determining Life Expectancy Factor

Table applies for distributions in 2022 and thereafter.

Age	Factor	Age	Factor	Age	Factor	Age	Factor
72	27.4	85	16.0	98	7.3	111	3.4
73	26.5	86	15.2	99	6.8	112	3.3
74	25.5	87	14.4	100	6.4	113	3.1
75	24.6	88	13.7	101	6.0	114	3.0
76	23.7	89	12.9	102	5.6	115	2.9
77	22.9	90	12.2	103	5.2	116	2.8
78	22.0	91	11.5	104	4.9	117	2.7
79	21.1	92	10.8	105	4.6	118	2.5
80	20.2	93	10.1	106	4.3	119	2.3
81	19.4	94	9.5	107	4.1	120+	2.0
82	18.5	95	8.9	108	3.9		
83	17.7	96	8.4	109	3.7		
84	16.8	97	7.8	110	3.5		

⁵ Your marital status is determined as of January 1 of each distribution calendar year and, therefore, changes in marital status (such as the death of your spouse) occurring after January 1 of a distribution calendar year generally will not prevent your spouse from being considered the sole beneficiary of your IRA for that year.

Exhibit 2. Joint Life Expectancy with Your Spouse Table

Table applies for distributions in 2022 and thereafter.

**IRA OWNER AGE 70 — 77
SPOUSE BENEFICIARY AGE 45 — 66**

IRA Owner Age

Spouse Beneficiary Age	IRA Owner Age							
	70	71	72	73	74	75	76	77
45	41.5	41.5	41.4	41.4	41.3	41.3	41.2	41.2
46	40.6	40.6	40.5	40.4	40.4	40.3	40.3	40.3
47	39.7	39.7	39.6	39.5	39.5	39.4	39.4	39.3
48	38.8	38.8	38.7	38.6	38.6	38.5	38.5	38.4
49	38.0	37.9	37.8	37.7	37.7	37.6	37.5	37.5
50	37.1	37.0	36.9	36.8	36.8	36.7	36.6	36.6
51	36.2	36.1	36.0	36.0	35.9	35.8	35.7	35.7
52	35.4	35.3	35.2	35.1	35.0	34.9	34.9	34.8
53	34.6	34.5	34.3	34.2	34.1	34.1	34.0	33.9
54	33.8	33.6	33.5	33.4	33.3	33.2	33.1	33.0
55	33.0	32.8	32.7	32.6	32.4	32.4	32.3	32.2
56	32.2	32.0	31.9	31.7	31.6	31.5	31.4	31.3
57	31.4	31.2	31.1	30.9	30.8	30.7	30.6	30.5
58	30.7	30.5	30.3	30.1	30.0	29.9	29.8	29.7
59	29.9	29.7	29.5	29.4	29.2	29.1	29.0	28.8
60		29.0	28.8	28.6	28.4	28.3	28.2	28.0
61			28.1	27.9	27.7	27.5	27.4	27.3
62				27.2	27.0	26.8	26.6	26.5
63					26.2	26.1	25.9	25.7
64						25.3	25.2	25.0
65							24.4	24.3
66								23.5

**IRA OWNER AGE 78 — 85
SPOUSE BENEFICIARY AGE 53 — 74**

IRA Owner Age

Spouse Beneficiary Age	IRA Owner Age							
	78	79	80	81	82	83	84	85
53	33.9	33.8	33.7	33.7	33.7	33.6	33.6	33.6
54	33.0	32.9	32.9	32.8	32.8	32.7	32.7	32.7
55	32.1	32.0	32.0	31.9	31.9	31.8	31.8	31.8
56	31.2	31.2	31.1	31.1	31.0	31.0	30.9	30.9
57	30.4	30.3	30.3	30.2	30.1	30.1	30.0	30.0
58	29.6	29.5	29.4	29.3	29.3	29.2	29.2	29.1
59	28.7	28.7	28.6	28.5	28.4	28.4	28.3	28.3
60	27.9	27.8	27.8	27.7	27.6	27.5	27.5	27.4
61	27.1	27.0	26.9	26.9	26.8	26.7	26.7	26.6
62	26.4	26.2	26.1	26.0	26.0	25.9	25.8	25.8
63	25.6	25.5	25.3	25.2	25.2	25.1	25.0	25.0
64	24.8	24.7	24.6	24.5	24.4	24.3	24.2	24.1
65	24.1	23.9	23.8	23.7	23.6	23.5	23.4	23.3
66	23.4	23.2	23.1	22.9	22.8	22.7	22.6	22.6
67	22.7	22.5	22.3	22.2	22.1	22.0	21.9	21.8
68		21.8	21.6	21.5	21.3	21.2	21.1	21.0
69			20.9	20.7	20.6	20.5	20.4	20.3
70				20.0	19.9	19.7	19.6	19.5
71					19.2	19.0	18.9	18.8
72						18.3	18.2	18.1
73							17.5	17.4
74								16.7

**IRA OWNER AGE 86 — 93
SPOUSE BENEFICIARY AGE 61 — 82**

IRA Owner Age

Spouse Beneficiary Age	IRA Owner Age							
	86	87	88	89	90	91	92	93
61	26.6	26.5	26.5	26.4	26.4	26.4	26.4	26.4
62	25.7	25.7	25.6	25.6	25.6	25.6	25.5	25.5
63	24.9	24.9	24.8	24.8	24.7	24.7	24.7	24.7
64	24.1	24.0	24.0	24.0	23.9	23.9	23.9	23.8
65	23.3	23.2	23.2	23.1	23.1	23.1	23.0	23.0
66	22.5	22.4	22.4	22.3	22.3	22.3	22.2	22.2
67	21.7	21.6	21.6	21.5	21.5	21.5	21.4	21.4
68	20.9	20.9	20.8	20.7	20.7	20.7	20.6	20.6
69	20.2	20.1	20.0	20.0	19.9	19.9	19.8	19.8
70	19.4	19.3	19.2	19.2	19.1	19.1	19.0	19.0
71	18.7	18.6	18.5	18.4	18.4	18.3	18.3	18.2
72	17.9	17.8	17.7	17.7	17.6	17.5	17.5	17.4
73	17.2	17.1	17.0	16.9	16.9	16.8	16.7	16.7
74	16.5	16.4	16.3	16.2	16.1	16.1	16.0	15.9
75	15.9	15.7	15.6	15.5	15.4	15.3	15.3	15.2
76		15.1	14.9	14.8	14.7	14.6	14.6	14.5
77			14.3	14.2	14.1	14.0	13.9	13.8
78				13.5	13.4	13.3	13.2	13.1
79					12.8	12.7	12.6	12.5
80						12.1	11.9	11.9
81							11.4	11.3
82								10.7

**IRA OWNER AGE 94 — 100
SPOUSE BENEFICIARY AGE 69 — 89**

IRA Owner Age

Spouse Beneficiary Age	IRA Owner Age							
	94	95	96	97	98	99	100	
69	19.8	19.7	19.7	19.7	19.7	19.7	19.7	19.7
70	19.0	18.9	18.9	18.9	18.9	18.9	18.9	18.9
71	18.2	18.2	18.1	18.1	18.1	18.1	18.1	18.1
72	17.4	17.4	17.4	17.3	17.3	17.3	17.3	17.3
73	16.6	16.6	16.6	16.6	16.5	16.5	16.5	16.5
74	15.9	15.9	15.8	15.8	15.8	15.7	15.7	15.7
75	15.2	15.1	15.1	15.0	15.0	15.0	15.0	15.0
76	14.4	14.4	14.3	14.3	14.3	14.3	14.3	14.2
77	13.7	13.7	13.6	13.6	13.6	13.5	13.5	13.5
78	13.1	13.0	12.9	12.9	12.9	12.8	12.8	12.8
79	12.4	12.3	12.3	12.2	12.2	12.2	12.2	12.1
80	11.8	11.7	11.6	11.6	11.5	11.5	11.5	11.5
81	11.2	11.1	11.0	11.0	10.9	10.9	10.8	10.8
82	10.6	10.5	10.4	10.4	10.3	10.2	10.2	10.2
83	10.0	9.9	9.9	9.8	9.7	9.7	9.6	9.6
84		9.4	9.3	9.2	9.2	9.1	9.1	9.1
85			8.8	8.7	8.7	8.6	8.5	8.5
86				8.3	8.2	8.1	8.0	8.0
87					7.7	7.6	7.6	7.6
88						7.2	7.2	7.2
89							6.8	6.8

q. If I have several IRAs, can I satisfy the RMD from one IRA without disturbing the others?

a. Yes. The RMD must be calculated separately for each IRA but the total of all RMDs generally may be withdrawn from any one (or more) of the IRA account(s) you own (other than Roth IRAs or Inherited IRAs).

q. Can I receive more than the RMD amount in a calendar year?

a. You can always increase the amount of your distribution beyond the RMD, but keep in mind that excess amounts cannot be applied toward the RMDs for future years.

q. What if I receive less than the RMD amount for a calendar year?

a. You are generally required to file IRS Form 5329 and generally subject to an excise penalty tax on the amount that should have been distributed but was not. Starting in 2023, the excise tax is 25% or, if certain conditions are met, 10%; however, for prior years, the excise tax is 50%. To help you avoid a late distribution, ask your Morgan Stanley team to set you up for our Auto RMD service, discussed on page 1 of this brochure.

q. Can my IRA beneficiary be changed after I attain RMD Age?

a. Your beneficiary information can be updated at any time. In general, to make a beneficiary change, you must notify the IRA custodian/trustee in writing and you may be required to submit certain forms or you may be able to update your IRA beneficiary using Morgan Stanley Online.

q. Once RMDs begin, can the calculation method be changed?

a. You may change from the uniform table method to the joint life expectancy method if you name your spouse as the sole primary beneficiary for the entire calendar year and your spouse is more

IRA Charitable Distributions

If you wish to donate your RMD to charity, you may be able to take advantage of the Qualified Charitable Distribution provision available to Traditional and Roth IRA owners (or beneficiaries after the death of the owners) who are age 70½ or older. In general, if eligible, you can make a Qualified Charitable Distribution of up to \$100,000 in the aggregate per year directly from your IRAs to an eligible organization without incurring any adverse federal income tax consequences. The distribution counts for the purposes of the RMD from IRAs, but is not included in calculating the individual taxpayer’s limitation on charitable deductions in the year the donation was made. If you are interested in making an IRA Charitable Distribution, your Morgan Stanley Financial Advisor or Private Wealth Advisor can provide you with more information.

Note: Although RMD Age has increased for some individuals, the eligibility requirement for Qualified Charitable Distributions remains unchanged. Distributions taken on or after an IRA owner or beneficiary has attained age 70½ will meet the age requirement.

than 10 years younger than you. Your marital status is determined as of January 1 of each distribution year.

q. How are RMDs calculated if I take advantage of the rule that allows the first RMD to be taken by the RBD (April 1 of the year after the year you attain RMD Age)?

a. The first RMD is calculated by dividing the account balance, as of December 31 of the year before the year in which you attain RMD Age, by the applicable life expectancy factor for your age on your birthday in the year in which you attained RMD Age. The second RMD is calculated by dividing the account balance as of December 31 of the year in which you attained RMD Age by the applicable life expectancy factor for your age on your birthday in the year *after* the year in which you attained RMD Age.

For example, if John, who attained RMD Age in 2022, has an account balance of \$100,000 on December 31, 2021, and he delays his first distribution for 2022 until April 1, 2023, John’s RMD calculations would be:

2022

$$\frac{\$100,000 \text{ (12/31/21 balance)}}{27.4 \text{ (factor age 72)}} = \text{RMD of } \$3,649.64 \text{ for 2022, to be distributed by 4/1/23}$$

2023 (assuming the account had grown to \$106,000 in 2022)

$$\frac{\$106,000 \text{ (12/31/22 balance)}}{26.5 \text{ (factor age 73)}} = \text{RMD of } \$4,000.00 \text{ for 2023, to be distributed by 12/31/23}$$

So, if John postpones his first RMD (2021) until 2023, he will have to take two distributions in year 2023, for a total of \$7649.64 (\$3,649.64 + \$4,000.00).

(This example is for illustration only.)

When Morgan Stanley Smith Barney LLC, its affiliates and Morgan Stanley Financial Advisors and Private Wealth Advisors (collectively, “Morgan Stanley”) provide “investment advice” regarding a retirement or welfare benefit plan account, an individual retirement account or a Coverdell education savings account (“Retirement Account”), Morgan Stanley is a “fiduciary” as those terms are defined under the Employee Retirement Income Security Act of 1974, as amended (“ERISA”), and/or the Internal Revenue Code of 1986 (the “Code”), as applicable. When Morgan Stanley provides investment education, takes orders on an unsolicited basis or otherwise does not provide “investment advice,” Morgan Stanley will not be considered a “fiduciary” under ERISA and/or the Code. For more information regarding Morgan Stanley’s role with respect to a Retirement Account, please visit www.morganstanley.com/disclosures/dol. Tax laws are complex and subject to change. Morgan Stanley does not provide tax or legal advice. Individuals are encouraged to consult their tax and legal advisors (a) before establishing a Retirement Account, and (b) regarding any potential tax, ERISA and related consequences of any investments or other transactions made with respect to a Retirement Account.