

Automated IRA Required Minimum Distribution Service

MARCH 2024

Individual Retirement Accounts (IRAs) play a key role in helping many Americans save for retirement. If you have a Traditional, Simplified Employee Pension (SEP), Salary Reduction Simplified Employee Pension (SAR-SEP) or Savings Incentive Match Plan for Employees (SIMPLE) IRA account, you must take a Required Minimum Distribution (RMD)¹ for each year, starting with the year in which you attain the age at which an individual must start taking RMDs, which depends on your date of birth (“RMD Age”).

Date of Birth	RMD Age (age at which RMD Begins)
Before July 1, 1949	70 ½
June 30, 1949 - December 31, 1950	72
January 1, 1951 - December 31, 1959	73
January 1, 1960, and later ²	75

The first distribution may be delayed until April 1 of the year after the year you attain RMD Age. If you decide to delay your first RMD, you will have to take two RMDs in one tax year. After the year in which you attain RMD Age, RMDs must be taken by December 31 of each year. If you do not take your RMD on time, 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. Failure to timely take an RMD may subject you to an excise tax of 25% (or 50% for tax years beginning before 2023) of the amount you would

have received but did not. Such excise tax is further reduced to 10% if you correct the shortfall in accordance with the applicable requirements during a 2-year window. To help you avoid a late distribution, Morgan Stanley calculates the estimated RMD amount³ for your IRA account(s), and it is reflected on your quarterly RMD statement page. In addition, Morgan Stanley offers a service that we think you will find valuable. We can arrange for you to receive your RMD automatically. Our Auto RMD service will calculate and distribute the computed RMD amount each year according to your



AUTO RMD SERVICE

Use the automated RMD service to transfer your distribution directly into your Active Assets Account on the schedule you choose.

frequency and method choices. However, your RMD will not be distributed if your IRA account does not have sufficient cash. 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 gain many benefits from enrolling in our Auto RMD program, including:

FLEXIBLE DISTRIBUTION SCHEDULE. You have the option of annual, semiannual, quarterly or monthly distributions on the dates you choose. There is no need to wait until year end.

MULTIPLE DISTRIBUTION OPPORTUNITIES. You can choose to deposit your payment into another Morgan Stanley account, e.g., your Active

Assets Account, and use your distribution⁴ to benefit yourself or other family members. For instance, if you or your spouse is eligible, you can fund a Morgan Stanley Roth IRA for yourself or your spouse. If you have children with earned income who are otherwise eligible, you can fund IRA contributions for them. If you have grandchildren and their education is a priority, contribute to a 529 plan or Coverdell Education Savings Account for them. You can also give us instructions to mail a check or direct deposit to an external bank account.

TAX PENALTY PREVENTION. Enrolling in our Auto RMD program may help you avoid having an excise penalty tax imposed by the IRS for failure to take your RMD. Please note, however, that your RMD will

not be paid out if your IRA has insufficient cash. If you need to liquidate assets to make cash available, please allow for two business days; trades must settle before a distribution can be issued.

BEST OF ALL, THERE IS NO CHARGE FOR THIS SERVICE. If you are interested in finding out how to get started, contact your Financial Advisor or Private Wealth Advisor, who will be happy to assist you with completing the distribution form, consider how to best allocate your distributions, and answer any other questions you may have.

¹ RMDs do not apply to Roth IRAs during the lifetimes of Roth IRA owners. However, RMDs are generally required for beneficiaries of a deceased Roth IRA owner.

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.

³ For non-Inherited IRAs, we calculate your RMD using the information we have on record and the IRS Uniform Life Expectancy Table, unless you have instructed us to use the IRS Joint Life Expectancy Table (the IRS Joint Life Expectancy Table is only available if your spouse is your sole primary beneficiary and is more than 10 years younger than you). For Inherited IRAs, we are not required to calculate your RMD, but, as a client service, will calculate your estimated RMD amount based on the method of calculation or payout election you have selected, our understanding of the rules and the information we have on record. For more information, review IRS Publication 590-B, (available at www.irs.gov) and consult with your tax advisor.

⁴ Please note that the taxable portion of your IRA distribution is subject to ordinary income tax.

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