Meeting IRA Requirements at Age 70½

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What you should know about

required minimum distributions

If you could preserve as much of your IRA

or other retirement plan assets as possible

You're approaching age 70½. You're enjoying a comfortable retirement, thanks to the savings you've accumulated over the years. You've contributed diligently to your IRA or perhaps other retirement plans, and it's paying off.

Except once you reach the age of 70½, you're going to have to begin withdrawing assets from your IRA or other retirement plans, whether you want to or not. Because these amounts were set aside for retirement purposes, the government requires you to take what are called Required Minimum Distributions every year. And if you fail to meet this requirement, you'll be subject to a 50% tax penalty on the amount of money you were supposed to withdraw but didn't.

Not all plans require you to take distributions

When do you have to begin taking Required Minimum Distributions?

You have until April 1 of the year following that in which you turn age 70½. If you wait that long, however, you'll have to take two distributions in that year—one by April 1st for the year in which you turned age 70½ and the other by December 31st for the current year.

All Required Minimum Distributions are taxable at your individual income tax rate, with automatic 10% withholding unless you choose otherwise. Before determining the timing of your first distribution, you should talk to your Tax Advisor, especially if you wish to avoid paying income tax on two distributions in one year.

After your first Required Minimum Distribution, all subsequent ones must be withdrawn by December 31 of each year.

Only traditional IRAs and qualified retirement plans like SEPs and 401(k) plans are subject to Required Minimum Distribution rules. If you have a Roth IRA, for example, you can continue to let your assets grow tax-deferred for as long as you live.

While you must receive your first Required Minimum Distribution by April 1 of the year following that in which you reach age 70½, if you're born after June 30, the date on which you turn age 70½ won't be until the next year. The rules stipulate that you don't have to take your distribution until the year after you reach age 70½. Your April 1 deadline may occur in different years, depending on your birthday.

Example:

- Harry turns 70 before June 30, 2010. Therefore, he turns 70½ in 2010. He has until April 1, 2011 to take his first Required Minimum Distribution.

- Jenny turns 70 after June 30, 2010. Therefore, she won't turn 70½ until 2011. As a result, she has until April 1, 2012 to take her first Required Minimum Distribution.

How much do you have to withdraw each year?

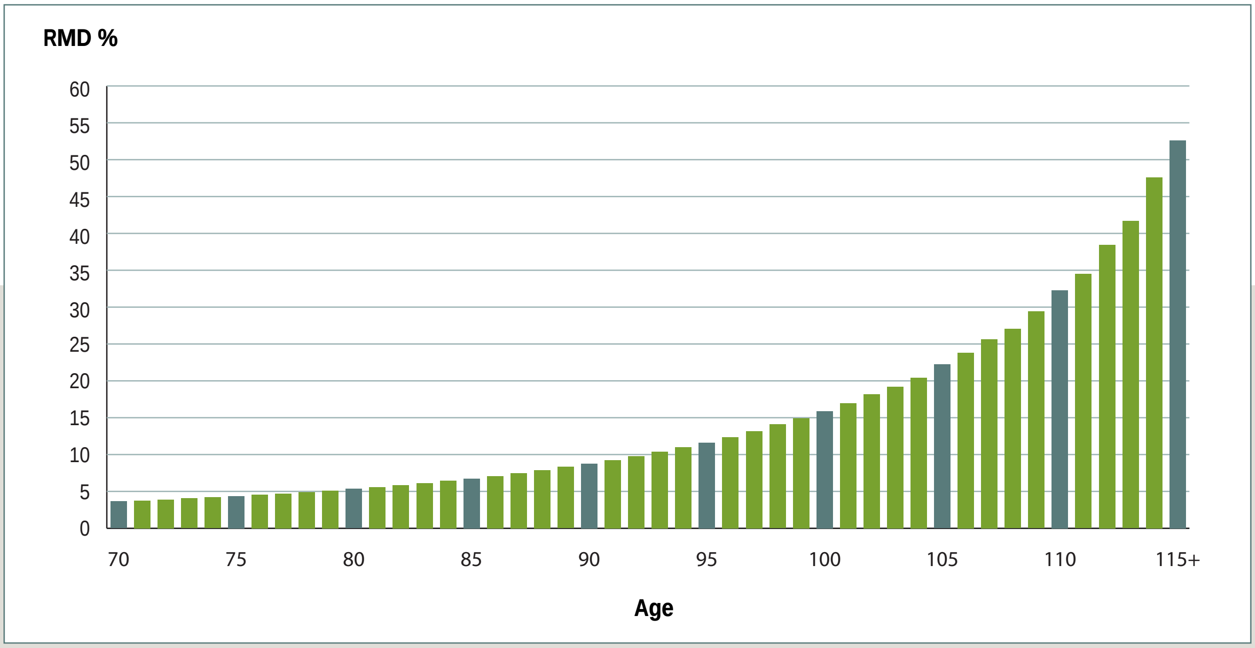
The IRS has developed a table of factors (the Uniform Lifetime Table) based on life expectancy that are used to calculate the amount of your Required Minimum Distribution each year. You simply divide the amount of assets in your IRA or other retirement plan as of December 31 of the previous year by the factor in the table.

For example, on December 31, 2010, assume you have $200,000 in your IRA. To calculate your 2011 Required Minimum Distribution, you divide $200,000 by the factor for your age.

If the beneficiary of your IRA or other retirement plan is your spouse who is more than ten years younger than you, you can use a different table of factors to calculate your Required Minimum Distribution. You may use either the Uniform Lifetime Table or the Joint and Survivor Lifetime Table.

Generally, distributions are relatively small over the first several years but get larger as you get older, due to the changing factors used to calculate them. In the early years, you can have the potential to offset your distributions by investment growth you achieve on the remainder of your IRA or other retirement plan assets. Therefore, it is important to keep those assets invested and working as hard as possible.

Required Minimum Distributions



Required Minimum Distributions may not erode your IRA or other retirement plan assets as much as you think. In the first few years after you turn age 70½, you'll only be required to withdraw less than 4% annually. You can have the potential to offset your distributions by keeping your assets invested.

What else should you know about Required Minimum Distributions?

- **You can take more than the Required Minimum amount.**
  Required Minimum Distributions are just that—a minimum amount that you must withdraw. If you wish to take a greater amount you may do so. However, if you take more than your required amount in one year, you do not get a credit for a later year. Each year, your account balance as of December 31 of the prior year is used for the formula to determine the Required Minimum Distribution you'll have to take. Any withdrawals you make will be incorporated into this formula for calculation of your next withdrawal.

- **You cannot roll your Required Minimum Distributions to another IRA or qualified plan.**
  However, you may reinvest your distribution into an after-tax account such as an annuity, CD, mutual fund, Roth IRA or other investment account.

- **You must calculate a Required Minimum Distribution amount for each of your IRAs or other retirement plans.**
  If you have multiple IRAs and/or other retirement plans, a Required Minimum Distribution must be calculated for each of them. For IRAs and Tax-Sheltered Annuities, you may choose to satisfy the entire amount due from all of your accounts from one account. For other retirement plans, such as 401(k)s, however, you must take your Required Minimum Distribution from each plan. Roth IRAs are not subject to the Required Minimum Distribution requirement while you are alive.

Clearly, calculating Required Minimum Distributions from multiple IRAs and retirement plans can be very complicated and confusing. That's why many retirees choose to consolidate plan assets into a single IRA. In addition to simplifying your financial life and helping to avoid possible penalties for insufficient distributions, consolidation can provide you with an investment, income and estate planning strategy that better encompasses all your retirement assets.

What are your

next steps?

As you approach the age of 70½ prepare yourself to meet your Required Minimum Distributions by doing the following:

1. Do an inventory of all your qualified plans (IRAs, Retirement Plans, and Tax Sheltered Annuities for example). Also, as you take inventory, examine the investments in these plans and determine whether or not each is appropriate for you at this time.
2. Ask each custodian what required minimum distribution services they have available. Many financial institutions will help calculate the Required Minimum Distributions for any IRAs or retirement plans for which they are the custodian.
3. If you have several accounts, you may consider consolidating accounts (where it makes sense). This can make calculating each required minimum distribution easier.
4. As you look at each account, determine if it makes sense to take withdrawals from each account or if only certain accounts will initially be used to satisfy required minimum distributions.

Finally, don't do this alone. Meet with your MetLife representative to help you make the choices that are right for you. Your Representative is committed to helping you make sense of the complex requirements you face at age 70½ and developing a personal benefits strategy to ensure you continue to enjoy a comfortable retirement.

As a leader in individual insurance, employee benefits and investments for retirement, MetLife can help you plan a smooth transition from your working life to your life after work. Your MetLife representative can help you understand the issues that stand between you and your objectives. And you can also be sure that your representative will help you address those issues with strategies that are designed specifically for you.

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200 Park Avenue, New York, NY 10166
www.metlife.com

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