

Requesting waiver to penalty for failure to take distributions from Retirement Plans

Revised 12/20/2024

Minimum distributions are required from the following Qualified Retirement Plans:

- a) After age 73 for IRAs and Pretax 401K plans*
- b) After age 73 for Designated Roth Account (Roth 401K plan)
- c) Beneficiary in the same year a non-spousal IRA is inherited if the deceased owner reached was over age 73 and had not already taken the RMD,
- d) Beneficiary in the year following the year a non-spousal IRA or Roth IRA is inherited if the deceased owner was over age 73 if the deceased owner had already taken the RMD from an IRA.

* 401K plans may be converted to an IRA after employee retirement. All or a portion of IRAs may be converted to Roth Account after employee retirement if the taxpayer is willing to pay the tax due at the time of conversion

Designated Roth Accounts may be converted to Roth IRA accounts after employee retirement. Roth IRAs are not required to be taken out at age > 73

Note 1: Employer match contributions for designated Roth accounts are classified as pre-tax 401K contributions and are not part of the designated Roth account.

Note 2: If a taxpayer has more than one IRA or 401K plan, the TP has the option of taking the total RMD from a single IRA or some combination of all of the IRAs. If the TP has an IRA and a designated Roth, they must take the correct RMD from the IRA and a separate RMD from the designated Roth account.

If the taxpayer fails to take the required minimum distribution (RMD), there is an additional tax of 25% of the distribution shortfall (was 50% in earlier years). The additional tax can be reduced to 10% if certain corrective distribution rules are satisfied. Tax-Aide Counselors can request a waiver of this penalty using Form 5329 Part IX. The taxpayer must take catch-up distributions to request this waiver.