

SECURE 2.0 raises the RMD age

On December 23, 2022, Congress passed the Consolidated Appropriations Act of 2023. The legislation includes several retirement-related measures commonly referred to as SECURE 2.0. One of those measures affects the minimum age for required minimum distributions (RMDs) from employer-sponsored retirement plans such as 401(k) plans, 403(b) plans, and 457(b) plans.

Previously, the IRS required that you withdraw at least the minimum amount from your retirement plan account each year starting in the year you reach age 72 (70½ if you reached that age before January 1, 2020). SECURE 2.0 raised the RMD age from 72 to 73 beginning in 2023.¹ The RMD age will increase again to 75 in 2033.

If you turn 73 this year, you must take your first distribution no later than April 1, 2024. Distributions in each subsequent year would need to be made by December 31 of that year. Keep in mind that if you delay your 2023 withdrawal until early 2024, you will need to take two distributions next year — one for 2023 and one for 2024.

Why is it important to understand RMDs? Failure to take a distribution when you reach the age threshold can result in a tax penalty on the amount not withdrawn. Under SECURE 2.0, the tax penalty is now 25% for a missed RMD.

You can learn more about SECURE 2.0 [here](#). If you have questions on how the change in RMD age affects you, schedule a meeting with your local plan representative.

¹ As of January 1, 2023, the IRS generally requires you to start taking required minimum distributions (RMDs) at age 73. (If you turned 72 in 2022 and delayed your first-time RMD until April 1, 2023, you must take your 2022 RMD by April 1, 2023, and your 2023 RMD by December 31, 2023.)