PACIFIC LIFE

REQUIRED MINIMUM DISTRIBUTIONS (RMDs)

Q If I don't need all or part of my RMD, is there a way to reduce the tax effect?

A Planning may help postpone, reduce, or potentially eliminate the consequences of RMDs taken from your IRA.

I GIVE TO CHARITY

A qualified charitable distribution (QCD) allows a traditional IRA owner age 70½ or older to contribute all, or a portion, of an RMD directly from an IRA to a qualifying charity. If done correctly, the RMD is not included in adjusted gross income (AGI).[1]

I NEED INCOME LATER IN MY LIFE

A Qualified Longevity Annuity Contract (QLAC) allows a traditional IRA owner to delay RMDs on a portion of an IRA by purchasing a specific type of deferred income annuity. The deferred income annuity must start payments by age 85, and the payments are ordinary income.

MY CURRENT TAX BRACKET IS LOWER

If the Tax Cut and Jobs Act of 2017 (TCJA) has lowered your tax bracket, this may be a good time to convert some traditional IRA assets to a Roth IRA. After meeting the holding period and age requirements, distributions from the Roth IRA are entirely tax-free.

A good RMD plan can help you make the most of your traditional IRA. Consider which strategy might benefit your plan.

[1]Must be of RMD age, 70½ or older, and own a tradtional IRA, inherited IRA, or inactive SEP-IRA or SIMPLE IRA. The maximum annual QCD is $100,000 per tax payer per calendar year.

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For more information on this and other strategies,
contact your financial professional to discuss your options.

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If there is any change to the Internal Revenue Code or Treasury regulations related to RMDs, Pacific Life reserves the right to modify or eliminate the treatment of RMD withdrawals, but only to the extent necessary to comply with the change to the rules.

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