Required Minimum Distributions (RMD) Reference Guide

Because IRAs were designed as tax-deferred retirement savings plans, the IRS limits how long an individual can maintain the tax-deferred status of their Traditional IRAs. At age 70½, the IRS mandates that all Traditional IRA owners have to begin to withdraw a minimum amount from their Traditional IRAs each year. These annual distributions are what the IRS calls Required Minimum Distributions (RMDs).

Understanding how RMDs work is very important because failure to take your RMD may result in a 50% additional federal tax on the amount that should have been withdrawn. In addition, RMDs will be subject to taxation. Therefore, you should consult with your financial planning professional to determine the impact RMDs will have on your overall retirement and financial planning objectives.

The following illustrates when distributions are required:

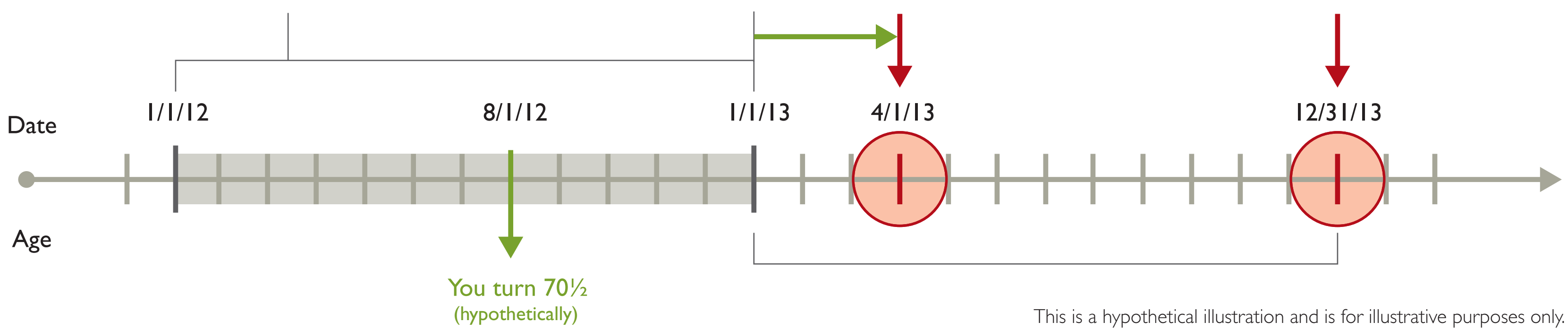
RMD Timeline

First Distribution Year:
The year you turn age 70½.
The RMD for the first "distribution year" can be taken during that year, or delayed until your Required Beginning Date.

Required Beginning Date:
April 1st of the year following your first distribution year.
The RMD for the first distribution year can be deferred until the "required beginning date."

An RMD for the next distribution year, and each year therafter, must be taken by 12/31 of that year.

If the first RMD is deferred until the following year, two RMDs must be taken in that tax year.



This is a hypothetical illustration and is for illustrative purposes only.

Brought to you by Transamerica's Advanced Markets team

AMRMDRG0712

If you don't need or want your RMD, there are a few things you might want to consider:

Reinvest your RMD: Although you have to take RMDs from your Traditional IRA, you don't have to spend it. Depending upon your retirement income plan, your RMD may exceed the amount you want to spend. Therefore, reinvesting some or all of your RMD may be critically important to maintaining a sustainable withdrawal strategy over the course of your retirement.

Buy Life Insurance:
If you don't need or want some or all of your RMD, talk to your financial professional about establishing a legacy for your loved ones through the purchase of life insurance.

Donate your RMD to charity:
If you are charitably inclined and don't need or want all of your RMD you might want to consider gifts to charity. The gift may provide you with a charitable deduction that may help offset the tax liability created by the RMD.

Eliminate your RMD:
Roth IRAs are not subject to RMD for owners. Although a conversion from a Traditional IRA to a Roth IRA will be subject to taxation, you might want to discuss the tax and planning implications of converting a Traditional IRA to a Roth IRA with your financial professional.

Understand how RMDs impact your retirement plan:
Because RMDs are forced distributions from your Traditional IRA, be sure to work with your financial professional to understand how the annual calculation of RMDs and the tax implications of such distributions will potentially impact your income strategy in retirement.

RMD terminology for Traditional IRAs

First Distribution Year:
As a traditional IRA owner, the first year that you need to calculate an RMD for the year in which you turn 70½. The calculation is based on the 12/31 balance of the prior year, divided by your IRS life expectancy factor. This calculation will determine how much you need to withdrawal from your IRA for each distribution year.

Required Beginning Date:
You must take your first RMD for the year in which you turn 70½. However, the first RMD payment can be delayed until April 1 of the year following the year in which you turned 70½. For all subsequent years, including the year in which you may have deferred the first RMD payment until April 1, you must take an RMD by December 31 of that year.

IRS Table III – Uniform Lifetime Table:
IRS table used by owners to calculate their RMD (IRS Publication 590). The factor changes each year as you get older. The age used in determining your life expectancy is the age you are on December 31 of the distribution year.

IRS Table II – Joint Life Table:
The IRS table for use by owners who have a spouse beneficiary that is more than 10 years younger (IRS Publication 590). Spouse beneficiary must be the sole beneficiary.

TRANSAMERICA®
TRANSFORM TOMORROW
www.transamericaannuities.com
www.transamericainvestments.com