



MoneyTalks

Wisconsin Deferred Compensation Program

Hold on to Your RMDs

Congress suspends required minimum distributions for 2009

If you are 70½ and are receiving a required minimum distribution (RMD), the WDC recently mailed a letter to you about a new rule intended to bring relief to retirees whose savings have deteriorated due to the bear market.

Once you turn age 70½ and have severed employment, you are generally required to take a yearly RMD from tax-deferred retirement plan accounts, including 457(b)s (such as the WDC), 401(k)s and 403(b)s. You must also take annual RMDs from tax-deferred accounts you've inherited, regardless of your age.

However, a new federal law has suspended the RMD rule for 2009. The reason: Congress wants to avoid forcing people to withdraw money from these accounts in a severe market downturn. Of course, you can still take distributions if you wish to do so. If you receive your annual RMD automatically and wish to change it to zero, please contact the WDC immediately for the necessary form. You must complete and return the form at least two business days before your scheduled automated payment date to be effective for that payment and subsequent payments for 2009.

A word of warning: The suspension applies only to RMDs for the 2009 calendar year. It doesn't affect 2008 RMDs. If you turned age 70½ in 2008, you must have taken your 2008 RMD by April 1, 2009.³

For more information on RMDs, go to www.irs.gov. For information about how to calculate your RMD, see IRS Publication 590. ■

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