

# It's time to start your RMDs

*And our RMD service can make it easy.*

## Christian Brothers Services 403(b) Retirement Savings Plan



It's just about time to start taking your required minimum distributions (RMDs) from the Christian Brothers Retirement Savings 403(b) Plan. Taking regular distributions from your retirement account is a great chance to start using some of your hard-earned money. And it's **required by law** once you've reached age 72 and are no longer working for a participating employer, so it's important to take your RMDs in the right amount and on time. You could face a hefty tax penalty if you don't.

Generally speaking, you're required to take your first RMD by April 1 of the year after you reach age 72 and are no longer working for a participating employer. If you don't, you could owe a tax penalty of up to 50% of the amount you should have withdrawn.

### **Let us help**

Sign up for our RMD service and Vanguard will calculate your RMD amount for you. Then they will either send you a check or deposit the money in the bank or nonretirement account of your choice. (Vanguard can even withhold federal and state taxes for you.)

### **Need help?**

Call 800.523.1188 Monday through Friday,  
8:30 a.m. to 9:00 p.m., Eastern time.

## Frequently asked questions

### ***What are RMDs?***

RMDs are withdrawals that you're required to take from your tax-deferred retirement accounts. In most cases, these withdrawals are taxable.

### ***When must I begin taking RMDs?***

You must begin taking RMDs from your employer-sponsored retirement plan after you reach age 72. If you're still working for a participating employer, you can wait until you retire.

### ***How does Vanguard calculate my RMD?***

Your RMD is equal to the value of your tax-deferred assets as of December 31 of the prior year, divided by your life expectancy factor taken from the IRS Uniform Lifetime Table (or the Joint Life and Last Survivor Expectancy Table if your spouse is more than 10 years younger than you are and is your sole primary beneficiary). To learn more, see IRS Publication 590-B at [irs.gov](http://irs.gov).

### ***Can I take an RMD if I am still actively working?***

No. Vanguard will not process RMDs if you are still actively employed with a participating employer. However, if you are age 59 ½ or older you can request a distribution. You determine the amount and the timing of the distribution.

### ***What is my deadline for taking RMDs?***

In most years, you must take your RMD by December 31 after you've reached the RMD age of 72. However, you can wait to take your first RMD until April 1 of the following year. Keep in mind: If you delay your first RMD, you'll still need to take your second RMD by December 31 of that year. This means you'd need to take two RMDs that year—one by April 1 and the other by December 31. Taking two RMDs in one year may move you into a higher tax bracket.

### ***If I sign up for Vanguard's RMD service, when will my RMD be processed?***

Vanguard will process your RMD by mid-December each year and send you the payment as soon as possible. If you want to delay your first payment, contact Vanguard at 800.523.1188.

### **What's the penalty for not taking an RMD?**

The IRS charges a penalty equal to 50% of the amount you should have withdrawn if you don't withdraw your entire RMD for any year. In addition to the penalty, you must also withdraw and pay income taxes on the shortfall amount.

### **How can Vanguard help me avoid this penalty?**

If you sign up for our RMD service, Vanguard will automatically calculate and distribute your payment from your Christian Brothers Retirement Savings Plan account each year.

If you have IRAs at Vanguard, you can sign up for an RMD service for those accounts. For help with RMDs from a Vanguard IRA®, call 877.662.7447.

### **Will Vanguard's RMD service completely satisfy my RMDs?**

No. The RMD service will meet the requirement for your Christian Brothers Retirement Savings Plan at Vanguard only. If you have other tax-deferred retirement accounts, such as an IRA or an employer-sponsored retirement plan at another financial institution or employer, you must also take RMDs from those accounts. This service does not cover non-Christian Brothers Plans accounts.

If you're in a 403(b) plan and use more than one investment provider, Vanguard ensures that you take your full RMD from the portion of your Christian Brothers plan administered by Vanguard only—if you sign up for Vanguard's RMD service. However, you'll still need to take RMDs from any other tax-deferred retirement plans not administered by Vanguard, including any additional 403(b) plans administered by other companies.

### **Can I change my RMD payment options?**

Yes. You can change the timing and frequency of the distributions and the form of payment, such as check or electronic bank transfer. You can also change the amount of federal income taxes withheld or elect not to have federal taxes withheld at all. If you have any questions or want to make such changes, give Vanguard a call at 800.523.1188.

### **Can I simplify my RMDs by consolidating my assets in one account?**

Yes. Consolidating your tax-deferred retirement assets in a single traditional IRA will simplify taking RMDs. To open an IRA at Vanguard, call 877.662.7447.

Just keep in mind that if you move your retirement plan assets to an IRA, we are required to distribute your RMD amount first. You would receive a check for this amount, minus any tax withholding. The remaining plan balance would be rolled over to the IRA.

**Note:** Whether you keep your money where it is, move it to an IRA, or move it to another employer's plan depends on your situation and preferences. Some things to consider include:

- Available investments and services.
- Fees and expenses.
- Protection from creditors.
- Withdrawal penalties.
- Required distributions.

There are other factors too. Weigh the pros and cons before you make your decision.

### **Do I need to take an RMD if I'm still employed?**

If you're still employed, you can postpone distributions from your current Christian Brothers Retirement Savings Plan.

**Note:** Even if you can postpone distributions from your current employer's plan, you must still take RMDs from all other tax-deferred retirement assets.

### **What happens to my RMDs if I start working for my former employer again?**

Call Christian Brothers Services at 800.807.0700 to confirm whether you're still required to take RMDs. Depending on your employment information and age, you may be able to stop taking RMDs.



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*Whenever you invest, there's a chance you could lose the money.*

**Taxes:** Taking money from your retirement account can affect how much you'll have to pay in taxes. You'll owe taxes on pre-tax money. You won't owe taxes on Roth earnings as long as you are age 59½ or older and it's been at least five years since your first Roth contribution. If required by law, Vanguard will withhold some taxes for you. You may need to pay a 10% federal penalty tax if you take money out early.

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