

Required Minimum Distributions from a Self-Directed IRA



Owners of certain retirement accounts must take a Required Minimum Distribution (RMD) from the account each year after they reach a certain age. This FAQ guide answers the common questions about RMDs, including which accounts are affected, how the distributions are calculated, and how they work when applied to a retirement account holding alternative or illiquid assets.

WHEN DO I NEED TO BEGIN TAKING REQUIRED MINIMUM DISTRIBUTIONS?

You must begin taking withdrawals from your tax-deferred retirement savings account such as your Traditional IRA, SEP IRA, and SIMPLE IRA, when you reach a specified age. For many years, this age was 70 ½. The age was adjusted to 72 under the SECURE Act in 2020, and then more recently adjusted under the SECURE Act 2.0 in 2023. If you turned 72 after December 31, 2022, the RMD age is 73. In 2033, the RMD age will move to 75. (Roth IRAs do not require a distribution during the account owner's lifetime.)

An account holder's first Required Minimum Distribution must be taken by April 1 of the year following when the account owner turns 73; this is known as the "required beginning date." Each year thereafter, the distribution must be taken by December 31. The calculation (discussed below) is based off the balance reported on the account as of December 31 of the prior year.

WHAT ARE MY OPTIONS IF MY SELF-DIRECTED IRA DOES NOT HAVE THE CASH BALANCE TO SATISFY MY RMD REQUIREMENT?

If you do not have the cash balance to take the RMD because it holds illiquid assets such as real estate, private stock, gold, or other assets, you may take a percentage or portion of your assets in-kind to remain invested but held personally. This may require asset value updates and a responsibility to re-register that asset into your name personally.

You also may potentially liquidate or sell a percentage or portion of your investments to create the cash balance needed to satisfy your RMD. It would be recommended to begin this process no later than the third quarter as it has the potential to be a lengthy process for some investments.

IF I HAVE ANOTHER IRA WITH ANOTHER CUSTODIAN, CAN I SATISFY MY RMD BY DISTRIBUTING FUNDS FROM THAT ACCOUNT, INSTEAD OF MY IRA THAT HOLDS ILLIQUID PRIVATE SECURITIES?

Yes, you can calculate the RMD for each tax-deferred account and then satisfy your entire RMD from just one or a combination of accounts. This is particularly important or helpful for investors who hold illiquid alternative investments.

HOW DO I PERFORM THE RMD CALCULATIONS?

1. Ask your CPA, tax professional, or financial advisor
2. Visit the IRS website and identify the correct [life expectancy table](#)
 - a. Divide the total balance of your account as of December 31 of the prior year, by the life expectancy divisor
3. Use an online calculator, such as the [IRS.gov worksheets](#) or one from the [SEC website](#)

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Example RMD Calculation

John Smith is 75 years old and currently has an Equity Trust Traditional IRA and another Traditional IRA with another custodian. From his account statements, John Smith locates his total balance as of December 31 of the prior year:

Equity Trust IRA: \$100,000

IRA elsewhere: \$50,000

John Smith is married, his spouse is 4 years younger, and is the sole beneficiary listed on both his accounts.

John would use the Uniform Lifetime Table III. Locate the divisor (Distribution Period) for 75 years of age. In this case, it is 24.6. Divide each account balance by the divisor to determine the amount of the distribution from each account.

Equity Trust IRA: $\$100,000 / 24.6 = \$4,065.04$

IRA elsewhere: $\$50,000 / 24.6 = \$3,032.52$

John Smith's Equity Trust IRA holds **\$50,000 in private stock in a company, \$50,000 in precious metals, and no cash**. John does not want to sell the materials, private stock, or take a distribution of the assets "in-kind." What are his options?

Let's assume John's other IRA holds money-market and mutual funds which can be easily liquidated. John adds **$\$4,065.04 + \$2,032.52 = \$6,097.56$** . John satisfies the total RMD by distributing the **\$6,097.56 from his IRA elsewhere** with the balance of \$50,000.

IRS UNIFORM LIFETIME TABLE III

Age	Distribution Period
72	27.4
73	26.5
74	25.5
75	24.6
76	23.7
77	22.9
78	22.0
79	21.1
80	20.2
81	19.4

FOR USE BY:

- Unmarried owners
- Married owners whose spouses aren't more than 10 years younger
- Married owners whose spouses aren't the sole beneficiaries of their IRAs

NOTE:

Visit the IRS website to identify your [life expectancy table](#) and determine your divisor (Distribution Period).

CAN I SEND MY RMD TO A QUALIFYING CHARITY?

Yes, it is possible to send up to \$100,000 of your RMD to charity, provided the charity qualifies. This is known as a Qualified Charitable Distribution (QCD). When processing a QCD from your custodian, make sure you complete your distribution request properly, and the funds never pass through your personal bank accounts, but rather funds are deposited directly with the qualifying charity.

WHAT ABOUT INHERITED IRAS?

Inherited IRA rules can be complex. It is recommended to work closely with your CPA or other financial professional to discuss these rules and how you can best plan for leaving your retirement accounts to your loved ones, or if you inherited an IRA, what your options are. These rules have been recently modified under the SECURE Act.

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RESOURCES

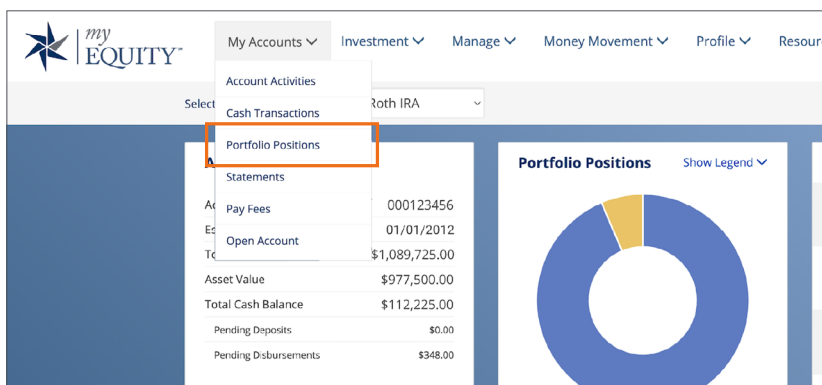
[IRS Required Minimum Distribution Worksheets](#)

[Investor.gov Required Minimum Distribution Calculator](#)

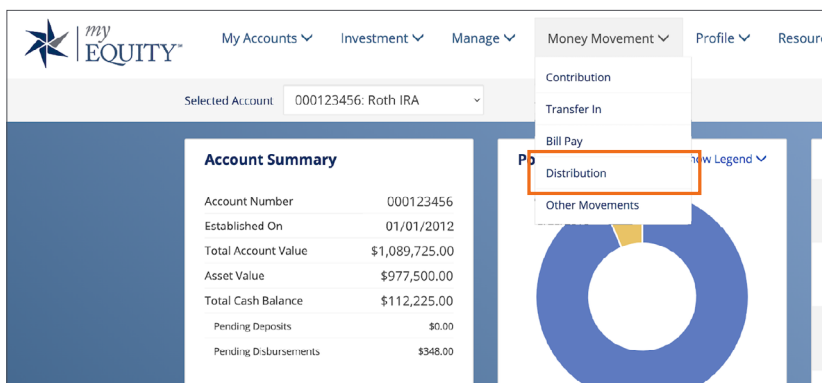
[IRS Retirement Plan and IRA Required Minimum Distributions FAQs](#)

EQUITY TRUST PROCESS FOR RMDs

1. Log in to www.myEQUITY.com
2. Access statements and locate total balance on December 31 of prior year account statement



3. Select Money Movement and click on Distribution. Complete the wizard to request a distribution.



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