

BUSINESS

New Rules for retirement account withdrawals make life easier

BY ERIC J. ZIMMERMAN
SPECIAL WRITER

Last year, the IRS did millions of retirees a big favor by simplifying the rules surrounding mandatory withdrawals from individual retirement accounts. The new rules are important to understand because they may help you defer more taxes. And if you keep your withdrawals as low as possible, you may be able to pass on a larger legacy to your loved ones.

By law, owners of IRAs and most employer retirement plans are required to begin taking required minimum distributions (or RMDs) by April 1 of the year

after they turn 70. Under the old rules, taxpayers had to lock in one of several complex methods for determining the amount of their distributions. The result could vary considerably depending on the method used and the age of the beneficiary named.

The new rules will make life easier for you in several ways.

New rules

First, they eliminate all the confusing calculation options and provide one simple table with which you can easily determine your RMD. Second, the new table will likely allow you to take a lower RMD than before, if you desire. Taking smaller distributions will help you keep a larger portion of your assets growing tax deferred.

A simpler, easier calculation. Here's how easy it is to calculate your RMD using the new table.

Simply locate on the table the age you will attain in the year for which you are calculating your RMD, and note the life expectancy factor listed next to it (you can find the "Uniform Distribution Table" in IRA Publication 590, Individual Retirement Arrangements). Then you just divide the value of your retirement account (as of the end of the previous year) by that factor to get your RMD. For example, a person who attains age 72 with an account balance of \$100,000 and a life expectancy factor of 24.4 years would calculate an annual distribution amount of \$4,098.

Flexibility for your beneficiaries. You can take comfort in knowing the new rules will also make things easier for your beneficiaries after your death. Previously, if you had already chosen an RMD method, your beneficiaries had to continue dis-

tributions at the same rate (if you had not yet begun RMDs, they could choose from several options). Now your beneficiaries may spread distributions over their own lifetime, regardless of your distribution method. So if they are younger than you, they'll be able to take smaller distributions and defer taxes even longer.

Also, your loved ones won't have to rush in making distribution decisions after your death. Under the new rules, they have until December 31 of the year following your death to designate a beneficiary for distribution purposes.

into his or her own name and name a younger beneficiary such as your child. If your spouse has already started taking RMDs, he or she continues to take distributions based on his or her own life expectancy.

Beneficiaries

When your surviving spouse dies, a child named as beneficiary receives the assets and starts taking RMDs based on his or her life expectancy. If you've named several children as beneficiaries, they may divide the IRA into separate accounts for each beneficiary. One benefit of this is that each beneficiary calculates the RMDs for their share based on their age. So the youngest child could take very small RMDs.

And your IRA may stretch even further. Your children could ultimately name other beneficiaries (such as your grandchildren).

Careful planning still needed. While calculating annual RMDs is now simpler, the retirement-tax- and estate-planning issues involved still require careful planning for your goals. In addition to your tax advisor, a knowledgeable financial advisor can help you review your situation and determine all the RMD planning opportunities available to you and your heirs.

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BUSINESS BRIEFS

APRIL

CANTON BPW
Canton Business and Professional Women/USA will meet 5:45-8 p.m. Monday, April 8, at Damon's Restaurant, Ford Road east of Sheldon, Canton. Speaker Amy Allen will discuss the Fair Pay Act. Call (734) 416-0528.

CAREER WOMEN
The West Suburban Chapter, National Association of Career Women will hold its luncheon meeting 11:45 a.m. Tuesday, April 9, at Ernest's 41661 Plymouth Road, Plymouth. Priscilla Peterson of Management Recruiters of Lansing will be the speaker. Cost is \$18 for members and \$22 for non-members. Call (734) 462-4670.

ECONOMIC CLUB
The Detroit Economic Club will host General Richard B. Myers, Chairman, Joint Chiefs of Staff, at their luncheon meeting noon "Tuesday, April 9 at the Burton Manor, 27777 Schoolcraft Road, Livonia. Myers will present "The Global War on Terrorism; The Long Road to Victory." Wayne County Executive Edward H. McNamara will preside at the luncheon. Tickets are \$28 for members; \$35 for guests. Call (313) 963-8547.

SENIOR JOB FAIR

The "Ability is Ageless" Job Fair will take place 9 a.m. to 1 p.m. Wednesday, April 10, at the Ramada Southfield Hotel, 17017 W. Nine Mile Road, between Greenfield and Southfield, Southfield. Positions in accounting/bookkeeping, sales and management, customer service, computer applications, healthcare, human resources, clerical, and skilled and light manufacturing. Exhibit fee for employers is \$175. Call Operation ABE at (248) 443-0370.

NACW

The National Association of Career Women - Metro Detroit Chapter will meet 11:45 a.m. to 1:30 p.m. Thursday, April 11, at Morel's on Telegraph Road (just north of 12 Mile) in Southfield. Guest speakers Kelly Cole and Leslie Lethbridge from Juvenile Justice Outreach will present "Giving Girls a Chance." Cost is \$22 for members and \$24 for non-members and guests. Call Carey or Martha at (248) 851-8130.

ASQ

The American Society for Quality (ASQ) will meet 6:30-9 p.m. Thursday, April 11, at the Ford Motor Co. Product Development Center, Dearborn. Dr. James

Adams, Six Sigma Master Black Belt, will discuss the replacement for the automotive industry's current quality process standard. \$10 for students and ASQ members who register by April 8th. \$15 for non-members and at the door. Informal supper. Pre-registration and location directions at www.ASQ1010.org.

AALW

The American Association of University Women will meet 7 p.m. Tuesday, April 16, at Emmanuel Lutheran Church, 34567 Seven Mile, Livonia. Wayne County Commissioner Lynn Banks will discuss the new McNamara terminal, the Phoenix Museum and term limits. Call (734) 591-0652 or (734) 591-0842.

WOMEN BUSINESS OWNERS

Comerica Bank and the Greater Detroit Chapter of the National Association of Women Business Owners presents a "Power Perks Breakfast" 8-10 a.m. Wednesday, April 17, at the Comerica Southfield Tower, 29201 Telegraph Road, 2nd Floor, Southfield. Call (800) 629-5214 by April 8.

MORGAN STANLEY

Otha Smith, a mutual fund consultant with Morgan Stanley, will present the seminar "Smart Solutions for Your Retirement Distri-

bution" 7 p.m. Thursday, April 18, at the Marriott Hotel, 17100 N. Laurel Park Drive, Livonia. Call (734) 779-8026.

EMPLOYMENT LAW

Clark Hill's Employment Law Group will present the 19th annual Employment Law Conference 8:30 a.m. to 4 p.m. Thursday, April 25, at the Troy Marriott, 200 W. Big Beaver Road, Troy. Designed for CEOs, in-house corporate counsel, and human resource directors. Registration is \$150 (\$125 if received by April 5). Call Dawn Brady at (313) 965-8807 or e-mail dbrady@clarkhill.com.

MAY**RETIREMENT PLANNING**

Beaumont Hospital's Older Adult Services department presents "Stretching Your Retirement Plans' Dollars" 7 p.m. Wednesday, May 1, in the hospital's Administration Building, ground floor Auditorium, 3601 W. Thirteen Mile Road, Royal Oak. Call (800) 633-7377.

AMERICAN BUSINESS WOMEN

The American Business Women's Millennium Chapter in Southfield will celebrate its Third Annual Business Associate Event begin-

ning 6:30 p.m. Thursday, May 16, at Tapestry banquet facility in Southfield. The event will honor

Mayor Brenda Lawrence as the Chapter Woman of the Year. Tickets are \$35. Call (248) 356-2266.

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