ROI Financial Advisors | 503.941.5925 | Lance.j.johnson@roi-fa.com

Aug 12, 2026

What to Know About RMDs and Taxes

Depending on your birth year, the IRS requires you to start withdrawing from your retirement accounts once you are 73 or 75— whether you need the money or not. Those withdrawals, called required minimum distributions (RMDs), count as taxable income. And depending on how much you're required to take, they can affect your tax bracket, your Social Security taxes, and even your Medicare premiums.

Planning ahead can make a meaningful difference.

When You Have to Start Taking RMDs

You'll need to begin taking RMDs from retirement accounts — including traditional IRAs, SEP IRAs, SIMPLE IRAs, 401(k) plans, 403(b) plans and 457(b) plans — starting at age 73 if you were born between 1951 and 1959, or age 75 if you were born in 1960 or later. The IRS calculates each year's RMD based on your account balance and life expectancy, so the amount will change over time.

Why RMDs Impact Your Tax Bill

RMDs are a form of taxable income, so they can push you into a higher tax bracket. That higher income may also trigger additional taxes on your Social Security benefits or increased Medicare premiums.

Including RMDs in Your Tax Planning

You can build RMDs into your tax planning in ways that may help lower your overall tax burden. Strategies to consider:

- **Taking RMDs Earlier:** While you're required to start at 73 or 75, you can begin taking withdrawals without penalty as early as 59½. Taking them earlier can mean smaller future RMDs and less risk of a higher bracket.
- **Exploring Retirement Account Conversion:** You may have the option to convert a traditional IRA to a Roth IRA, which does not require RMDs.
- **Making Charitable Donations:** Once you turn 70½, you can explore making a qualified charitable distribution (QCD) from your retirement accounts. QCDs, unlike RMDs, are not taxable.

Whatever approach you take, don't skip your RMDs once you reach the required age. The amount you don't withdraw can be subject to a 25% excise tax — reduced to 10% if corrected within two years.

Questions about how RMDs fit into your broader strategy? Reach out anytime.

Financial Planning may help your dreams come true!

Simple, Smart, and Effective financial planning may help you build wealth. Our strategies and hands-on approach may help you increase savings, lower taxes, provide customized investment advice, help you secure your retirement and more. Together, we will help you build a plan toward making your dreams come true.

ROI FINANCIAL

A Registered Investment Advisor

Lance J. Johnson | ROI Financial Advisors, LLC

CEO and Investment Advisor Representative

p. 503.941.5925 e. Lance.j.johnson@roi-fa.com

a. 14675 SW Millikan Way | Beaverton, Oregon 97003

Facebook | **Instagram** | **LinkedIn**