



My Age is 70½ – Now What?

Many of our clients don't seem to have a good grasp on what happens at 70½, under government regulations, with IRA and "employer sponsored" retirement programs; such as the TSP or 401(k) programs:

- The law indicates IRA owners (traditional IRA) and TSP and 401(k) participants must start withdrawing from those accounts the year the participant (owner) turns 70 ½ or April of the year following the 70½. Two issues: If the TSP or 401(k) account holder is still working, the withdrawal is not required. However, the IRA holder must withdraw even if working. Second issue: If the individual elects to delay the first withdraw to April 1 of the year following, that person must take two withdrawals in that year.
- In the age 70's years, the withdrawal is in the 4% to 5% range of the account values on December 31 of the previous year. For example, if the individual is age 72 this year, the account values would be December 31, 2012.
- The penalty for not withdrawing or withdrawing incorrectly is 50% of the amount that should have been withdrawn.
- All IRA can be accumulated, and the withdrawal can be taken from one account, if desired. Not so with TSP and 401(k) plans. The necessary total withdrawal is calculated on the total of all those plans, but the withdrawal must come from each plan.
- A thought to consider with the TSP program is TSP will only allow one partial withdrawal in a lifetime. Therefore, the first required withdrawal could come from the TSP; but thereafter, the required withdrawal could not be taken in a lump sum TSP.
- Roth IRA's have no requirement to withdraw; however, Roth TSP does require a withdrawal: The Roth TSP could be rolled to a Roth IRA to solve that issue with no penalties, fees or taxes.

L. Ronal Blair, CFP®, CPCU, AAMS, RFC

Personal Benefit Services Group, 870 Kipling St #A, Lakewood, CO 802145, 303-238-5123

Sharla Rountree, CFP® and L. Ron Blair, CFP®, AAMS, offer Securities and Advisory Services through Royal Alliance Associates, Inc., Member [FINRA/SIPC](#). In this regard, this communication is strictly intended for individuals residing in the states of AK, AR, AZ, CA, CO, CT, FL, GA, HI, IA, ID, IL, IN, KS, MD, MN, MO, NC, NH, NM, NV, NY, OH, OK, OR, PA, SD, TX, UT, VA, VT, WA, WY in which you are securities licensed). No offers may be made or accepted from any resident outside the specific state(s) referenced.

Sharla Rountree & L. Ronald Blair offer insurance services through Personal Benefit Services Group, which is not affiliated with Royal Alliance Associates, Inc.