

How do I process a Required Minimum Distribution (RMD)?

Under SECURE 2.0, effective as of January 1, 2023, any participant that was not previously subject to RMDs who has attained age 73 and is terminated or is considered a 5% owner is required to take a minimum distribution each year. A 5% owner is defined as an employee who owns more than 5% of the employer at any time in the determination year or in the lookback year. The initial minimum distribution must be completed prior to April 1st of the year following attainment of age 73, and subsequent distributions must be completed by December 31st each year thereafter.

First Year & Subsequent RMD Batch Process:

- In late 3rd quarter, Sentinel will identify who needs an RMD, both first year and subsequent, and will review the RMDs to ensure accuracy.
 - In early 4th quarter, Sentinel will send a letter to both first year and subsequent participants, letting them know their RMD will be processed by 12/31. Participants will have the opportunity to provide payment instructions (banking information and withholding options).
 - First year participants will have the ability to wait until April if they reply by the deadline.
 - Later in the 4th quarter, a final review will be done for any outstanding RMDs and we will then process all remaining RMDs. The Plan's paying agent issues payment to the participant, remitting federal/state withholding and preparing Form 1099-R.
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