



Retirement Account Contributions and Distributions After Age 70

Retirement means different things to different people. Your age when you retire can be impacted by many factors such as your health, your love of the work you do, your need for financial stability, or even your desire to stay active and part of something bigger than yourself. If you have decided to continue working into your 70's or beyond, it's important to understand what that decision means when it comes to your retirement savings accounts and the contributions and distributions that are made.

Contributions May Generally Continue Until Retirement

Traditional IRAs

Beginning with the 2020 tax year, Traditional IRA contributions may continue even after required minimum distributions begin if you (or your spouse) are still working. Contributions may be deductible or non-deductible depending on your modified adjusted gross income (AGI).

Roth IRAs

Roth IRA contributions are not restricted by your age, but high wage earners may not be eligible to contribute at all. To be eligible to make a Roth IRA contribution, you (or your spouse, if married) need wages or earned income and your AGI cannot exceed certain limits. For single tax filers, the AGI limit is \$165,000 for 2025 and \$168,000 for 2026. For joint tax filers, the AGI limit is \$246,000 for 2025 and \$252,000 for 2026.

SEPs, SIMPLEs, 401(k)s, 403(b)s, and Other Qualified Retirement Plans

Participation in your employer's retirement plan is limited only by the eligibility requirements of the plan. Although some may have a minimum age of 18 or 21 to participate, there is no maximum age that limits your participation. If you are currently a participant in a plan and you are still an active employee, you can continue making salary deferral contributions or receiving employer contributions based on your compensation.

Required Minimum Distributions (RMDs) Begin at Age 73; Exceptions May Apply If Still Working

RMDs must generally begin at age 73. However, you may not be required to take RMDs from retirement plans if you are still working. Your first RMD can be taken any time during the calendar year you are required to begin RMDs, but not later than April 1st of the following year.



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The following year, and annually thereafter, you must take your RMD by December 31. Failure to receive a RMD can result in a 25% IRS penalty tax on the amount not timely distributed. The penalty tax is reduced to 10% if corrected within two years.

Traditional IRAs, SEP and SIMPLE IRAs

Even if you are still working, when you have traditional IRAs, rollover IRAs, SEP or SIMPLE IRAs, you must take your RMDs when you reach age 73.

If you don't need the income from the RMD and you are charitably inclined, you may want to consider making a tax-free Qualified Charitable Distribution (QCD) from your IRA directly to a qualified charity. QCDs are limited to \$111,000¹ in 2026, but they will count toward any RMD you have. For your IRA distribution to be treated as a QCD, you must wait to make the direct gift out of your IRA until you have reached age 70 ½. (Note: You cannot make a QCD from a retirement plan such as a 401(k), a SEP or SIMPLE IRA.) In addition, if you make deductible IRA contributions after age 70 ½, the amount of the tax-free charitable gift must be adjusted.

Roth IRAs

You are not required to take RMDs from Roth IRAs during your lifetime. Any distributions you take from your Roth IRA are optional. Distributions are only required if you inherit a Roth IRA and you are not the surviving spouse.

401(k)s, 403(b)s, and Other Qualified Retirement Plans

Depending on your situation, you may not have to take RMDs from your employer-sponsored retirement plan if you are still working. How you

answer the questions below can help you understand when RMDs are required:

- ***Are you still working for the employer that offered the retirement plan?*** If not, then RMDs are required to start at age 73. Each former employer's retirement plan must distribute an RMD to you based on the balance in the plan as of the prior year-end.
- ***Are you an owner of the business you work for?*** If you are and you are more than a 5% owner, you must begin RMDs at age 73 even if you are still working for the company.
- ***Does your retirement plan allow you to delay RMDs while you are still working?*** Most plans do, but they are not required to. Check with your plan's administrator to see when they require distributions to begin. If you are able to delay your RMDs, carefully consider what the impact will be. Waiting to receive your RMDs until after you retire means you will likely have larger amounts to take. That means more taxable income to claim after retirement which could result in more of your Social Security income being taxable, as well as the loss of certain tax deductions and credits.
- ***Did you retire earlier in the year?*** Even if your retirement plan didn't require you to take RMDs while you were working, an RMD is required for the year in which you retire or separate from service if before the end of the year you will attain age 73. This catches some people by surprise, especially when they

¹ A one-time gift of up to \$55,000 can also be made to a split-interest entity.



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they separate from service late in the year. For example, if you retire in November 2026 at the age of 75, you will have to take an RMD for 2026. If you elect to leave your balances in the plan, your first RMD must be taken no later than April 1 of the year following the year of your retirement (April 1, 2027). Your second RMD must also be taken by December 31 of that following year (December 31, 2027).

Keep in mind that if you elect to roll over your employer's retirement plan to an IRA after you retire,

you cannot roll over your plan's RMD and take it later from the IRA. Instead, your plan's administrator must pay the current year RMD to you before distributing the remainder of your plan's balance to your IRA.

If your approach to retirement means working a little, not at all, or even a lot in your 70's, you need to know when you must stop contributing and when you must start withdrawing from your retirement savings accounts. Everyone's situation is different. If you aren't sure, contact your financial advisor for help. ■

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