



Department of the Treasury
Internal Revenue Service

Notice 1270

(February 2001)

Supplement to Publication 590, *Individual Retirement Arrangements (IRAs)*

New Simplified Rules for Minimum Required Distributions

After Publication 590 was printed, the IRS issued new rules that simplify how minimum required distributions will be figured after 2001. For 2001, you can figure the minimum required distribution using either these new rules or the old rules explained in Publication 590, *Individual Retirement Arrangements (IRAs)*. For most people, the new simplified rules will result in lower minimum required distributions.

If you are age 70½ or older and own a traditional IRA or if you are the beneficiary of an IRA, you may be subject to an additional tax if you do not take annual distributions from the IRA of at least the minimum required distribution for the year. This is discussed in Publication 590 beginning on page 21, under *When Must I Withdraw IRA Assets? (Required Distributions)*.

If you attained age 70½ in 2000 and are taking your minimum required distribution for 2000 by April 1, 2001, do not use the new rules for figuring the distribution for 2000. Instead, use the old rules in Publication 590. Use the new rules for figuring the required distribution for 2001 that must be made by the end of 2001.

For detailed information about the new rules, see the proposed regulations published in the Federal Register on January 17, 2001, 66 FR 3928, and Announcement 2001-18, IRB 2001-10, dated March 5, 2001.

Distributions during the owner's lifetime. Under the new rules, minimum required distributions during your lifetime are based on a distribution period that can be determined using a single table and your age. The distribution period is not affected by your beneficiary's age unless your sole beneficiary is your spouse who is more than 10 years younger than you are. In that case, you can use a different table.

To figure the minimum required distribution for 2001, divide your account balance at the end of 2000 by the distribution period from the table. This is the "applicable divisor" listed next to your age (as of your birthday in 2001) in the *Table for Determining Applicable Divisor for MDIB (Minimum Distribution Incidental Benefit)* on page 80 of Publication 590, unless your sole beneficiary is your spouse who is more than 10 years younger than you are. In that case, use the number at the intersection of the ages of you and your spouse (as of your birthdays in 2001) in *Table II (Joint and Last Survivor Expectancy)* beginning on page 76 of Publication 590. These rules also apply for figuring the minimum required distribution for 2001 for an owner who dies in 2001 after his or her required beginning date.

Distributions after the owner's death. Under the new rules, if the designated beneficiary of the owner is an individual, such as the owner's spouse or child, minimum required distributions for years after the year of the owner's death generally are based on a distribution period that can be determined using the beneficiary's single life expectancy. This rule applies whether or not the death occurred before the owner's required beginning date. If the owner's beneficiary is not an individual (for example, if the beneficiary is the owner's estate), the rule for determining minimum required distributions for years after the owner's death depends on whether or not the death occurred before the owner's required beginning date.

If the owner's designated beneficiary is an individual.

To figure the minimum required distribution for 2001, divide the account balance at the end of 2000 by the distribution period from *Table I (Single Life Expectancy)* on page 75 of Publication 590. Determine the distribution period as follows.

- **Spouse as sole designated beneficiary.** The distribution period is the divisor listed in the table next to the spouse's age (as of the spouse's birthday in 2001). If the owner died before the year in which he or she attained age 70½, distributions to the spouse need not begin until the year in which the owner would have attained age 70½.
- **Other designated beneficiary.** The distribution period is the divisor listed in the table next to the beneficiary's age (as of his or her birthday in the year following the year of the owner's death), reduced by one for each elapsed year since the year following the owner's death.

If the owner's beneficiary is not an individual.

Determine the minimum required distribution for 2001 as follows.

- **Death on or after the required beginning date.** Divide the account balance at the end of 2000 by the distribution period from *Table I (Single Life Expectancy)* on page 75 of Publication 590. The distribution period is the divisor listed next to the owner's age (as of his or her birthday in the year of death), reduced by one for each elapsed year since the year of death.
- **Death before the required beginning date.** The 5-year rule continues to apply. Under this rule, the entire account must be distributed by the end of the fifth year following the year of the owner's death. No distribution is required for a year before that fifth year. This rule may also be elected by a beneficiary who is an individual.

