Taxpayers cannot keep funds in traditional IRAs indefinitely. A taxpayer must generally start receiving distributions from their IRAs by April 1 of the year following the year in which they reach age 70 1/2. The taxpayer must receive at least a minimum amount for each year starting with the year they reach age 70 1/2. If they don’t receive the minimum distribution in the year they reach 70 1/2 they have until April 1, of the following year to take the distribution for the year they reached 70 1/2. In this case, you would be required to take two minimum distributions for that year.

The IRA administrator normally calculates the RMD for the taxpayer, but it is the taxpayer’s responsibility to take the RMD. The penalty for not taking the RMD by the due date is 50% of the shortfall. For taxpayers with multiple IRAs the RMD is based on the total of all their IRAs, but it can be taken from any of them.

As AARP Tax-Aide preparers, our responsibility is to ask each taxpayer that has reached 70 1/2 in the current tax year and has IRA(s) if they took their minimum distribution. If they are uncertain, they should contact their plan administrator(s) to determine what their RMD is.

If taxpayer has failed to take RMD from a qualified retirement plan, then they need to include Form 5329 (Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts) to deal with the penalty. If you would like to apply for a waiver, then

* Return should be prepared and e-filed without Form 5329.
* Download a copy of Form 5329 from the IRS ([Click here for Form 5329](https://www.irs.gov/pub/irs-pdf/f5329.pdf))
* See Instructions from IRS (below) for guidance on filling in Form 5329 (don’t forget to have client sign and date it – volunteer preparer should not fill in anything in “Paid Preparer” section)
* The filled in Form 5329 (with waiver request and explanation attached) should be mailed.

**From IRS Form 5329 Instructions:**

**Waiver of tax**. The IRS can waive part or all of this tax if you can show that any shortfall in the amount of distributions was due to reasonable error and you are taking reasonable steps to remedy the shortfall. If you believe you qualify for this relief, attach a statement of explanation and file Form 5329 as follows.

1. Complete lines 52 and 53 as instructed.

2. Enter “RC” and the amount you want waived in parentheses on the dotted line next to line 54. Subtract this amount from the total shortfall you figured without regard to the waiver, and enter the result on line 54.

3. Complete line 55 as instructed. You must pay any tax due that is reported on line 55.

The IRS will review the information you provide and decide whether to grant your request for a waiver.

**Minimum Required Distribution Tips**

* Alert taxpayers that are approaching 70 1/2 and have IRAs that they will be required to take RMD distributions and they should contact their plan administrator(s) for the amounts.
* If a taxpayer missed taking a RMD due to a misunderstanding or unintentional error, help them rectify the situation and apply for the waver using the process above.
* Form 5329 is specific to an individual. Complete Form 5329 with TP or SP information, as appropriate.