



NCM Client Notification

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NEW RMD RULES FOR 2009

While you may not be taking required distributions from your retirement accounts, the Investment Committee felt that this notice should be sent client wide in the event that you have parents or other friends that may be taking distributions from their IRA's.

What is a required minimum distribution (RMD)? This is the amount of money that retirees age 70½ and older are required to withdraw from their tax-deferred plans such as IRAs and 401(k)'s (there are a few exceptions that exist). RMD's are also required from Inherited IRA's.

Based on investment performance for many retiree accounts in 2008, former President Bush signed a bill in December 2008 that suspended mandatory withdrawal rules for 2009. This provides retirement account holders the option of not having to sell devalued assets to raise the cash to fund the distribution.

Kiplinger did a nice job of summarizing what's new:

- A. This suspension does not have to be made up. In other words, you will not have to make up your missed payment in a later year. Future distributions for 2010 will be based on your existing age and the balance of your IRA's as of December 31, 2009.
- B. If you turned 70 ½ in 2008 and planned to delay your RMD until April 15, 2009, you will still have to take that RMD. This is because it relates to 2008. You will be able to suspend your 2009 RMD if you desire.
- C. If you have an Inherited IRA, the same rules apply. You do not have to take any distributions in 2009. If you are on a 5-year distribution plan, you may suspend this year's distribution, and the distribution period is increased by one year.
- D. Distribution rules are not limited to IRA's. The same rules apply if you are taking distributions from a 401(k) or 403(b) plan.
- E. You are not forced to suspend your RMD.
- F. Even if you were one of the lucky few to experience gains in your account during 2008, the new rules still apply. You will not be required to take distributions.

Please contact Rose in our office at anytime if you have questions regarding the new RMD rules for 2009. She can be reached at by phone at (509) 456-2526 or (800) 826-9803 ext. 23., or via e-mail at rose@ncm-inc.com.

Northern Capital Management, Inc.
Investment Committee