Tech Tip Thursday: Get Ready for RMD Season with These Helpful FAQs

So your clients reached the gold years of retirement? Nothing left to do but golf, travel, and spend time with loved ones, right? Right! Except for, of course, one pesky to-do that all retirees aged 70 ½ and older have to do: Required Minimum Distributions (RMDs).

But keeping up with RMDs doesn't have to be a burden. Orion's platform provides the RMD Dashboard app to help you monitor RMDs for clients who are over the age of 70 ½, making it easy for you to track annual distributions and minimize the risk that those clients will take an incorrect amount and be subject to a penalty.

As you know, a client's first RMD must be satisfied by April 1 of the year after the client turns 70½. After that, RMDs must be taken by December 31 of each year. So, with the RMD deadline looming, we put together a helpful list of common questions to make taking RMDs easier for you and your clients using Orion's RMD Dashboard app.

Why are my IRA or Bene/Inherited IRA accounts not showing in my RMD Dashboard?

For IRA's (non-inherited):

- Make sure the box "Include in RMD" in the "Registration Type" field is checked
- Date of Birth must also be populated for the account to show in the RMD Dashboard since the client must be at least 70.5 years old to receive RMDs

For Bene/Inherited IRA's:

- Ensure that both the "Include in RMD" box **and** the "BIRA" boxes are checked in the "Registration Type" field
- Bene/Inherited IRA's will show in the RMD Dashboard, as long as the Date of Birth for the ***current*** holder and Date of Death for the ***previous*** holder is entered at the Registration level.

What types of transactions are included in RMD calculations?

- Client distributions, state tax withheld, and federal tax withheld all automatically count towards an RMD amount

How do I exclude transactions from RMD calculations?

- In order to have transactions not count towards an RMD amount, change the transaction to something other than client distributions, State tax withheld, and Federal tax withheld.

Will Merge Out and Journal Out transactions count towards RMD calculations in the RMD Dashboard?

- Merge Out and Journal Out transactions will count towards an RMD if there is a corresponding Merge In/Journal In that meets the following criteria:
    - Same Household
    - Same day
    - Same amount
    - From a qualified to a nonqualified account
- If the above criteria are not met, Merge Out/Journal Out transactions can be manually marked to be included towards an RMD calculation. Simply ensure the two checkboxes in the "Additional Information" section of the Transaction Editor called "System Maintained" and "Include as RMD Distribution" are checked.

Orion Pro Tip: If the RMD box is not visible at the transaction level, it is not an RMD-qualifying transaction. If you believe the transaction should be included re-coded in order to count towards an RMD calculation.

How Can I Maximize the RMD Dashboard with Systematics?

A best-practice recommendation for using Orion's RMD Dashboard app to help you monitor required minimum distributions is to establish Systematics on each account. Systematics allow the system to track distributions throughout the year and monitor if your clients are on track to successfully satisfy their RMD requirements. Note that Systematics must be entered for an account to show "On Track" since they are not retrieved from a custodian.

Orion Pro Tip: Quickly set up Systematics on individual accounts by right-clicking a client in the Slick] Grid and selecting Edit > Account. Systematics are stored in the General section of the Account Editor.

How Do I Update Systematics Information En-Masse?

Account information can be updated one-off, but if you'd prefer to update information en-masse, here's how:

- You can import RMD Accounts into the RMD Dashboard by simply ensuring 12/31 Values and RMD is Satisfied (manually marked)
- Update Date of Birth and Date of Death quickly with the "Registration Update" found in "Custom Imports"
- Beneficiary Information can be updated en masse by using the "Beneficiary Import" in "Custom Imports"
- Or, you can update Systematics quickly using the "Systematic" Import found in "Custom Imports"

Orion Pro Tip: If you do not agree with the RMD Amount displayed in the RMD Dashboard, confirm the Date of Birth and 12/31 values match the custodian. In cases where the Joint Life Table is required (the beneficiary is 10 years younger than account holder), confirm the beneficiary information is entered correctly at the Registration level (i.e. primary, spouse, 100% with the correct Date of Birth).

Remember, you can update accounts in the RMD Dashboard by selecting "Update RMD" in the "Actions" drop-down. Keep in mind, in cases where there are a large number of accounts, updates could take 10-15 minutes to run.

The RMD Dashboard app can help you save time and help you help your clients take the guesswork out of RMDs.

If you have additional questions about what was covered in this article, please log into Orion Social, click Contact Us, and start up a chat with our Reporting SME Team.

Not an Orion client yet? Get in touch with us here to schedule a demo of this app.

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