

[Home](#) > [Resource Center](#) > [Education & Training](#) > [Advanced Markets Information](#)

Required minimum distributions for annuities

Rule

Most people must start taking required minimum distributions (RMD) from their qualified accounts once they turn 70 ½.

Tell me more

How much you take depends on what type of annuity you have.

- *Deferred annuities.* You can treat these like other qualified assets. The RMD is calculated using the fair market value of the contract as of December 31 of the previous year. Any distributions from the deferred annuity apply toward the minimum requirement.
- *Immediate annuities and annuitized contracts.* You don't need to determine a fair market value to determine the RMD for these contracts. Instead, whatever the contract pays out each year is the RMD for that contract. It doesn't matter whether the RMD would have been higher or lower if the contract hadn't been annuitized. *Any payments from the immediate annuity or annuitized contract may not be credited toward your minimum distribution requirements from other qualified accounts.*

What else should I know?

If you annuitize a contract or purchase an immediate annuity after your distributions are required to begin, you must still include the value of that contract when you determine your RMD for the year in which the contract is purchased.

The value for the previous year (ending December 31) is not reduced by the amount that is annuitized or used to purchase the annuity. However, any payments received from the annuity during that year will be credited toward your RMD.

For the following calendar year and each year thereafter, your annuitized contract will not be included in your RMD calculations, and payments will not count toward your RMD.

The subject matter in this communication is provided with the understanding that Principal® is not rendering legal, accounting, or tax advice. You should consult with appropriate counsel or other advisors on all matters pertaining to legal, tax, or accounting obligations and requirements.

Next Steps

Call your **wholesaling team** with questions about annuities or contact Scott Van Wyngarden in annuity advanced markets at 515.247.6785 or VanWyngarden.Scott@principal.com.