New Year, New IRS Life Expectancy Tables

These new tables come just as America experiences a downtick in life expectancies because of the coronavirus and its reverberations.


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This month inaugurates not only a new year, but a new set of IRS actuarial tables for determining our clients' required minimum distributions, or RMDs. It's been 20 years since the IRS last updated these tables, so some advisors may have forgotten that such a change was even possible.

Since the old tables are still readily available and the new tables take some effort to find, mistaken use of the old tables will probably be common. That mistake will (in almost every case) result in taking a higher distribution than was required, so there will be no penalty for the mistake (other than higher income taxes).

The advisor's tasks are: First, to find the new tables, and, second, to know how to use them.

Where to Find the New IRS Life Expectancy Tables for 2022

Normally the place you would most handily find the RMD tables is IRS Publication 590-B, "Distributions from Individual Retirement Arrangements (IRAs)." However the only edition of that publication available now was issued back in May 2021. Written for use in "preparing 2020 returns," it accordingly has only the old tables. In fact, the new tables do not yet appear anywhere in explanations of minimum distributions on the IRS website.

They can be found deep in the innards of IRS.gov, near the end of IRS Bulletin 2020-49, where these tables were formally promulgated in November 2020.

Since the tables cannot be easily accessed at IRS.gov, consider an alternative source. The tables are in Treasury Regulation Section 1.401(a)(9)-9. If you subscribe to a tax service such as C, just look up that regulation. Otherwise, do an Internet search for 1.401(a)(9)-9. This will turn up some sources, such as Cornell Law School, that reproduce the full tables for public use.

But be careful: Both the old and new tables were/are contained in Regulation 1.401(a)(9)-9. As a result, some sources that turn up when you search that regulation number still have the old tables. So, once you've found a set of tables, how do you know whether you are looking at the old version or the new one? Check Table 1, the Single Life Expectancy Table. If the version you are looking at says life expectancy at age zero is 82.4 years, you have an old table. The new edition of Table 1 provides an 84.6-year life expectancy for age zero.

How to Use the Tables for Lifetime RMDs and Surviving Spouses

The biggest hurdle is finding the tables. The easy part (for most situations) is using them.

For any IRA owner or beneficiary who is using a life expectancy payout, recalculated annually, just go to the applicable new table for 2022 and all subsequent years to find your "applicable distribution period" or "divisor" for this year. This group includes all who are taking "lifetime" RMDs (that is, IRA owners over age 72) and also any surviving spouse who is holding a plan account as sole beneficiary of his/her deceased spouse.

Glenda Example: Glenda is turning age 77 on her 2022 birthday. To calculate the 2022 RMD from her traditional IRA, she first, as usual, finds the account balance as of Dec. 31, 2021. Assume it is $1 million and assume that the designated beneficiary of her IRA is not her spouse, who is more than 10 years younger. She divides that year-end balance by the applicable factor from Table 2, the Uniform Lifetime Table, which is 22.9. Her 2022 RMD is accordingly $43,668.12 ($1 million divided by 22.9). Under the old tables, her factor would have been 21.2, triggering an RMD of $47,169.81. If she likes to keep her RMDs as small as possible, she will be pleased by this $3,500 reduction, even though it means (eventually) larger RMDs later.

Gary Example: Gary's late wife, Ginger, left her Roth IRA to a conduit trust for Gary's benefit. Each year, the Bigole Bank, as trustee, withdraws the RMD from the Roth IRA and pays it out to Gary (after payment of applicable expenses). The trustee is also instructed to withdraw from the Roth IRA and distribute to Gary such additional amounts as are required for Gary's health and support. Gary will turn 77 in 2022. Because he is the deceased IRA owner's surviving spouse and sole beneficiary (through the conduit trust--a conduit trust for the surviving spouse gets the same "minimum distribution" treatment as the surviving spouse individually), the Roth IRA is distributable over his life expectancy, recalculated annually. Under the new edition of Table 1, the Single Life Expectancy Table, Gary's life expectancy on his age-77 birthday year is 13.3 years. The Roth IRA account balance was $1 million on Dec. 31, 2021. Accordingly, the trust's RMD for 2022 is $75,187.97. Under the old tables, Gary's life expectancy at age 77 was 12.1 years, so the RMD would have been $82,644.63.

How to Use the Tables for Other Designated Beneficiaries

The inheritor of an IRA or other retirement plan account may be entitled to have the inherited account paid out to him or her over his or her single life expectancy. For a nonspouse beneficiary, this payout is over a fixed term of year, that is, it is not "recalculated annually." Prior to Secure's enactment in 2019, that "life expectancy payout" was available for all designated beneficiaries. For deaths after 2019, only the "eligible designated beneficiary"--a disabled or chronically ill individual, surviving spouse or minor child of the participant, or individual not more than 10 years younger than the participant--is still entitled to the life expectancy payout.

We've already covered how the new tables apply to a surviving spouse beneficiary; see the Gary example above. Whether the decedent died before 2020 or after 2019, a surviving spouse as sole beneficiary (including through a conduit trust) was and is entitled to a life expectancy payout with the life expectancy recalculated annually, and we've already covered how that works with the new tables.

For any other beneficiary's life expectancy payout, the payout period is a fixed term. You determine the beneficiary's life expectancy (under the Single Life Table) as of his birthday in the year after the year of the participant's death. That will be the divisor for that year. In each subsequent year, the divisor will be the prior year's divisor reduced by one.

So, what happens when, in the middle of this life expectancy payout, the IRS switches to new actuarial tables? IRS Revenue Procedure explains this more complicated process: You go back to the year after the year of the participant's death and compute what would have been this beneficiary's life expectancy under the new table. Then just deduct from that number, one year for each year that has elapsed.

Grace Example: Grace's mother died in 2015, leaving her IRA to Grace as sole designated beneficiary. Grace turned age 61 in 2015. In the year after mother's death Grace would have reached age 62. Her life expectancy at that age under the old tables was 23.5 years, so in 2016 Grace was required to withdraw 1/23.5th of the Dec. 31, 2015, account balance. Her divisors for subsequent years would be the prior year's divisor minus one, so in 2017 she was required to withdraw 1/22.5th, in 2018 1/21.5th, and so on (there were no RMDs in 2020). Under this regime, her factor or divisor for 2022 would be (under the old table) 23.5 minus six elapsed years or 17.5. To switch her to the new tables, we look up what would have been her life expectancy in 2016 under the *new* table--it's 25.4 Now we simply deduct the six elapsed years from that number to come up with the 2022 factor: 19.4. In subsequent years, her RMD will be 1/18.4th, 1/17.4th, and so on.

How likely is it that every designated beneficiary (or eligible designated beneficiary) of a pre-2022 decedent will effortlessly, knowledgeably, and permanently switch to the new tables this year? I'll leave that for you to guess ...

Meanwhile, contemplate this final bit of irony: These new tables, designed to reflect longer life expectancies, come just as America experiences a downtick in life expectancies due to the coronavirus and its reverberations.

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