

Weekly Insight  
June 1, 2026

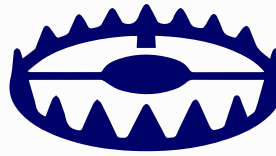
# The RMD Penalty Trap: How This One Missed Step Can Cost You 25%

## This Week's Focus

If you are retired (or close to it), your retirement accounts come with a rule that can punish you for one simple mistake. Once RMDs begin, the IRS expects you to take a minimum withdrawal each year. Miss it, and the penalty can be 25% of what you should have taken.

This issue of SFL Weekly Insights walks you through the most common RMD traps in plain language, including the "two withdrawals in one year" surprise. Then you will use a one-page tool to get your accounts organized so you can avoid penalties and reduce stress.

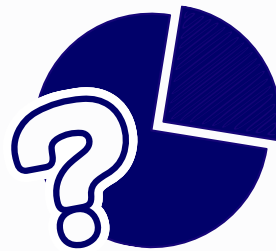
## Content Overview



The RMD deadline that quietly trips retirees up



The first-year timing choice that raises taxes



Why the penalty can be 25%



A printable worksheet for your SFL review



# This RMD Deadline Can Trigger a 25% Penalty



If you are 73 or older, the IRS expects a yearly withdrawal from many retirement accounts. This is called a Required Minimum Distribution (RMD).

Most people do not miss an RMD because they are careless. They miss it because life is busy, accounts are spread out, and one small rule gets overlooked. The penalty is not small. **Start with one clear truth:** an RMD is a deadline problem. If the deadline is missed, the IRS can charge a penalty of 25% of the amount you should have taken.

## ***The one rule that causes the most mistakes***

For most people, most years, the rule is simple: Your RMD must be taken by December 31. Now here is where people get trapped.

## ***How a single RMD trap can become two traps***

If you are taking your first RMD, you may be allowed to delay it until April 1 of the next year. That sounds helpful. But it can backfire, because it can force two taxable withdrawals in the same year:

- The delayed first RMD, and
- The new year's RMD, which is still due by December 31

When two withdrawals land in one year, your income can jump. That can mean higher taxes than you expected.

## ***Why this penalty hits retirees so hard***

Retirement is supposed to feel steady. A surprise penalty does the opposite. It feels like you got punished for not knowing a rule you were never clearly taught. The most common real-life situations look like this: You have an old 401(k) from a past job. You also have an IRA. One account gets handled. One gets missed. Or you assume your provider will "take care of it," but your accounts are at different places, and no one is watching the full picture.

## ***The penalty (what "25%" means)***

If you miss your RMD, the IRS can charge 25% of the amount you did not take. Some sources report that if you correct it within two years, the penalty can drop to 10%. Either way, it is a painful hit to your savings, and it is often preventable.

## ***If you think you missed an RMD, do not freeze***

The best move is to act quickly and cleanly. Many people correct the missed amount, then work with a tax professional to file the proper paperwork to request relief when allowed.

This is where Solutions For Life helps most: not by giving you more confusing rules, but by helping you build a simple plan that answers three questions:

1. What accounts require an RMD?
2. What is the deadline for each one?
3. What is the safest way to take it every year?

# Print This! Your RMD Penalty Risk Checklist



This page is designed for one purpose: to help you figure out, in a few minutes, whether you are one missed step away from an RMD penalty. If you are 73 or older, you may be required to take an RMD each year from certain retirement accounts. If you miss it, the penalty can be 25% of the amount you should have taken. Now use the checklist below.

## Step 1: The 7-Question RMD Risk Check (YES or NO)

1. YES / NO I know which of my accounts have an RMD.
2. YES / NO I know my deadline for this year (most years: Dec 31).
3. YES / NO I turned 73 recently and understand the first-year rule.
4. YES / NO I have more than one IRA or old 401(k).
5. YES / NO I am confident nothing will be “forgotten” this year.
6. YES / NO I know what to do if I missed an RMD.
7. YES / NO I want a simple written plan for every year.

### Score

- 0–2 YES: High risk. This is how penalties happen.
- 3–4 YES: Moderate risk. You need one clean checklist.
- 5+ YES: Lower risk. Still verify every account.

## Step 2: The “Two RMDs in One Year” Trap Check

If you delayed your first RMD to April 1, you may have to take two RMDs in the same year (the delayed one plus the current one). That can raise taxes and cause surprises.

**Circle one: I delayed my first RMD | I did not delay | I am not sure**

If you circled “I am not sure,” that is a strong reason to schedule a review.

## Step 3: Fill in your “RMD Snapshot”

My age: \_\_\_\_\_

Accounts I own (write them all): \_\_\_\_\_

Where they are held (companies/banks): \_\_\_\_\_

My plan for taking RMDs: **Monthly | Quarterly | One time per year**

My biggest fear: **Penalty | Taxes | Missing a deadline | Taking too much or too little**

## Step 4: If you think you already missed an RMD

Do not wait. Many people correct the missed amount and file the proper paperwork to request relief when allowed.

**Circle one: I think I missed an RMD | I am not sure | I am confident I did not**

If you circled “I think I missed” or “I am not sure,” schedule a review this week.