

AI-03466 IRS Uniform Lifetime Table for RMD

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Explain and how does IRS come up with the number: IRS Uniform Lifetime Table factor for age 73 is 26.5

The IRS Uniform Lifetime Table is used to calculate **Required Minimum Distributions (RMDs)** from retirement accounts such as traditional IRAs and 401(k)s. The factor for age 73 is **26.5**, and here's how that number is determined:

n	Age	Factor	401K Balance \$	RMD/Y	RMD/M
1	73	26.5	\$ 1,000,000.00	\$ 37,735.85	\$ 3,144.65
2	73	26.5	\$ 2,000,000.00	\$ 75,471.70	\$ 6,289.31
3	73	26.5	\$ 3,000,000.00	\$ 113,207.55	\$ 9,433.96
4	73	26.5	\$ 4,000,000.00	\$ 150,943.40	\$ 12,578.62
5	73	26.5	\$ 5,000,000.00	\$ 188,679.25	\$ 15,723.27
6	73	26.5	\$ 6,000,000.00	\$ 226,415.09	\$ 18,867.92
7	73	26.5	\$ 7,000,000.00	\$ 264,150.94	\$ 22,012.58
8	73	26.5	\$ 8,000,000.00	\$ 301,886.79	\$ 25,157.23
9	73	26.5	\$ 9,000,000.00	\$ 339,622.64	\$ 28,301.89
10	73	26.5	\$ 10,000,000.00	\$ 377,358.49	\$ 31,446.54
11	73	26.5	\$ 11,000,000.00	\$ 415,094.34	\$ 34,591.19
12	73	26.5	\$ 12,000,000.00	\$ 452,830.19	\$ 37,735.85

13	73	26.5	\$ 13,000,000.00	\$ 490,566.04	\$ 40,880.50
14	73	26.5	\$ 14,000,000.00	\$ 528,301.89	\$ 44,025.16
15	73	26.5	\$ 15,000,000.00	\$ 566,037.74	\$ 47,169.81
16	73	26.5	\$ 16,000,000.00	\$ 603,773.58	\$ 50,314.47
17	73	26.5	\$ 17,000,000.00	\$ 641,509.43	\$ 53,459.12
18	73	26.5	\$ 18,000,000.00	\$ 679,245.28	\$ 56,603.77
19	73	26.5	\$ 19,000,000.00	\$ 716,981.13	\$ 59,748.43
20	73	26.5	\$ 20,000,000.00	\$ 754,716.98	\$ 62,893.08
21	73	26.5	\$ 21,000,000.00	\$ 792,452.83	\$ 66,037.74
22	73	26.5	\$ 22,000,000.00	\$ 830,188.68	\$ 69,182.39
23	73	26.5	\$ 23,000,000.00	\$ 867,924.53	\$ 72,327.04
24	73	26.5	\$ 24,000,000.00	\$ 905,660.38	\$ 75,471.70
25	73	26.5	\$ 25,000,000.00	\$ 943,396.23	\$ 78,616.35
26	73	26.5	\$ 26,000,000.00	\$ 981,132.08	\$ 81,761.01
27	73	26.5	\$ 27,000,000.00	\$ 1,018,867.92	\$ 84,905.66
28	73	26.5	\$ 28,000,000.00	\$ 1,056,603.77	\$ 88,050.31
29	73	26.5	\$ 29,000,000.00	\$ 1,094,339.62	\$ 91,194.97
30	73	26.5	\$ 30,000,000.00	\$ 1,132,075.47	\$ 94,339.62
31	73	26.5	\$ 31,000,000.00	\$ 1,169,811.32	\$ 97,484.28
32	73	26.5	\$	\$ 1,207,547.17	\$100,628.93

			32,000,000.00		
33	73	26.5	\$ 33,000,000.00	\$ 1,245,283.02	\$103,773.58
34	73	26.5	\$ 34,000,000.00	\$ 1,283,018.87	\$106,918.24
35	73	26.5	\$ 35,000,000.00	\$ 1,320,754.72	\$110,062.89
36	73	26.5	\$ 36,000,000.00	\$ 1,358,490.57	\$113,207.55
37	73	26.5	\$ 37,000,000.00	\$ 1,396,226.42	\$116,352.20
38	73	26.5	\$ 38,000,000.00	\$ 1,433,962.26	\$119,496.86
39	73	26.5	\$ 39,000,000.00	\$ 1,471,698.11	\$122,641.51
40	73	26.5	\$ 40,000,000.00	\$ 1,509,433.96	\$125,786.16
41	73	26.5	\$ 41,000,000.00	\$ 1,547,169.81	\$128,930.82
42	73	26.5	\$ 42,000,000.00	\$ 1,584,905.66	\$132,075.47
43	73	26.5	\$ 43,000,000.00	\$ 1,622,641.51	\$135,220.13

How the Factor Works

- The **factor** represents an estimate of the account holder's **remaining life expectancy** in years, based on actuarial data.
- To calculate your RMD, you take your **account balance as of December 31 of the prior year** and divide it by the factor for your age.
 - Example: If your IRA balance is \$265,000 at the end of last year and you turn 73 this year, your RMD = $\$265,000 \div 26.5 = \$10,000$.

How the IRS Comes Up with the Number

- The IRS bases the Uniform Lifetime Table on **mortality data from the Social Security Administration and other actuarial studies**.
- The table assumes:
 - The account owner has a beneficiary who is **10 years younger** (to account for spousal situations).

- This assumption ensures distributions are spread out conservatively, so funds last longer.
- At age 73, the IRS estimates that the average person (with this spousal assumption) has about **26.5 years of remaining life expectancy**. That's why the divisor is 26.5. [Fidelity Investments](#)

Why It Matters

- Using this factor ensures retirees withdraw a minimum amount each year, preventing indefinite tax deferral.
- The divisor decreases as age increases, meaning RMDs grow larger over time.

Would you like me to show you how the factors change over the next few years (say ages 74–80) so you can see the progression?

When did the idea of 401k started and RMD? Was preventing indefinite tax deferral new or it was there at the beginning?

Great question — the history of 401(k)s and RMDs is closely linked to the broader U.S. retirement system and tax policy.

Origins of the 401(k)

- **1978:** Congress passed the **Revenue Act of 1978**, which included Section 401(k) of the Internal Revenue Code.
- **1981:** The IRS issued rules allowing employees to contribute pre-tax wages into 401(k) plans. This marked the practical beginning of the 401(k) as we know it.
- The intent was to encourage retirement savings by giving workers a tax-deferred way to invest.

Origins of RMDs

- **1974:** The **Employee Retirement Income Security Act (ERISA)** established rules for retirement accounts, including the requirement for **Required Minimum Distributions (RMDs)**.
- The idea was to prevent retirement accounts from becoming permanent tax shelters. Congress wanted to ensure that tax-deferred money would eventually be taxed during the retiree's lifetime. lawshun.com
- Over time, the starting age for RMDs has shifted:
 - Originally **70½** years old.
 - Raised to **72** by the SECURE Act of 2019.
 - Raised again to **73** by the SECURE 2.0 Act of 2023.

- Scheduled to increase to **75** in 2033. lawshun.com

Was Preventing Indefinite Tax Deferral New?

No — it was part of the design from the beginning.

- When ERISA created IRAs and other retirement accounts in 1974, Congress already included RMD rules to ensure eventual taxation.
- The 401(k) came later (1978/1981), but it was subject to the same principle: tax deferral is temporary, not indefinite.

Putting It Together

- **401(k)**: Created to expand retirement savings options.
- **RMDs**: Already in place before 401(k)s, ensuring that tax-deferred accounts would eventually pay out taxable income.
- The two systems merged naturally — 401(k)s became subject to RMD rules just like IRAs.

Would you like me to map out how the RMD rules evolved decade by decade alongside major retirement legislation, so you can see the bigger policy timeline?