

VIDEO TRANSCRIPT

Video Title: **Don't Make These 5 Required Minimum Distribution Mistakes**

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If you're approaching retirement—or already retired—Required Minimum Distributions, or RMDs, can quietly become one of the most expensive mistakes you make. The rules are technical, the penalties are real, and many people get tripped up by the same issues over and over again.

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Hi, I'm **Sean Tesoro**, President of **Salem Five Wealth Management and Trust**.

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Today, I'm going to walk you through the **top five mistakes people make with RMDs—and how to avoid them**.

Mistake #1: Missing the RMD Deadline

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This is the most common mistake—and the most costly. Beginning in the year that you turn 73, you're required to take minimum distributions, and you must withdraw the money by December 31 each year.

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Your very first RMD is a little unique, as the IRS will allow you to delay taking it until April 1 of the following year—but that can create tax problems later, because you'll be taking two distributions in the following year.

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Missing an RMD can trigger a hefty **25% penalty** from the IRS, so calendar reminders and automation can make a big difference.

Mistake #2: Mixing Up the Account Rules

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Not all retirement accounts follow the same RMD rules.

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With IRAs, you can total your RMDs and take the full amount from one IRA if you want.

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But if you have 401(k)s and other employer plans, each account generally requires its own RMD. People often assume one withdrawal covers everything—and that's where problems can start.

Mistake #3: Doing the Wrong Tax Withholding

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Many retirees take the RMD but forget to plan for withholding, which can lead to a surprise tax bill later.

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The standard withholding is 10%, but that amount is almost never correct.

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Before you take your RMD, your advisor should do a tax projection to make sure the federal and state withholding is right.

Mistake #4: Not Utilizing Qualified Charitable Distributions (QCDs)

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This is the mistake that doesn't cause penalties—but can cost you money in the long term.

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Qualified Charitable Distributions, or QCDs, allow you to send money directly to a charity from your IRA tax-free.

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If you do this, the IRS will consider your RMD satisfied for the year, and they won't tax you on that amount, so it doesn't increase your taxable income.

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The maximum QCD for 2026 is **\$111,000**.

Mistake #5: Waiting Until the Last Minute to Plan

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This probably should have been mistake number one.

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Most retirees ignore RMDs until they're 73 and then are surprised at how much RMDs affect the rest of their tax return.

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RMDs count as ordinary income, and that has a ripple effect on your tax bracket, your Social Security tax, your Medicare premiums, and even your investment strategy.

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A good financial plan helps to anticipate these issues before you retire, so you have fewer surprises down the road.

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RMD mistakes aren't about math—they're about timing, coordination, and tax planning.

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A little planning can save thousands of dollars and a lot of stress.

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As always, please reach out to your financial advisor if you have any questions.