
A target date fund for RMDs, from Fidelity

By Editorial Staff Thu, Jun 15, 2017

Investors in Simplicity RMD Funds can set up distributions through Fidelity's automatic withdrawals service. Fidelity calculates and distributes the investor's RMD each year.

Fidelity's new Simplicity RMD mutual funds are designed to make it easier for people over age 70 to rebalance their tax-deferred holdings after taking Required Minimum Distributions. In 2017, the first Baby Boomers will reach age 70½, the age when annual RMDs become mandatory.

The fund series "combines an age-appropriate and professionally-managed investment strategy with an optional automated calculation and distribution method to satisfy annual RMD requirements on the investor's behalf," said a Fidelity release this week.

Each Fidelity Simplicity RMD Fund consists of a blend of equity, fixed-income and short-term Fidelity mutual funds. The blend automatically becomes more conservative as an investor ages. Each fund name includes a date, and investors choose the fund that aligns with the year they turn 70.

The Fidelity Simplicity RMD Funds with longer time horizons will invest in a greater percentage of equities, while the funds with shorter time horizons will emphasize fixed-income and short-term assets.

There are five Simplicity RMD Funds. Those with longer time horizons hold higher percentages of equities:

- Fidelity Simplicity RMD Income
- Fidelity Simplicity RMD 2005
- Fidelity Simplicity RMD 2010
- Fidelity Simplicity RMD 2015
- Fidelity Simplicity RMD 2020

For example, a traditional IRA owner who turned 70½ in 2015 would select the Simplicity RMD 2015 Fund. The table below shows the ranges of investor birth dates for which each fund was created and each fund's total expenses.

Fund (Ticker)	For those born	Expense
Fidelity Simplicity RMD Income Fund (FIRNX)	12/31/1932 and earlier	0.47%
Fidelity Simplicity RMD 2005 Fund (FIRPX)	1/1/1933 - 12/31/1937	0.50%
Fidelity Simplicity RMD 2010 Fund (FIRRX)	1/1/1938 - 12/31/1942	0.54%
Fidelity Simplicity RMD 2015 Fund (FIRUX)	1/1/1943 - 12/31/1947	0.58%
Fidelity Simplicity RMD 2020 Fund (FIRWX)	1/1/1948 - 12/31/1952	0.62%

Once people invest in a Simplicity RMD Funds, they can set up distributions through Fidelity's automatic withdrawals service. Fidelity automatically calculates and distributes the investor's RMD each year, monitoring withdrawal activity.

To support the Fidelity Simplicity RMD Funds, Fidelity offers these resources:

- 'Viewpoints' articles about taking RMDs by the IRS deadline, and how to include RMDs as part of an overall retirement income strategy
- Answers to frequently-asked questions about RMDs
- An RMD calculator to help determine annual minimum distribution amounts
- Access to Fidelity's online Retirement Distribution Center, which estimates each account's RMD and allows customers to set up, track and manage IRA withdrawals
- Fidelity's Learning Center, providing a variety of resources, including: "To delay or not to delay? Options for taking your first Minimum Required Distribution (MRD)"