

Inherited IRA Rules Made Simple

Southern Nevada Estate Planning Council

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What Will Be Covered Today:

Rules & planning for distributions from retirement accounts

- Basic rules: traditional accounts vs. Roth accounts
- Lifetime distributions from your own retirement accounts
- Inherited IRAs: Maximum years to liquidate – SECURE & SECURE 2.0 laws
- Implications and tax-planning strategies
- Tax advantages for a surviving spouse

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RETIREMENT ACCOUNTS

- 1. Tax deduction when money is deposited into the account
- 2. Trust/custodial account is tax-exempt
 - compound growth without income taxes
- 3. Recipient pays income tax only when receives distribution

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ROTH RETIREMENT ACCOUNTS

- 1. *No* tax deduction when money is deposited into the account
- 2. Trust/custodial account is tax-exempt
 - compound growth without income taxes
- 3. Distributions of investment income are TAX-FREE if:
 - Received after age 59 ½, *and*
 - Received after having had a Roth account for at least 5 years

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DISTRIBUTIONS BEFORE AGE 59 ½

10% Additional Tax

- Congress intended that these accounts should be used for retirement income
- Taxable distributions before age 59 ½ are subject to a 10% additional tax (a/k/a the “10% penalty”). § 72(t)

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USUAL OBJECTIVE:
 Defer paying income taxes
 in order to get greater cash flow

	<u>Principal</u>	<u>10% Yield</u>
• Pre-Tax Amount	\$ 100,000	\$ 10,000
• Income Tax		
on Distribution (40%)	40,000	
• Amount Left to Invest	\$ 60,000	\$ 6,000

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REQUIRED MINIMUM DISTRIBUTIONS (“RMDs”)

RMD: Beginning at age **73** (*75 in 2033*)

(Despite new age 73, charitable QCD still at age 70 ½)

There is a 25% penalty if less than RMD is distributed

Note: Before 2023, the penalty had been a 50% penalty.

“SECURE 2.0” reduced the penalty to 25%

And it is possible to have the penalty be as little as 10%.

(e.g., the taxpayer voluntarily pays 10% before receiving an IRS notice)

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REQUIRED MINIMUM DISTRIBUTIONS *LIFETIME DISTRIBUTIONS*

<u>Age of Account Owner</u>	<u>Required Payout</u>
73	3.79%
75	4.07%
80	4.95%
85	6.25%
90	8.27%
95	11.24%
100	15.71%

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REQUIRED MINIMUM DISTRIBUTIONS *LIFETIME DISTRIBUTIONS*

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73	3.79%
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95	11.24%
100	15.71%

**There are no *lifetime* RMDs
from your own Roth account**
Roth IRA Roth 401(k) Roth 403(b)

Inherited Roth accounts,
by comparison,
are subject to
an RMD requirement

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WHAT IS THE REQUIRED MINIMUM DISTRIBUTION IN THE YEAR OF DEATH?

**The IRA owner's own RMD in the year of death,
as if still alive.** *Reg. § 1.402(c)-2(j)(3)*

**If the deceased owner had not withdrawn the entire RMD
before the date of death, then the balance should be
distributed to *the beneficiary* of the IRA that year.**

- ***[The regulations have a grace period if the full distribution
wasn't taken in year of death: the beneficiary can receive the
distribution in the next year and avoid the 25% penalty.
Reg § 54.4974-1(g)(3)]***

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Stretch IRA

“Stretch IRA” means an inherited retirement account (e.g., an IRA), where payments are gradually made over the beneficiary’s life expectancy

“ life expectancy”

Oversimplified: Half of population will die before that age, and half will die after that age

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Stretch IRA – The law before 2020

<u>Age of Beneficiary</u>	<u>Life Expectancy</u>
30	85 55.3 more years
40	85
50	86
60	87 27.1
70	89
80	91 11.2
90	96

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Stretch IRA – The law before 2020

Required Minimum Distributions (RMDs) from an Inherited IRA

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40		85	
50		86	
60	3.7%	87	27.1
70		89	
80	8.9%	91	11.2
90		96	

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Stretch IRA – The law before 2020

Required Minimum Distributions (RMDs) from an Inherited IRA

Age of Beneficiary		Life Expectancy	
30	1.8%	85	55.3 more years
40		85	
50		86	Age 60 $1/27.1 = 3.7\%$
60	3.7%	87	27.1 Age 61 $1/26.1 = 3.8\%$
			Age 62 $1/25.1 = 4.0\%$
70		89	
80	8.9%	91	11.2 Age 87 <i>Empty</i>
90		96	

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Stretch IRA

- “Stretch IRA” means an inherited retirement account (e.g., IRA), where payments are gradually made over the beneficiary’s life expectancy
- Until the enactment of the SECURE Act, it was fairly easy for any beneficiary who inherited a retirement account to receive distributions until (at least) the age of 83 (older for beneficiaries who inherited at an older age)
- Beginning 2020: General rule is a ten-year liquidation

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Stretch IRA – The law before 2020

Required Minimum Distributions (RMDs) from an Inherited IRA

Age of Beneficiary		Life Expectancy	
30	1.8%	85	10 years
40	2.2%	85	10 years
50	2.8%	86	10 years
60	3.7%	87	10 years
70	5.3%	89	18.7
80	8.9%	91	11.2

Beginning in the year 2020, the general rule is that an inherited IRA must be liquidated in just ten years. For example, if the IRA owner died at age 79, the IRA account for younger beneficiaries must be empty by the end of the 10th year.

However, an exception applies for beneficiaries who aren't more than 10 years younger. They can take over life expect.

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Stretch IRA – The law before 2020

Required Minimum Distributions (RMDs) from an Inherited IRA

Age of Beneficiary		Life Expectancy		
30	1.8%	85	10 years	Beginning in the year 2020, the general rule is that an inherited IRA must be liquidated in just ten years. Even though the account must be empty in ten years, the 2024 final regs <i>generally</i> require RMDs in each of the nine years after death.
40	2.2%	85	10 years	
50	2.8%	86	10 years	
60	3.7%	87	10 years	
70	5.3%	89	18.7	However, an exception applies for beneficiaries who aren't more than 10 years younger. They can take over life expt.
80	8.9%	91	11.2	

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Why do people want a long stretch?

When administering a decedent's estate, isn't the usual objective to close the estate within a year of death and have everything distributed to the heirs and the beneficiaries?

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**Distributions from Inherited Retirement
Accounts Are Taxable Income
*Income In Respect of A Decedent "IRD" –§691***

- No stepped up basis for retirement assets
- Distributions from inherited retirement accounts are usually taxable income to the beneficiaries.

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**USUAL OBJECTIVE:
Defer paying income taxes
in order to get greater cash flow**

	<u>Principal</u>	<u>10% Yield</u>
• Pre-Tax Amount	\$ 100,000	\$ 10,000
• Income Tax on Distribution (40%)	<u>40,000</u>	
• Amount Left to Invest	\$ 60,000	\$ 6,000

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LIQUIDATE INHERITED IRAs IN TEN YEARS

SECURE ACT -- EFFECTIVE DATES:

- * Rules apply for decedents dying after December 31, 2019
- * For decedents who died **before 2020**, beneficiaries can continue to receive payments over remaining life expectancy.
 - However, upon the death of that beneficiary, the 10 year clock starts ticking.
 - **EXAMPLE:** A 60 year old beneficiary inherited an IRA in 2019 when he had a life expectancy to age 87 (for 27 years). That beneficiary dies 2 years later at age 62. The inherited IRA must be empty in the 10th year after death [rather than the year that the individual would have been age 87]

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RETIREMENT PLANS SUBJECT TO THE LAW

- Section 401(a) - Employer pension, profit sharing and stock bonus plans [*incl. 401(k)*]
- Section 408 – IRAs
- Section 403(b) - School and charity employers
- Section 457(b) plans - Government and tax-exempt employers

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REQUIRED MINIMUM DISTRIBUTIONS * DEFINITIONS *

- **Required Beginning Date (“RBD”)**
April 1 in year after attain age 73

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Distributions After Death (for decedents who die in 2020 and later)

Maximum time period to empty account:

- **Ten years**

2024 Final Regulations

- Death *before* “required beginning date”? (e.g., before age 73)
 - No required distributions in the first nine years. The account needs to be empty by December 31 of the tenth year after the year of the decedent’ death, or else there is a 25% penalty on the balance.
- Death *after* “required beginning date”? (e.g., after age 73)
 - The regulations require the beneficiary to receive minimum distributions every year in years 1 through 9, and the account must be empty at the end of the tenth year.
- **Failure to receive that year’s RMD triggers a 25% excise tax on the shortfall**

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Distributions After Death (for decedents who die in 2020 and later)

April 2024: IRS announced it will NOT apply the 50%/25% penalties to RMDs in years 2021 through 2024 for accounts of individuals who died after 2019. (*IRS Notice 2024-35 April 16, 2024*).
 -- Exemption only applies to **non**-eligible designated beneficiaries (this term will be defined in a few minutes)
 -- Eligible designated beneficiaries (“EDBs”) **are** required to receive RMDs in 2021, 2022, 2023 & 2024.

2024 Final Regulations

- Death **before** “required beginning date”? (e.g., before age 73)
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AGE AT DEATH

MEDIAN AGE AT DEATH ON FEDERAL ESTATE TAX RETURNS:

Age 80 – Men

Age 84 - Women

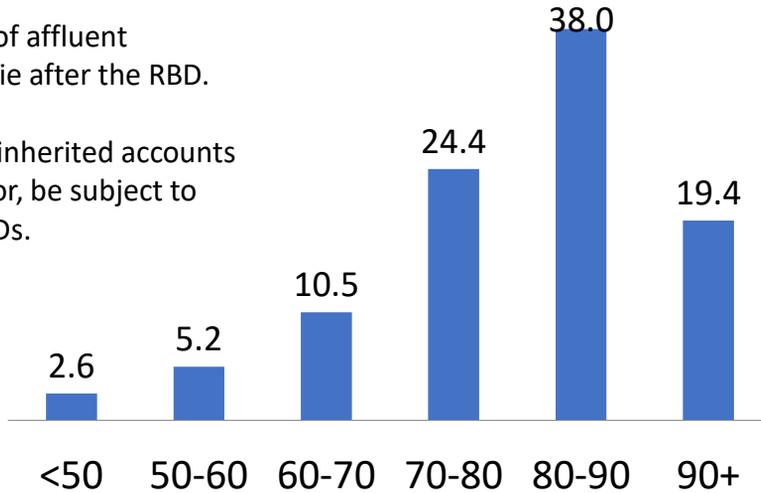
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AGE AT DEATH

Percentage of Federal Estate Tax Returns

A majority of affluent taxpayers die after the RBD.

Most large inherited accounts will, therefore, be subject to annual RMDs.



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MANDATORY DISTRIBUTIONS

[Assume inherit IRA at age 79 and die at 94]

Inherited Roth IRAs

Designated Beneficiary is not an EDB?

- There are no RMDs in years 1 through 9.

It doesn't matter at what age the decedent died.

- The only requirement is that the inherited Roth IRA must be empty on December 31 of the 10th year.

Logic: Roth IRAs have no required lifetime distributions. So, there is no RBD.

Therefore, all deaths are before a required beginning date. Reg § 1.408-8(b)(ii).

Beneficiary is an EDB? (i.e., a spouse; someone not more than ten years younger, etc.)

- EDB can take distributions over more than ten years
- Then there are RMDs every year, beginning in the year after death.

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Implications for Planning

	<u>Jan 1, 2016</u>	<u>Jan 1, 2026</u>	<u>Growth</u>
S &P 500	2,020	6,850	239%
Dow Jones	17,400	48,000	176%

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Implications for Planning

	<u>Jan 1, 2016</u>	<u>Jan 1, 2026</u>	<u>Growth</u>
S &P 500	2,020	6,850	239%
	<i>\$1,000,000</i>		<i>\$3,390,000</i>
Dow Jones	17,400	48,000	176%
	<i>\$1,000,000</i>		<i>\$2,760,000</i>

Inherited Roth IRA

- Use other assets for spending over ten years
- Allow inherited Roth account to compound tax-free

Inherited Taxable IRA

- Large distribution in 10th year: highest income tax rates ?
- Do “tax-bracket management” over 10 years. Withdraw 10% each year?

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Implications for Planning

Beneficiary of Inherited Million\$ Taxable Retirement Account

The inherited accounts will be liquidated in ten years

- Beneficiaries can spend from inherited retirement accounts for ten years, thereby permitting other investments to grow on a tax-favored basis.
- Beneficiaries can do an indirect rollover to their own retirement account.

Rollovers of Inherited Accounts

- Only a surviving spouse can rollover an inherited account from a deceased spouse.
- The best that a child can do is receive distributions from an inherited account over ten years.

But many children are not contributing the maximum to their own retirement accounts at work.
 - Costs of raising family, etc. prevent them from contributing the maximum (\$24,500 in 2026).
 Idea: Increase 401(k) contributions, and then take larger distributions each year from an inherited account to offset the reduced paycheck.
 Net effect: An “indirect rollover” from parent’s retirement account to the child’s retirement account.

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Implications for Planning

Beneficiary of Inherited Million\$ Taxable Retirement Account

The inherited accounts will be liquidated in ten years

- Beneficiaries can spend from inherited retirement accounts for ten years, thereby permitting other investments to grow on a tax-favored basis.
- Beneficiaries can do an indirect rollover to their own retirement account.

Income-tax bracket management

- Each year, withdraw enough to stay in a low income-tax bracket
- Reposition on a tax-favored basis
 - 529 college savings plans
 - life insurance
 - Roth IRA conversion of an inherited 401(k) (not permitted for inherited IRA)

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2026 Federal Marginal Income Tax Rates

<u>Rate</u>	<u>Single</u>	<u>Married Filing Jointly</u>
10%	\$ -0- to \$ 12,400	\$ -0- to \$ 24,800
12%	\$ 12,401 to \$ 50,400	\$ 24,801 to \$100,800
22%	\$ 50,401 to \$105,700	\$100,801 to \$211,400
24%	\$105,701 to \$201,775	\$211,401 to \$403,550
32%	\$201,776 to \$256,225	\$403,551 to \$512,450
35%	\$256,226 to \$640,000	\$512,451 to \$768,600

Income under \$200k (single) / \$400k (married) has a maximum tax rate of 24%. Distributions from IRAs/QRPs are not subject to the 3.8% NIIT that applies to other investment income when AGI is over \$200k (single)/\$250k (married).

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Implications for Planning

Owner of Million\$ Taxable Retirement Accounts

Reduce the accumulation in multimillion-dollar taxable accounts

- At any age: do Roth IRA conversions
 - Advantages: no lifetime RMDs; and after death no RMDs in first 9 years
 - Works best when income tax rate in year of conversion is less than future year
 - If 401(k) (instead of IRA), does plan permit withdrawals or conversions?
- After age 59 ½ (to avoid 10% penalty), withdraw enough to stay in a low income-tax bracket and reposition on a tax-favored basis
 - 529 college savings plans (plus still more Roth IRA conversions)
 - life insurance
- After age 70 ½, make charitable gifts from IRAs (“QCDs”)

When each spouse has sufficient income and assets to last a lifetime, consider naming children as beneficiaries of some or all of the taxable retirement assets, rather than rolling everything over to the surviving spouse.

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Implications for Planning

Owner of Million\$ Taxable Retirement Accounts

When each spouse has sufficient income and assets to last a lifetime, consider naming children as beneficiaries of some or all of the taxable retirement assets, rather than rolling everything over to the surviving spouse.

Example: An elderly married couple where each spouse has \$5 million of assets: \$2 million in traditional taxable IRAs and \$3 million of other assets.

- A common procedure is that each spouse would name the other spouse as the beneficiary of the IRA. Upon death, the surviving spouse would rollover assets to their own IRA. This would produce a single \$4 million IRA.
 - When the surviving spouse dies, \$4 million must be distributed over ten years.
 - If each spouse names children as beneficiaries, and they die years apart, the \$4 million total could be distributed over more than ten years, thereby reducing the amount of taxable income the children recognize each year.
- This result could also be achieved with a disclaimer by a surviving spouse who is listed as the primary beneficiary of the retirement account (when the children are named as contingent beneficiaries)

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Implications for Planning

Owner of Million\$ Taxable Retirement Accounts

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 - If 401(k) (instead of IRA), does plan permit withdrawals or conversions?
- After age 59 ½ (to avoid 10% penalty), withdraw enough to stay in a low income-tax bracket and reposition on a tax-favored basis
- After age 70 ½, make charitable gifts from IRAs (“QCDs”)

Consider naming children as beneficiaries of some or all of the taxable retirement assets, rather than rolling everything over to the surviving spouse.

Add more beneficiaries to multimillion-dollar taxable accounts

- Example: 2 children & 4 grandchildren? Have all six be beneficiaries.

A strategy when children & grandchildren are financially responsible; likely to invest inherited assets well
Taxable estate? (over \$15 million)

* Exercise caution naming grandchildren as IRA beneficiaries because of the generation skipping tax

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Implications for Planning

Owner of Million\$ Taxable Retirement Accounts

Reduce the accumulation in multimillion-dollar taxable accounts

- At any age: do Roth IRA conversions
 - Advantages: no lifetime RMDs; and after death no RMDs in first 9 years
 - Works best when income tax rate in year of conversion is less than future year
 - If 401(k) (instead of IRA), does plan permit withdrawals or conversions?
- After age 59 ½ (to avoid 10% penalty), withdraw enough to stay in a low income-tax bracket and reposition on a tax-favored basis
- After age 70 ½, make charitable gifts from IRAs (“QCDs”)

Consider naming children as beneficiaries of some or all of the taxable retirement assets, rather than rolling everything over to the surviving spouse.

Add more beneficiaries to multimillion-dollar taxable accounts

Name charities as beneficiaries of multimillion-dollar taxable accounts

- The full amount in the accounts (no reduction for income taxes) will be used for charitable purposes
- OK to name DAFs of children as beneficiaries at death (DAFs aren’t eligible for *lifetime* QCDs)

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Distributions After Death (for decedents who die in 2020 and later)

Maximum time period to empty account:

- **Ten years, *or***
- **Remaining life expectancy of an “*eligible designated beneficiary*” (RMD every year)**
 - *surviving spouse* -- *minor child of the decedent*
 - *disabled individual* -- *chronically ill person*
 - *beneficiary within 10 years of age of decedent*

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LIQUIDATE INHERITED IRAS IN TEN YEARS

EXCEPTION: “*Eligible Designated Beneficiary*”

- *surviving spouse* -- *minor child of the decedent*
- *disabled individual* -- *chronically ill person*
- *beneficiary within 10 years of age of decedent*

An ***eligible*** designated beneficiary may take distributions over her/his life expectancy *

- * When minor child attains majority, 10 year clock starts
- * When an EDB dies, 10 year clock starts for successor

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MANDATORY DISTRIBUTIONS

[Assume sister inherits IRA at age 79 and dies at 94]

- D. John Mustard died this year at age 85.
- He named his sister, Honey (age 79 this year) as the beneficiary of 50% of the IRA.
- He named his two children as beneficiaries of the other 50% (25% apiece). The children are ages 50 and 52.
 - ❖ Honey is an eligible designated beneficiary (“EDB”) since she is not more than 10 years younger than D. John
 - ❖ The adult children are not EDBs

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MANDATORY DISTRIBUTIONS

[Assume inherit IRA at age 79 and die at 94]

AGE

79

The IRA owner’s own RMD in the year of death,

Reg. § 1.402(c)-2(j)(3)

- **If the deceased owner had not withdrawn the entire RMD before the date of death, then the balance must be distributed to *the beneficiary* of the IRA that year.**
- **[The regulations have a grace period if the full distribution wasn’t taken in year of death: the beneficiary can receive the distribution in the next year and avoid the 25% penalty. Reg § 54.4974-1(g)(3)]**

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MANDATORY DISTRIBUTIONS

[Assume inherit IRA at age 79 and die at 94]

AGE

80

Sister

85

As an EDB, the general rule is that the sister can receive distributions over her remaining life expectancy, rather than just over 10 years.
Does that rule apply here? **NO!**

89

100.00% << 10 years

90

empty

91

empty (non-EDB children affect outcome)

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Prop. Reg. §1.401(a)(9)-5(d)(1) (2022)

Required minimum distributions from defined contribution plans.

EXPLANATION FROM THE PREAMBLE TO THE REGS:

“these proposed regulations provide a general rule under which, if an employee has more than one designated beneficiary, **and at least one of them is not an eligible designated beneficiary**, then for purposes of section 401(a)(9), the employee is treated as not having an *eligible* designated beneficiary. As a result, the employee's interest must be distributed no later than the end of the tenth calendar year following the calendar year of the employee's death.”

Sorry, Honey! D. John's adult children are also considered.
So these payout rules *will* apply to you.

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OBSERVE: If the beneficiary had been a surviving spouse (instead of a sister), then the surviving spouse could do a rollover to that spouse's own IRA to avoid a 10-year liquidation.

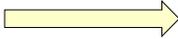
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RMDs ARE LESS BURDENSOME FOR YOUNGER BENEFICIARIES (e.g., children)

<u>Age of Beneficiary</u>	<u>Life Expectancy</u>	<u>Life Expectancy</u>
30	1.9%	53.3 more years
40		43.6
50	2.9%	34.2
60		25.2
70	5.3%	18.7
80	8.9%	11.2

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RMDs ARE LESS BURDENSOME FOR YOUNGER BENEFICIARIES (e.g., children)

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 80	8.9%	11.2

If only the children (ages 50 and 52) had been named as the IRA beneficiaries (and not the sister), then the first year's RMD would have only been about 3%.

But when there are multiple beneficiaries, then the RMD for *EACH* beneficiary is computed based on the life expectancy of the oldest beneficiary.
(e.g., 80 year-old sister Honey)

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MANDATORY DISTRIBUTIONS
 [Assume inherit IRA at age 79 and die at 94]

<u>AGE</u>	<u>Accumulation</u> <u>Trust</u>
80	8.90%
85	15.38%
89	100.00%
90	empty
91	empty



Under the 2024 treasury regulations, the “designated beneficiary” would have to receive RMDs over each of the nine years after death, and the account would have to be liquidated in the tenth year. WHY? Because death occurred *after* the “required beginning date”

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MANDATORY DISTRIBUTIONS
 [Assume inherit IRA at age 79 and die at 94]

<u>AGE</u>	<u>Accumulation</u> <u>Trust</u>
80	-- 0%--
85	-- 0%--
89	100.00%
90	empty
91	empty



Question: Under the 2024 treasury regulations, what are the required distributions if death occurred *before* the “required beginning date”? Answer: there are no RMDs in years one through nine.

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MANDATORY DISTRIBUTIONS [Assume inherit IRA at age 79 and die at 94]

Inherited Roth IRAs

Designated Beneficiary is not an EDB?

- There are no RMDs in years 1 through 9.

It doesn't matter at what age the decedent died.

- The only requirement is that the inherited Roth IRA must be empty on December 31 of the 10th year.

Logic: Roth IRAs have no required lifetime distributions. So, there is no RBD.

Therefore, all deaths are before a required beginning date. Reg §1.408-8(b)(ii).

Beneficiary is an EDB? (i.e., a spouse; someone not more than ten years younger, etc.)

- EDB can take distributions over more than ten years
- Then there are RMDs every year, beginning in the year after death.

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Distributions After Death (for decedents who die in 2020 and later)

Maximum time period to empty account:

- Ten years (No RMD until year #10), or
- Remaining life expectancy of an “eligible designated beneficiary”, or
- Five Years, or
- “Ghost life expectancy”

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REQUIRED MINIMUM DISTRIBUTIONS

Ghost Life Expectancy

<u>Age of Beneficiary</u>	<u>Life Expectancy</u>
74	15.6 more years
75	14.8
76	14.0
77	13.3
78	12.6
79	11.9
80	11.2

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Distributions After Death (for decedents who die in 2020 and later)

Maximum time period to empty account:

- Ten years, *or*
 - Remaining life expectancy of an *“eligible designated beneficiary”*, *or*
 - Five Years, *or*
 - *“Ghost life expectancy”*
- If on “determination date”,
EVERY beneficiary is a human being
(designated beneficiary)
- If on “determination date”,
there is a beneficiary that is
not a human being
-

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REQUIRED MINIMUM DISTRIBUTIONS * DEFINITIONS *

- **Required Beginning Date (“RBD”)**
April 1 in year after attain age 73
- **Designated Beneficiary (“DB”)**
A human being.
An **estate** or a **charity** can be a beneficiary of an account, **but it cannot be a DB.**
- **Determination Date**
September 30 in **year after death.**

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REQUIRED DISTRIBUTIONS IF THERE IS EVEN JUST ONE NON-DESIGNATED BENEFICIARY

<u>Death Before RBD</u>	<u>Death After RBD</u>
<p>FIVE YEARS</p> <p><i>[No RMD until year #5]</i></p>	<p>Remaining life expectancy of someone who is decedent’s age at death</p> <p><i>[Each year has an RMD]</i></p>

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REQUIRED DISTRIBUTIONS IF THERE IS EVEN JUST ONE NON-DESIGNATED BENEFICIARY

<u>Death Before RBD</u>	<u>Death After RBD</u>
FIVE YEARS	Remaining life expected some is decedent's age at death <i>Roth IRA: Just 5 years</i> <i>(instead of ten years or ghost)</i>

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ACTIONS THAT CAN BE TAKEN BEFORE THE DETERMINATION DATE

- Disclaimers
- Full distribution of share
- Divide into separate accounts
 - For example, separate accounts when:
 - one beneficiary is an EDB and another is not
 - one beneficiary is a charity & can't pay by 9/30

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MARRIED COUPLES: RETIREMENT ASSETS

Surviving spouse has an option that no other beneficiary has:

a rollover of deceased spouse's retirement assets to her or his own new IRA

(creditor protection, too!)

Other beneficiaries cannot do a rollover.

Main option: Liquidate over ten years

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LEAVE \$ IN DECEASED SPOUSES' ACCOUNT?

- Generally, a rollover produces greater income tax deferral than leaving assets in the decedent's account
- One situation when it may be advisable to leave some assets in the decedent's account (at least for a while)
 - Surviving spouse is under age 59 ½

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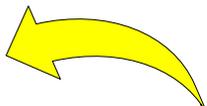
LEAVE \$ IN DECEDENT'S ACCOUNT? Required Distributions if the Surviving Spouse is the Sole Beneficiary

- Spouse is an EDB – more than ten-year payout
- Spouse can recalculate life expectancy
- IRAs only: Spouse can elect to treat IRA as her own
- Deceased spouse died before age 73 ?
 - No required distribution to the surviving spouse until year the deceased spouse would have been age 73
- NEW: Surviving spouse may elect to be treated as the deceased spouse for purposes of the RMD rules ⁽²⁰²⁴⁾
 - Smaller RMDs based on uniform lifetime table rather than just over a remaining single life expectancy.

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REQUIRED MINIMUM DISTRIBUTIONS *LIFETIME DISTRIBUTIONS*

<u>Age of Account Owner</u>	<u>Required Payout</u>
73	3.79%
75	4.07%
80	4.95%
85	6.25%
90	8.27%
95	11.24%
100	15.71%



The surviving spouse can leave assets in the deceased spouse's IRA, and the RMDs are the same lower amounts as if the assets had been rolled over to the surviving spouse's own IRA.

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