

10 Facts in Effect:

RMD Rules for Inherited Accounts Changed with the SECURE Act

Need to Know: RMD rules now differ for beneficiaries of IRA owners or qualified plan participants whose deaths have occurred after 12/31/19.

1.

Spouses may rollover qualified plan and IRA accounts inherited from their deceased spouse into their own IRA or qualified plan (provided the plan accepts such rollovers).

2.

Eligible designated beneficiaries may stretch inherited IRAs and qualified plan accounts over their lifetime. Eligible designated beneficiaries are:

- › Spouses
- › Beneficiaries not more than 10 years younger than the decedent
- › Disabled or chronically ill persons
- › Minors (up to the age of majority)

3.

Distributions over the **eligible designated beneficiary's** lifetime must begin before December 31 of the year following the death of the decedent and must be made at least annually thereafter.

4.

Non-eligible designated beneficiaries (e.g., healthy adult children) are subject to the 10-year rule. These beneficiaries must withdraw the entire balance in the inherited IRA or qualified plan account by December 31 of the year that contains the 10th anniversary of the decedent's death. For example, a death in 2021 would require that all amounts be distributed by 12/31/2031.

5.

Eligible designated beneficiaries may elect to follow the 10-year rule.

6.

Original beneficiaries of decedents who died **before 2020** may continue to stretch over their lifetime.

7.

Any **successor beneficiary** to an original beneficiary that was stretching will be subject to the 10-year rule going forward.

8.

Any **successor beneficiary** to an original beneficiary that was subject to the 10-year rule will have the remainder of the 10-year deferral period.

9.

Non-designated beneficiaries – estates, charities and non-see through trusts – are limited to a 5-year rule if the decedent died before their required beginning date or to the decedent's remaining life expectancy if otherwise.

10.

Beneficiaries of see-through trusts may still be able to stretch, depending upon the type of beneficiary and upon the type of trust (conduit versus accumulation/discretionary trust).

*You don't need to know all of the rules – that's where we can help.
Contact your Regional Representative for more information.*

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