

IRA Beneficiary Options under the SECURE Act of 2019

For IRA Owner Deaths Occurring In 2020 and Beyond

Eligible Designated Beneficiary: <i>Spouse Beneficiary</i>	Eligible Designated Beneficiary: <i>Nonspouse Beneficiary</i>	Non-Eligible Designated Beneficiary	Nonperson Beneficiary
Description	Description	Description	Description
Spouse beneficiary of deceased IRA owner	Nonspouse beneficiary who is <ul style="list-style-type: none"> Disabled Chronically Ill Minor Child of IRA owner, or Not more than 10 years younger than deceased IRA owner 	Beneficiary who does not qualify as an Eligible Designated Beneficiary	<ul style="list-style-type: none"> Estates Charities Certain Trusts
Options	Options	Options	Options
<ul style="list-style-type: none"> Treat as Own (Transfer/Rollover) 10-Year Rule* Life Expectancy Payments* 	<ul style="list-style-type: none"> 10-Year Rule* Life Expectancy Payments* 	10-Year Rule*	<u>Roth IRA</u> 5-Year Rule <u>Traditional/SEP/SIMPLE IRA</u> <ul style="list-style-type: none"> Death before required beginning date: 5-Year Rule Death on/after required beginning date: Beneficiary options are pending the release of Treasury Regulations
Details	Details	Details	Details
<ul style="list-style-type: none"> Spouse beneficiaries may typically treat decedents' IRAs as their own by rolling or transferring to IRAs in their own names. Under the Life Expectancy Payment option, spouse beneficiaries generally must begin distributions by the later of December 31 of the year following the year of death or December 31 of the year the deceased IRA owner would have been required to begin taking minimum distributions. 	<ul style="list-style-type: none"> Under the Life Expectancy Payment option, nonspouse beneficiaries who are Eligible Designated Beneficiaries must begin taking distributions by no later than December 31 of the year following the year of the IRA owner's death. Beneficiaries who are minor children of the IRA owner are only eligible for the Life Expectancy Payment option until reaching the age of majority**, with the remainder of the inherited IRA to be withdrawn within 10 years of reaching such age. <p>**Certain children may be treated as having not reached the age of majority "if the child has not completed a specified course of education and is under the age of 26."</p>	<ul style="list-style-type: none"> Nonspouse beneficiaries who do not meet the criteria to qualify as an Eligible Designated Beneficiary must withdraw all inherited IRA proceeds within 10 years following the IRA owner's death. 	<ul style="list-style-type: none"> Nonperson beneficiaries, such as charities and estates, remain subject to the pre-SECURE Act rules. Under the pre-SECURE Act rules, when a Traditional/SEP/SIMPLE IRA owner passed away on/after their required beginning date, nonperson beneficiaries were generally able to withdraw inherited IRA funds over the remaining single life expectancy of the IRA owner. Whether this option will remain intact, remains unclear.

*When a Traditional/SEP/SIMPLE IRA owner passes away on or after their required beginning date, beneficiaries are also subject to the requirement that they continue or accelerate the deceased IRA owner's minimum distributions. It remains to be seen how the IRS will interpret this "continue or accelerate" requirement in conjunction with the new SECURE Act rules, and if a minimum distribution will be required each year.