

Guide to IRA Beneficiary Options

Understanding options, obligations and deadlines concerning a deceased owner's IRA account can help you make the best choices for your situation. Use this guide to walk you through the choices that you may have and the rules concerning distributions from the account.

	Account owner dies before required beginning date (RBD)	Account owner dies after RBD
Spouse as sole designated beneficiary: remain as beneficiary	<ul style="list-style-type: none"> › Spouse beneficiary uses Single Life Expectancy Table and looks up their attained age each year a distribution is required (recalculation) to get the life expectancy factor › Spouse beneficiary can delay taking distributions until original account owner would have attained age 70½ › Spouse beneficiary is not subject to 10% early distribution penalty 	<ul style="list-style-type: none"> › Spouse beneficiary uses Single Life Expectancy Table and looks up their attained age each year a distribution is required (recalculation) to get the life expectancy factor › Exception: If spouse beneficiary is older than decedent, spouse can use the age that gives the longest "stretch" payout <ul style="list-style-type: none"> – Each year, spouse must get their life expectancy factor from the Single Life Table and compare it to remaining life expectancy of the decedent. This is determined by finding the single life expectancy of the decedent in the year of death and subtracting one for each year that has passed. Spouse can use the larger of the two factors › Spouse beneficiary must take first distribution by Dec. 31 of the year after the account owner's death › Spouse beneficiary is not subject to 10% early distribution penalty

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<p>Spouse as sole designated beneficiary: spousal rollover, transfer or spouse takes account as own</p>	<ul style="list-style-type: none"> ➤ Spouse takes first distribution at their RBD or in year after account owner's death if spouse is over age 70½ ➤ Spouse uses Uniform Lifetime Table and looks up their attained age each year to meet the life expectancy factor 	
<p>Spouse is not sole designated beneficiary</p> <p><i>Only occurs when spouse is one of multiple beneficiaries, and the account is not timely split.</i></p>	<ul style="list-style-type: none"> ➤ Use Single Life Expectancy Table ➤ Look up attained age in the year after account owner's death to get factor ➤ Factor is reduced by one in each subsequent year ➤ Spouse beneficiary must take first distribution by Dec. 31 of the year after the account owner's death ➤ Spouse beneficiary is not subject to 10% early distribution penalty 	
<p>Non-spouse designated beneficiary</p>	<ul style="list-style-type: none"> ➤ Distributions based on the life expectancy of the beneficiary ➤ Use Single Life Expectancy Table and look up attained age in the year after account owner's death to get factor; factor is reduced by one in each subsequent year 	<ul style="list-style-type: none"> ➤ Distributions based on life expectancy of the younger of the account owner or the beneficiary ➤ Use Single Life Expectancy Table and look up attained age in the year after account owner's death to get factor; factor is reduced by one in each subsequent year <p>OR</p> <ul style="list-style-type: none"> ➤ Use Single Life Expectancy Table and look up attained age account owner would have been in the year of death to get factor; factor is reduced by one in each subsequent year
<p>Non-designated beneficiary</p>	<ul style="list-style-type: none"> ➤ Five-Year Rule: No annual required distributions, but account must be emptied by the end of the fifth year after the year of the account owner's death 	<ul style="list-style-type: none"> ➤ Distributions based on the life expectancy of the deceased account owner ➤ Use Single Life Expectancy Table and lookup attained age account owner would have been in the year of death to get factor; factor is reduced by one in each subsequent year

Source: IRS, Publication 590-A and 590-B.

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