

TCA Updates Beneficiary Distribution Request Form to Include Options for Beneficiaries

The rules regarding distributions to beneficiaries vary based on whether the account owner dies before or after the RMD period has commenced. Until now, TCA defaulted to the distribution of funds over the life expectancy of the designated beneficiary since this allows for distribution of funds over the longest life expectancy for RMD.

TCA now provides the following for beneficiary consideration:

- If the account owner dies prior to RMD status, the named beneficiary can now consider taking all funds by the fifth anniversary of the death of the account owner or taking the distribution of funds over the life expectancy of the designated beneficiary.
- If the account owner dies after RMD status, the named beneficiary may take distribution of funds over the life expectancy of the designated beneficiary

In Summary, beneficiaries of IRAs have options based on the age of the account owner at death and the type of beneficiary. The options are summarized below:

Traditional IRA Beneficiary Election		
Original IRA Owner Died Before Required Beginning Date		
Non-Spouse	Spouse	Non-Individual
Payments over 5 years	Payments over 5 years	Payments over 5 years
Life Expectancy Payments	Life Expectancy Payments	
	Treat as own	
Original IRA Owner Died After Required Beginning Date		
Non-Spouse	Spouse	Non-Individual
Life Expectancy Payments	Life Expectancy Payments	Decedent's Life Expectancy Payments
	Treat as own	

Roth Beneficiary Election		
Non-Spouse	Spouse	Non-Individual
Payments over 5 years	Payments over 5 years	Payments over 5 years
Life Expectancy Payments	Life Expectancy Payments	
	Treat as own	

If the beneficiary opts to use the life expectancy method, the IRS provides the following guidance when determining what age to use for calculations.

If the account holder dies before their required beginning date or if the account is a Roth IRA:

- Non-Spouse – the single life expectancy of the beneficiary or within 5 years
- Spouse – the single life expectancy of the spouse beneficiary or within 5 years
- Non – Individual – Distribution payments over 5 years

TCA Updates Beneficiary Distribution Request Form to Include Options for Beneficiaries



If the account holder dies after their required beginning date

- Non-Spouse – the longer of the single life expectancy of the beneficiary or the account holders single life expectancy
- Spouse – the longer of the single life expectancy of the spouse beneficiary or the account holders single life expectancy
- Non-Individual – the single life expectancy of the decedent account holder

The Beneficiary Distribution Request Form referencing such options is now available online.

Let your relationship manager know if you have questions.