

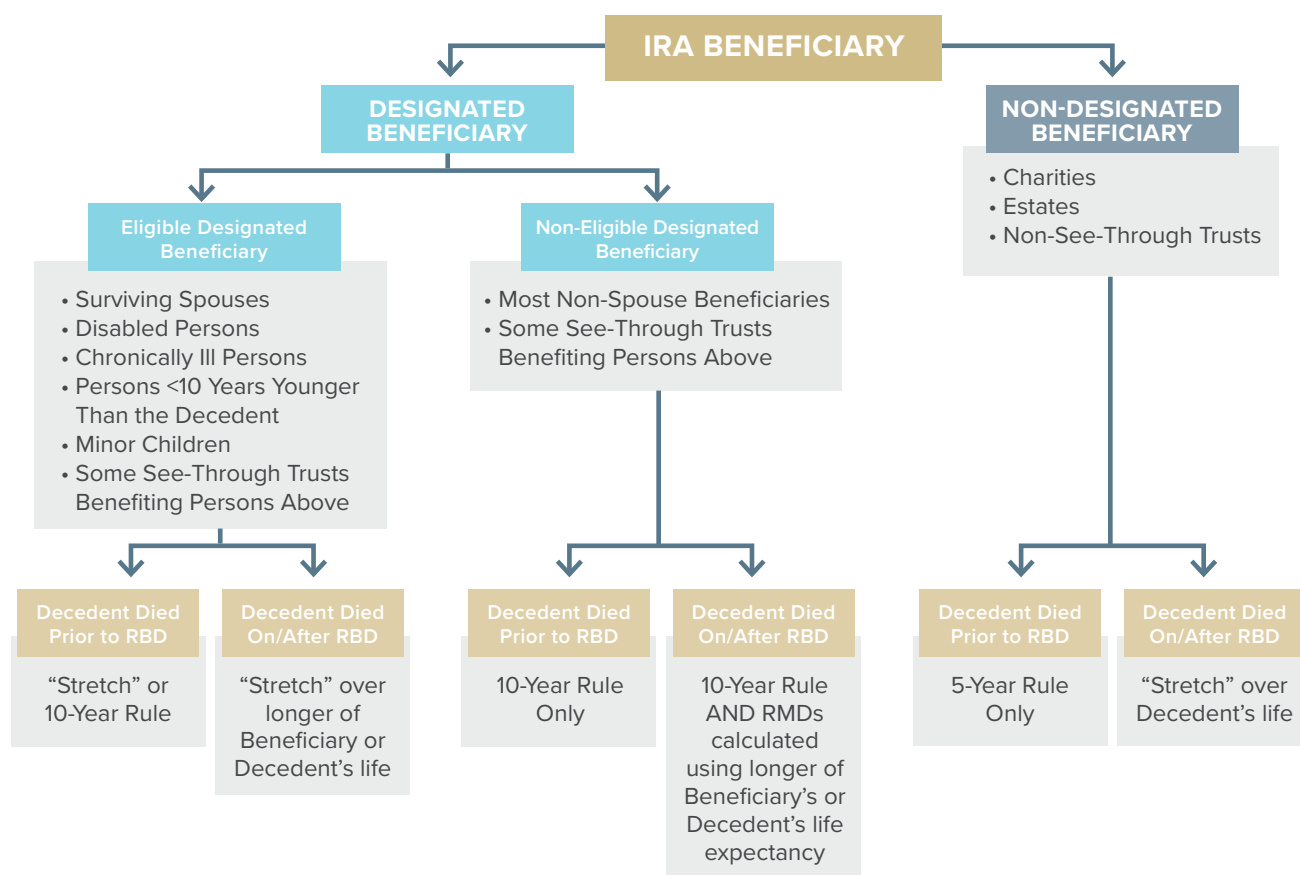
INHERITED IRA RMDs



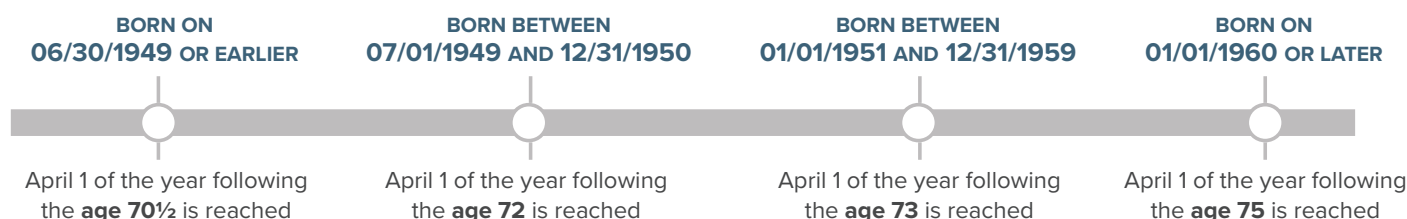
FINALIZED SECURE ACT REGULATIONS

In July 2024, the IRS issued final regulations confirming that non-eligible designated beneficiaries (NEDBs) of inherited IRAs must take annual Required Minimum Distributions (RMDs) during the 10-year period following the account holder's death, in addition to fully distributing the account by the end of the 10th year. These rules apply to beneficiaries where the original account holder was subject to RMDs and passed away in January 2020 or later. However, beneficiaries who missed RMDs between 2021 and 2024 will not face penalties and are not required to make up missed distributions (RMDs resuming in 2025). The 2024 regulations also clarified other specific scenarios (shown below) for the varying categories of beneficiaries created by the SECURE Act. (Accounts inherited before 2020 using lifetime stretch have been grandfathered in.)

IRA BENEFICIARY FLOWCHART



THE REQUIRED BEGINNING DATE



*For more details on IRA distribution rules please see IRS Publication 590-B and IRS Notice 2022-53

*For more details on the classification of trusts as beneficiaries see Treasury Regulation 1.401(a)(9)-4

*The 5/10-Year Rule requires beneficiaries to deplete the inherited IRA by the end of the fifth/tenth year after the IRA owner's death

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