

## Beneficiary Changes under the SECURE Act

Applies to distributions with respect to individuals who die after December 31, 2019

Type of Beneficiary	Definition	Distribution Options
<b>Eligible Designated Beneficiary (EDB)</b>	<ul style="list-style-type: none"> <li>• Spouse</li> <li>• Disabled or chronically ill individuals</li> <li>• Individuals who are not more than 10 years younger than the employee (or IRA owner), or</li> <li>• Children of the employee (or IRA owner) who have not reached the age of majority</li> </ul>	<p>Terms of the plan or IRA agreement will specify, but generally:</p> <p><u>Death before required beginning date (RBD)</u></p> <ul style="list-style-type: none"> <li>• Five-year rule</li> <li>• Single life expectancy payments</li> <li>• Lump sum</li> <li>• IRA transfer to own IRA "treat as own" (spouse beneficiary only)</li> <li>• Rollover               <ul style="list-style-type: none"> <li>- Spouse EDB may roll over his or her share from an IRA or qualified plan into his/her own IRA or eligible plan</li> <li>- Non-spouse EDB may roll over his or her share of an employer plan to a beneficiary IRA</li> </ul> </li> </ul> <p><u>Death on or after RBD</u></p> <ul style="list-style-type: none"> <li>• Single life expectancy payments</li> <li>• Lump sum</li> <li>• IRA transfer to own IRA "treat as own" (spouse EDB only)</li> <li>• Rollover (see above)</li> </ul>
<b>Noneligible Designated Beneficiary (Non-EDB)</b>	<p>Nonspouse beneficiaries who do not qualify as an EDB as listed above (e.g., child who has reached the age of majority)</p>	<p>Terms of the plan or IRA agreement will specify, but generally:</p> <ul style="list-style-type: none"> <li>• Timing of death does not matter (i.e., no before or after RBD differentiation)</li> <li>• 10-year rule—account depleted within 10 years of death</li> <li>• Lump sum</li> <li>• Rollover—nonEDB may roll over his or her share of an employer plan to a beneficiary IRA, but payout remains subject to 10-year rule</li> </ul>
<b>Estate or nonqualified trust as beneficiary</b>	<p>Nonperson beneficiaries</p>	<p><u>Death before RBD</u></p> <ul style="list-style-type: none"> <li>• Lump sum</li> <li>• Five-year rule</li> </ul> <p><u>Death on or after RBD</u></p> <ul style="list-style-type: none"> <li>• Lump sum</li> <li>• Single life expectancy payments</li> </ul>

<p><b>Qualified trust as beneficiary with underlying EBD</b></p>	<p>A qualified trust is one that meets the following requirements of Treas. Reg. 1.401(a)(9)-4, Q&amp;A 5(b).</p> <ol style="list-style-type: none"> <li>1. The trust is valid under state law,</li> <li>2. The trust is irrevocable (either during the IRA owner or plan participant's life or becomes so at his or her death),</li> <li>3. The trust has identifiable beneficiaries, and</li> <li>4. The trustee of the trust provides the IRA or plan administrator with a copy of the trust instrument (or qualifying trust documentation) by October 31 of the year following the year of the IRA owner or plan participant's death.</li> </ol> <p>EDB—See above</p>	<p><u>Death before RBD</u></p> <ul style="list-style-type: none"> <li>• Lump sum</li> <li>• Five-year rule</li> <li>• Single life expectancy payments</li> </ul> <p><u>Death on or after RBD</u></p> <ul style="list-style-type: none"> <li>• Lump sum</li> <li>• Single life expectancy payments</li> <li>• Rollovers- <ul style="list-style-type: none"> <li>- Spouse EDB rollover only allowed with private letter ruling</li> <li>- Nonspouse EDB may roll over his or her share of an employer plan to a beneficiary IRA with the trust named as beneficiary</li> </ul> </li> </ul>
<p><b>Qualified trust as beneficiary with underlying Non-EDB</b></p>	<p>Qualified trust—See above Non-EDB—See above</p>	<p>Timing of death does not matter (i.e., no before or after RBD differentiation)</p> <ul style="list-style-type: none"> <li>• 10-year rule</li> <li>• Lump sum</li> <li>• Rollover—Non-EDB may roll over his or her share of an employer plan to a beneficiary IRA with the trust named as beneficiary, but payout remains subject to 10-year rule</li> </ul>