



Inherited Traditional IRA Distribution Options

FOR INDIVIDUALS

Inherited Traditional IRA rules can be complex and often confusing — but it's essential to understand them.

Required distributions from an inherited IRA to an individual beneficiary are determined based on two factors: when the IRA owner died and the beneficiary's classification. Once these factors are determined, then the inherited IRA beneficiary has to understand their options and decide how to take **Required Minimum Distributions (RMDs)**.

Note: Please refer to the Appendix for definitions of the terms included throughout this brochure.

Here are the steps for you to take as the beneficiary of an inherited IRA.¹

STEP ONE: IRA Owner Information

How old was the IRA owner at their death?

Knowing the IRA owner's age upon death tells you if their death was before or on/after their **Required Beginning Date (RBD)**. This is important because your distribution options vary depending on when the IRA owner died. Generally, if the IRA owner was already taking RMDs from their IRA, you are required to take RMDs from your inherited IRA.²

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STEP TWO: Beneficiary and Classification

What is your relationship to the IRA owner and what was your age and health when the IRA owner died?



If you are the IRA owner's **surviving spouse**, you are considered an **Eligible Designated Beneficiary (EDB)**. Surviving spouses have several distribution options, including a **Spousal Rollover**.



If you are **disabled, chronically ill, or not more than ten years younger than the IRA owner**, you are considered an **EDB**. As an EDB you may take distributions from your inherited IRA over your life expectancy.



If the beneficiary is a **minor child of the IRA owner**, they are also considered an **EDB**. The child may take distributions until the year of their 31st birthday, at which point the inherited IRA must be fully depleted.



If you are not one of the above, you are considered a **Designated Beneficiary (DB)**. As a DB, your distributions are based upon the 10-Year Rule. Under this rule, you will basically have ten years to fully deplete your inherited IRA.

STEP THREE: Distribution Options

What are your available distribution options?

Once you have determined your beneficiary classification and whether the IRA owner died before or on/after their **RBD**, your options for taking distributions from your inherited IRA are summarized in the following chart.

Beneficiary	Death of IRA Owner	
	Before RBD	After RBD
Surviving Spouse (EDB)	<ul style="list-style-type: none"> Spousal Rollover; or Annual RMDs based on life expectancy of surviving spouse; or No annual RMDs under the 10-Year Rule 	<ul style="list-style-type: none"> Spousal Rollover; or Annual RMDs based on life expectancy of IRA owner or surviving spouse (whichever is longer)
Minor Child of the IRA Owner (EDB)	<ul style="list-style-type: none"> Annual RMDs based on life expectancy of minor child to age 31; or No annual RMDs under the 10-Year Rule 	<ul style="list-style-type: none"> Annual RMDs based on life expectancy of minor child to age 31; or Annual RMDs under the 10-Year Rule
Disabled or Chronically Ill (EDB)	<ul style="list-style-type: none"> Annual RMDs based on life expectancy of beneficiary; or No annual RMDs under the 10-Year Rule 	<ul style="list-style-type: none"> Annual RMDs based on life expectancy of IRA owner or beneficiary (whichever is longer); or Annual RMDs under the 10-Year Rule
Not more than 10 Years Younger (EDB)	<ul style="list-style-type: none"> Annual RMDs based on life expectancy of beneficiary; or No annual RMDs under the 10-Year Rule 	<ul style="list-style-type: none"> Annual RMDs based on life expectancy of IRA owner or beneficiary (whichever is longer); or Annual RMDs under the 10-Year Rule
Other Individual Beneficiary (DB)	<ul style="list-style-type: none"> No annual RMDs under the 10-Year Rule 	<ul style="list-style-type: none"> Annual RMDs under the 10-Year Rule

STEP FOUR: Administration

What are your next steps?

As the beneficiary of an inherited IRA, there are several tasks that need to be taken care of in a timely manner to ensure you comply with the rules, understand the tax implications, and avoid unnecessary penalties. This administrative checklist is designed to help you with this process. Some of these matters may be addressed by you personally, and others require the guidance of a team of experts — including your financial services professional and tax and legal advisors — regarding your personal situation.

Understand Deadlines

- RMD for year of death — Due by December 31 of the year of account owner's death
- Establish Inherited IRA — By December 31 of the year following the account owner's death
- Disclaimers — Must be executed within 9 months of the date of the account owner's death
- Begin RMDs (if applicable) — By December 31 of the year following the account owner's death

Address Tax & Financial Considerations

- Consult with a CPA or other tax advisor to evaluate tax consequences
- Meet with a financial professional for long-term strategies
- Check inheritance and estate tax rules, if applicable
- Understand how inherited IRA distributions affect income taxes, Medicare premiums, and Social Security taxation

Make Key Decisions

- Choose how to manage the IRA (especially important for spouses)
- Decide on distribution strategy based on available options (lump sum, 10-year rule, life expectancy)
- Consider whether to disclaim the IRA
- Determine whether an RMD is needed for the year of the account owner's death

Notify Custodian & Request Documentation

- Together with the deceased account owner's executor, personal representative, or trustee:
 - Obtain a certified copy of the death certificate
 - Identify the IRA custodian(s) (bank, brokerages, insurers)
 - Notify the custodian(s) of the account owner's death
 - Request the beneficiary claim form and all relevant instructions
- Confirm the type of beneficiary you are (spouse, non-spouse individual, trust, estate, charity)

Submit Documentation

- Obtain and submit all required documentation, such as:
 - Certified copy of the death certificate
 - Letters of Authority, if applicable
 - Required identity verification, such as a copy of your driver's license
 - Completed beneficiary claim form
- Ensure the IRA is retitled as an Inherited or Beneficiary IRA

File & Maintain Records

- Keep copies of all relevant documents and forms
- Track dates for 10-year account depletion (if applicable)
- Save IRS Form 1099-R for all distributions (for annual tax filings)

APPENDIX — Definitions

10-Year Rule: The maximum number of years that a designated beneficiary has to withdraw the entire inherited IRA account balance.

IRA Owner: The individual who owned the Traditional IRA at death.

Chronically Ill: Any individual certified by a licensed health care practitioner as meeting certain requirements. Generally, you are considered chronically ill if you need assistance performing at least two activities of daily living or need substantial supervision due to a severe cognitive impairment.³

Designated Beneficiary (DB): An IRA beneficiary who does not qualify as an Eligible Designated Beneficiary (EDB). For example, an adult child is often a DB.

Disabled Under Age 18: Medically determinable physical or mental impairment that results in marked and severe functional limitations and that can be expected to result in death or to be of long continued and indefinite duration.⁴

Disabled Age 18 and Older: Unable to engage in substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or to be of long continued and indefinite duration.⁵

Eligible Designated Beneficiary (EDB): An IRA beneficiary is an EDB if the beneficiary is the IRA owner's surviving spouse or owner's minor child, a disabled or chronically ill individual, or any other individual who is not more than 10 years younger than the IRA owner.

Life Expectancy: The average number of years an individual is anticipated to live based upon the appropriate table provided by the Internal Revenue Service.

Minor Child of the IRA Owner: A biological, adopted, step, or foster child of the IRA owner who is under the age of 21. A minor child of the IRA owner is an Eligible Designated Beneficiary (EDB).

Non-Designated Beneficiary (Non-DB): Includes certain non-living / non-human beneficiaries such as charities, the IRA owner's estate, and certain trusts. Generally, if an IRA has not named a beneficiary, the IRA owner's estate is the default beneficiary.

Not more than 10 Years Younger than IRA Owner: A beneficiary who is not more than ten years younger than the IRA owner. This includes beneficiaries who are older than the IRA owner.

Other Individual Beneficiary: An IRA beneficiary who does not qualify as an Eligible Designated Beneficiary (EDB). For example, an adult child is often a DB.

Required Beginning Date (RBD): The date that the IRA owner must begin taking distributions from their IRA.

Required Minimum Distribution (RMD): The minimum amount that an IRA owner or beneficiary must withdraw annually.

Surviving Spouse (EDB): The surviving spouse of the IRA owner. A surviving spouse is an Eligible Designated Beneficiary (EDB).

Spousal Rollover: The process where a surviving spouse inherits retirement assets, such as an IRA, from their deceased spouse and transfers those assets into their own retirement account.

1 The information discussed relates only to Traditional IRAs. It does not address Roth IRAs, qualified plans such as 401(k) or 403(b) plans), or nonqualified annuities. Furthermore, this information applies to only individuals (persons) who inherited a traditional IRA. The distribution rules for non-individual beneficiaries, including estates, charities, and trusts, are not the focus of this brochure.

2 If the IRA owner died on/after their RBD, did they take an RMD in year of death? If not, the beneficiary has to take this RMD by December 31 of the year of the IRA owner's death.

3 Treas. Reg. §1.401(a)(9)-4(e)(5) and IRC § 7702B(c)(2).

4 Treas. Reg. §1.401(a)(9)-4(e)(4).

5 Treas. Reg. §1.401(a)(9)-4(e)(4).

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