

Inherited Retirement Plan Assets

Death Before the Required Beginning Date

If the participant dies before the plan's RBD, the options available to the beneficiary depend on who the beneficiary is and whether he or she is one of multiple beneficiaries:

- **Spouse as Sole Primary Beneficiary**

A spouse who is the sole primary beneficiary of the retirement account may distribute the [assets](#) over his or her life expectancy, or distribute the entire amount by December 31 of the fifth year following the year the participant dies. If the spouse elects to distribute the assets over his or her life expectancy, he or she is required to begin receiving post-death distributions either the year following the year the participant dies or the year the participant would have reached age 70.5 - whichever year is later.

For the purposes of calculating post-death RMDs, the spouse's life expectancy is determined by using the "Single Life Expectancy Table in Appendix C" of [IRS Publication 590](#). This table must be referred to for each year the spouse needs to calculate the post-death RMD. For instance, if the spouse is required to begin distributions in 2010, he or she will consult the table to determine the life expectancy period for 2010. In 2011, he or she must use the table to determine the life expectancy for 2011.

The spouse also has the option of moving the assets to his or her own IRA.

- **Non-Spouse Person and/or Spouse Who Is One of Multiple Beneficiaries**

A non-spouse beneficiary or a spouse who is one of multiple beneficiaries may distribute the assets over the life expectancy of the oldest beneficiary or distribute the full balance by December 31 of the fifth year following the year the participant dies. The spouse beneficiary also has the option to distribute and roll over his or her portion to his or her own IRA. (To read more on this, see [Can I stop RMDs on my deceased spouse's IRA?](#))

Like the life expectancy of the spouse sole beneficiary, the life expectancy is determined by using the "Single Life Expectancy Table in Appendix C" of [IRS Publication 590](#). In this case, however, the table is not referred to each year. Instead, the life expectancy for the year following the year in which the participant dies - and for each subsequent year - is determined by subtracting 1 from the previous year's life expectancy. If the beneficiaries elect to have the assets distributed over the life expectancy of the beneficiary, then distributions must begin by December 31 of the year following the year the participant dies.

For both the spouse and the non-spouse beneficiary, the life expectancy option is the default option if no election is made.

- **Non-Spouse Non-Person Beneficiary**

An individual may choose to designate a non-person, such as the individual's estate or a charity as the beneficiary of the retirement account. In this case, the non-person beneficiary must distribute the full balance by December 31 of the fifth year following the year the participant dies.

Death after the Required Beginning Date

If the participant dies after the RBD, these are the options available to the different types of beneficiaries:

- **Spouse as Sole Primary Beneficiary**
The spouse beneficiary is required to distribute the assets over either the life expectancy of the spouse or the remaining life expectancy of the deceased, whichever is longer. If the funds are distributed over the life expectancy of the spouse, his or her life expectancy is recalculated each year. If the funds are distributed over the remaining life expectancy of the deceased, the life expectancy number is fixed in the year of death and then reduced by 1 in each subsequent year.
- **Non-Spouse Person Beneficiary and/or Spouse among Multiple Beneficiaries**
A non-spouse beneficiary or multiple beneficiaries would be required to distribute the assets over either the remaining life expectancy of the deceased or the life expectancy of the oldest beneficiary, whichever is longer. If the remaining life expectancy of the deceased is used, it is determined in the year in which the participant dies and then 1 is subtracted each subsequent year. If the life expectancy of the beneficiary is used, then it is determined in the year after the year in which the participant dies and 1 is subtracted each subsequent year.
- **Non-Spouse Non-Person Beneficiary**
If the beneficiary is a non-person, the assets may be distributed over the remaining life expectancy of the deceased, which is determined in the year in which the participant dies and then reduced by 1 each subsequent year. In all three cases, distributions must begin by December 31 of the year following the year the participant dies.

Roth IRA Beneficiary Options

The RMD rules do not apply to the owner of the Roth IRA; however, the post death RMD rules (beneficiary options) do apply to those inheriting a Roth IRA. The options for Roth IRA beneficiaries are the same as those that apply to the Traditional IRA beneficiary if the owner dies before the RBD.

The Bottom Line

It is important to note that retirement plans are not required to allow the options provided in the RMD regulations. For instance, as discussed above, RMD regulations provide that a non-spouse beneficiary of a participant who dies before the RBD may distribute the assets over the beneficiary's life expectancy or within five years after the participant dies. Despite these provisions, an IRA agreement or qualified plan may require the beneficiary to distribute the assets in a much shorter period, for instance immediately after the participant dies. If you inherit retirement assets, be sure to check with your plan provider about your available options.