

Employer-Sponsored Retirement Plan Inheritance Information

Basic Process

The information provided is not intended as tax or legal advice. Prior to completing this distribution form, please consult your tax or legal advisor for more information.

1. The beneficiary, executor, or trustee (of a trust beneficiary), as appropriate, completes the [Employer-Sponsored Retirement Plan Distribution](#) form. The [Distribution](#) form also may need to be signed by your Plan Administrator. If the Plan Administrator is deceased, see the section titled *Death of Plan Administrator* below.
2. Attach a copy of the death certificate. 
3. For estate, trust, or entity beneficiary, include the appointment of executor, trustee, or person authorized to act for the entity. Entities that require corporate resolution should be certified within 60 days, all other documents showing appointment should be certified within 6 months of receipt by T. Rowe Price. Trust document pages should include the trust name, date, current trustees' names, and signatures. 

Assets from the decedent's account are transferred to a separate account for the beneficiary. All beneficiary distributions will be made from the beneficiary account. Tax reporting will occur under the beneficiary's tax identification number.

Death of Plan Administrator

If the deceased participant was the plan administrator and was also the sole owner/employee of the employer plan sponsor and no successor plan administrator is named:

- The executor of the plan administrator's estate must authorize the beneficiary's distribution by signing the form in front of a signature guarantor.
- The plan is considered to be terminated. All plan assets are required to be distributed from the plan no later than December 31 of the year following the year of death.
- The executor should consult with the IRS or a tax advisor for guidance concerning the filing of IRS Form 5310 and the final Form 5500 requirement.

Beneficiary Options

A beneficiary may choose any form of distribution available to a beneficiary under the plan. Depending on the plan's rules, you may be able to leave money in the plan or take a distribution. Forms of payment for a distribution may be a single sum payment, installment (or systematic) payments, or an annuity (typically only for a surviving spouse in certain types of plans). You also may choose to have all or part of your benefit paid as a Direct Rollover (see Definitions below). Also review the [Your Rollover Options](#) notice for more details. Contact the Plan Administrator for details specific to the plan.

Required Minimum Distribution (RMD)

RMD Calculations—in General

- **403(b).** An RMD must be calculated for each 403(b) account. The total RMD can be taken from each 403(b) or aggregated and taken from one or more 403(b) accounts.
- **Qualified Plan.** The IRS requires the RMD to be satisfied separately for each qualified retirement plan. The RMD for the plan may not be satisfied by a distribution from an IRA or other retirement plan account.

RMD rules for the deceased plan participant

In general, the deadline for the participant's first RMD (the required beginning date, or RBD) is April 1 of the year following the year the

participant reaches: *70 1/2- for participants that die on or before December 31, 2019 for 5% owners or the later of April 1 of the year following the year the participant reaches: *72 or retires- for participants that die on or after January 1, 2020. If the participant's death occurred on or after this required beginning date, an RMD must be distributed for the year of the participant's death. If no RMD or only a partial RMD has been distributed for the owner's year of death, you and any other beneficiaries must withdraw your respective portions of the required amount by the end of that year.

Upon request, T. Rowe Price will calculate the decedent's RMD for the year of death for distributions requested in the year of death. The plan administrator/executor is responsible for prior-year calculations. The plan administrator, executor, or beneficiary should consult a tax advisor for assistance with missed RMD payments.

RMD rules for the beneficiary

The Setting Every Community Up for Retirement Enhancement Act of 2019 (SECURE Act) was signed into law December 20, 2019, with most provisions taking effect in January 2020. The act includes wide-ranging changes to the retirement savings landscape, which affect individuals. Before the SECURE Act, someone inheriting an IRA could generally take RMDs over their expected lifetime. For some non-spouse beneficiaries, that could stretch out the distributions for many decades, extending the benefit of an IRA's tax deferral. Going forward, however, the accounts of IRA owners who die after December 31, 2019, will generally need to be fully distributed to beneficiaries within 10 calendar years.

The IRS has identified Eligible Designated Beneficiaries who are excluded from this rule. For beneficiaries who are minors, the 10-year period to fully distribute the account starts when they reach the age of majority.

There have been conflicting views on whether beneficiaries subject to the 10-year rule must continue RMDs throughout the 10-year period when the original account owner or beneficiary has already started RMDs. Please note, the IRS proposed regulations provide:

- If the account owner died on or after their RBD, the beneficiary must distribute all assets by December 31st of the 10th year following the year of the account owner's death. There are required minimum distributions each year.
- If the account owner died before their RBD, the beneficiary must distribute all assets by December 31st of the 10th year following the year of the IRA owner's death. There are no required minimum distributions each year.
- If the IRA owner died before January 1, 2020, the beneficiary's RMD depends upon the type of IRA, whether the IRA owner died before or on/after his or her RBD, whether or not you are the spouse, whether you are a designated beneficiary, and whether there are multiple beneficiaries.
- If the IRA owner died before the RBD, generally the following distribution options are available: withdraw RMDs based on the beneficiary's life expectancy or use the five-year rule. If the IRA owner died on or after the RBD, generally the assets should be distributed to the non-spouse individual using life expectancy payments. The life expectancy payments must be calculated on either the beneficiary's life expectancy or the deceased IRA owner's calculated life expectancy, whichever is longer.

T. Rowe Price is unable to provide tax or legal advice. Therefore, it is critical that you discuss your RMD requirements with your tax and/or legal advisor prior to completing the IRA Claim and Distribution for Beneficiaries. Generally, failure to distribute RMDs in a timely fashion will result in a 50% excise tax for the year(s) on the amount(s) not distributed as required.

 This paper clip indicates you may need to attach documentation.

Definitions

For purposes of this document, the following definitions are provided:

Designated Beneficiary—Any individual (human) that is named as a beneficiary of an IRA.

Non-designated Beneficiary—Any entity such as an estate, charity, or non-qualified trust that is named as a beneficiary of an IRA.

Eligible Designated Beneficiaries—Certain designated beneficiaries of original IRA owners who die after December 31, 2019, which include: surviving spouses, minor children of owner, disabled or chronically ill individuals, or individuals who are less than 10 years younger than the IRA owner.

Chronically Ill or Disabled Individual—An eligible designated beneficiary who is chronically ill or disabled under the IRS definition prior to the IRA owner's death.

Minor Child of Owner—An eligible designated beneficiary who is a child of an IRA owner who has not reached the age of 21.

Spouse—A spouse is any individual who is a spouse under federal law. Certain states have enacted laws that may make a former spouse named as a beneficiary invalid.

Non-spouse Individual—A designated beneficiary that is not a spouse.

Entity—Non-Individual. For example, Trust, Estate, Charity.

Direct Rollover

All or a portion of the assets in the beneficiary account will be rolled over to:

- **Traditional or Roth IRA (spouse beneficiary only)**—Once this occurs, all IRA rules apply.
- **Traditional Inherited IRA or Roth Inherited IRA (spouse or designated beneficiary only)**—Once the rollover occurs, all Inherited IRA rules apply.
- **Employer-Sponsored Plan (spouse beneficiary only)**—When the spouse beneficiary is a participant in an employer-sponsored plan and the receiving plan accepts rollovers, the beneficiary may elect to roll over the assets to the receiving plan. The beneficiary should consult with the plan administrator of the receiving plan to obtain authorization and instructions for the rollover.
- Direct Rollovers are generally tax free (except direct rollovers of non-Roth amounts from your plan to a Roth IRA). Tax reporting is required for all rollovers on your income tax return. RMDs are never eligible for rollover.