



ED SLOTT'S IRA ADVISOR

May 2021

Tax & Estate Planning for Your Retirement Savings

WHAT'S INSIDE?

The SECURE Act's 10-Year Rule Confusion

- Puzzling Position
- Examining the Example
- Does 10 Equal 5?
- Information, Please
- Compounding the Confusion
- Drilling Down

<Pages 1-4>

Executive Summary

<Page 2>

The Year-of-Death RMD

- Is There a Year-of-Death RMD?
- Calculating the Year-of-Death RMD
- Taking the Year-of-Death RMD
- 50% Penalty and Disclaimers

<Pages 4-6>

GUEST IRA EXPERT: Wade D. Pfau, Ph.D., CFA, RICP®

The American College
King of Prussia, PA

Understanding Retirement Income Style

<Pages 6-8>

Join the Retirement
Planning Conversation



The SECURE Act's 10-Year Rule Confusion

Perhaps the most publicized provision of the SECURE Act has been the so-called 10-year rule's impact on beneficiaries of IRAs and qualified plans. Under the SECURE Act, for deaths occurring after 2019, most non-spouse beneficiaries have lost the ability to stretch tax deferral over multiple generations and multiple decades. Instead, the inherited accounts must be emptied after 10 years. Recent developments, though, may create confusion about the 10-year rule.

"Virtually all commentators, including representatives of financial firms and professional practices, have written that the 10-year rule has no annual required minimum distributions (RMDs) until the final deadline," says Ed Slott, editor-in-chief of *Ed Slott's IRA Advisor*. "The IRS had ample time — more than a year since the passage of the SECURE Act in late 2019 — to state otherwise."

The idea of annual RMDs under the 10-year rule didn't appear until the latest version of [IRS Publication 590-B, Distributions from Individual Retirement Arrangements \(IRAs\)](#), which came out in March 2021 as a guide for preparing 2020 tax returns. The publication seems to impose RMDs for years 1 through 9, before complete depletion a decade after death.

Puzzling Position

Coming without warning, this contention has generated skepticism. "It is difficult to see the support for the publication's position that designated beneficiaries need to combine the life expectancy rule with the ten-year rule," says Robert Keebler, who heads Keebler & Associates, a tax advisory and CPA firm in Green Bay, WI. "The statutory guidance appears to indicate that a taxpayer holding an inherited IRA simply needs to take out 100% of the funds by the end of the tenth year following death."



"It is difficult to see the support for the publication's position that designated beneficiaries need to combine the life expectancy rule with the ten-year rule."

-Robert Keebler

Similar comments come from Natalie Choate, an attorney with the Boston, MA law firm Nutter McClennen & Fish. "Publication 590-B is not consistent about how the 10-year rule works," she says. "The SECURE Act appears to simply adopt the 5-year rule, the operation of which is already well established via IRS regulations — namely, no distributions are required until the final year."

Ed Slott and Company's

VIRTUAL

2-Day IRA Workshop

INSTANT IRA SUCCESS

Featuring the latest retirement tax law changes, including the SECURE Act

July 15-16, 2021

\$400 OFF

Promo Code:
NEWSLETTER

JOIN US! irahelp.com/2-day

ORDER AT IRAHHELP.COM/NEWSLETTER OR CALL (877) 337-5688

ED SLOTT'S IRA ADVISOR • MAY 2021

© 2021 Smart Subscriptions, LLC