



# ED SLOTT'S IRA ADVISOR

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Tax & Estate Planning for Your Retirement Savings

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### This Roth Strategy Leads the Way

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## Applying the "At Least as Rapidly" Rule

The SECURE Act, SECURE 2.0 and corresponding IRS proposed regulations have created a bevy of confusion across multiple aspects of retirement accounts. Of all the changes, one stands out as particularly puzzling: the IRS's continued application of a pre-SECURE Act tax code guideline, the "at least as rapidly" (ALAR) rule. The manner in which the IRS currently applies the ALAR rule in certain situations has confounded advisors and beneficiaries alike.

### A Function of Frequency, Not Amount

For deaths in 2020 or later, the SECURE Act subjects a non-eligible designated beneficiary (NEDB) of an IRA to the 10-year payout rule. This requires the inherited IRA to be emptied by the end of the tenth year after the year of death. In its [proposed SECURE Act regulations \(REG-105954-20\) from February 2022](#), the IRS took the position that when death occurs on or after the required beginning date (RBD) — *which is generally April 1 of the year after a person turns age 73* — an NEDB must also take annual required minimum distributions (RMDs) in years 1–9 of the 10-year period. (Note: Since lifetime RMDs are not required from Roth IRAs, all Roth IRA owners are deemed to have died before their RBD.)

This requirement of annual RMDs within the 10-year period when an account owner dies on or after the RBD stems from the old ALAR rule. While this rule does not require the same amount that was taken by the IRA owner to also be taken by the beneficiary, it does require that the process of taking RMDs continue. This is a key point. ALAR is not a function of *amount*, it is a function of *frequency*.

An easy way to understand this concept is: if RMDs have been "turned on" (i.e., the owner reached his RBD), they cannot be turned off. If the original IRA owner died before the RBD — *he was not yet required to take lifetime RMDs* — then there are no RMDs in years 1–9 for the NEDB. *Why?* RMDs were never "turned on." However, if that same IRA owner died on or after his RBD, that same NEDB would be required to take RMDs in years 1 – 9 of the 10-year period because RMDs had been turned on. (Whatever is left in the account at the end of year 10 is considered the total final RMD.)

**Example 1:** Lenny, age 80, died in 2022. The beneficiary of his traditional IRA was his daughter Zoë. Zoë is an NEDB and must take annual RMDs from the inherited IRA for years 2023–2031 (years 1-9 of the 10-year period). Also, the entire remaining inherited IRA balance must be distributed by December 31, 2032. Zoë will use the

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