



# ED SLOTT'S IRA ADVISOR

November 2023

25<sup>th</sup> ANNIVERSARY

Tax & Estate Planning for Your Retirement Savings

## WHAT'S INSIDE?

### What Questions Are Financial Advisors Asking Us?

- Details of the new RMD rules and missed RMD/excess contribution statute of limitations.
- All types of Roth IRA inquiries, from contributions to distribution ordering rules.
- The pro-rata rule, SEP plans, QCDs, trusts as IRA beneficiary, and revocation-on-divorce statutes.

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### Executive Summary

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### GUEST IRA EXPERT: Natalie Choate, Esq. Wellesley, MA

### Putting Charitable Thoughts into Estate Planning for IRAs

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Join the Retirement Planning Conversation



## What Questions Are Financial Advisors Asking Us?

In late September, Ed Slott and Company hosted another successful IRA workshop. Financial advisors from across the country joined us for two days of intense retirement account instruction. During the seminar, as we worked through our 400-page training manual, we received some great questions covering a wide range of topics.

Through programs like this, we learn first-hand what areas are most problematic for advisors. To help those who could not attend this past 2-day event, we are bringing some of those questions and answers to you, the loyal readers of *Ed Slott's IRA Advisor*.

*If an IRA owner is taking required minimum distributions (RMDs) and dies, does the son beneficiary, for example, begin taking RMDs based on his age or the deceased owner's age for the 10-year period?*

If the beneficiary is subject to the 10-year payout period and RMDs are required during that period, then they will be based on the son's age and should be calculated using the IRS Single Life Expectancy Table. After determining the life expectancy factor in the first year, subtract one for each year through year nine. Then, empty the account by the end of the tenth year.

*If grandparents have custody or adopted their grandchild, would that grandchild be considered an eligible designated beneficiary (EDB)?*

Only a minor child of the account holder is an EDB. A grandchild would not be considered an EDB. Grandchildren get the 10-year rule, regardless of how old they are. However, if a child is officially adopted, then, yes, that child would qualify as a minor child of the account owner and that child would be an EDB until age 21.

*If a 78-year-old client is still working when she dies, is she considered to have died before her required beginning date (RBD)?*

The RBD for a person who is still working but uses the still-working exception under her work plan is April 1 of the year after the year of separation from service. If the individual dies before this date, she is considered to have died before her RBD, despite her age.

**Example 1:** Nancy is 78 years old and still going strong. She continues to work and contribute to a 401(k) plan. Since the plan has the still-working exception, she does not have an RMD on the 401(k) assets. If Nancy retires (or passes away), her RBD will be April 1 of the year after she separates from service (or dies).

Featuring the latest retirement tax law changes, including the NEW SECURE Act 2.0 and the latest RMD rules in effect NOW!

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