

NUA Timeline: "Triggering Events"

Plan Participant: Jim, born on January 1

The net unrealized appreciation (NUA) process allows company stock to be withdrawn from a retirement plan with the owner paying taxes at long-term capital gain rates on the appreciation. Ordinary income taxes are due on the basis in the year of distribution. However, there are strict rules governing when NUA can be taken and the timing of the requisite lump sum distribution (LSD). Here is an example for Jim:

