



AMERICA'S IRA EXPERTS

THE 10-YEAR RULE AND ELIGIBLE DESIGNATED BENEFICIARIES: TODAY'S SLOTT REPORT MAILBAG

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Question:

I believe we are all waiting for the IRS to issue rules related to distribution requirements (or not) for beneficiaries who are subject to the 10-year rule under the SECURE Act. Where is the clarification for 2023? In my situation, my children are beneficiaries who inherited an IRA from Grandma, who passed away in 2022. She had started her required minimum distributions (RMDs). So, I know the accounts need to be emptied within 10 years, but there is no clarification on required RMDs in years 1-9 of the 10-year payout period.

When will the IRS update us with 2023 rules and/or another waiver?

Answer:

Your situation is unfortunately very common. There are many IRA beneficiaries who are subject to the 10-year rule and have the same confusion as to what to do for this year in the wake of the IRS issuing proposed regulations in 2022 requiring RMDs in years 1-9 of the 10-year rule.

As of right now, we have not gotten any further guidance from the IRS on this issue. You may be able to wait a little longer since there is still time left in the year but at some point, you will need to decide whether the RMDs for 2023 should be distributed. Currently we have proposed regulations from the IRS requiring RMDs to be taken during the 10-year period. In the absence of final regulations, which could be a long time coming, the safest approach is to follow the proposed regulations and take the annual RMDs.

If you have additional questions don't hesitate to call our office at: 978-877- 6554 to set up time to get your questions are answered. Your retirements savings are on the line. If you decide an IRA rollover is the right move for you, you will want to be sure the transaction is done properly.

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