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# Feeling InSECURE About Beneficiary Designations?

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# Feeling InSECURE
# About Beneficiary Designations?

## I. SECURE Act Basics

On December 20, 2019, the federal government enacted the Setting Every Community Up for Retirement Enhancement Act of 2019. The SECURE Act was Division O of the Further Consolidated Appropriations Act of 2020.

In case you're wondering, yes, the bill also contained Divisions A through N, as well as a Division P and a Division Q. This was a huge spending bill, a small part of which was paid for by increasing taxes on tax-deferred retirement money, by taking away some of that deferral. I've pulled a few selected provisions of the SECURE Act and printed them in Appendix A of this paper. Appendix B contains the new version of § 401(a)(9) of the Internal Revenue Code, with underlines and strikethroughs showing the changes made by the SECURE Act.

For years, I have believed (and probably often said), that the tax benefits of IRA deferral after death were barely worth the effort required to get that deferral, and that if Congress really needs to increase taxes, reducing IRA deferral to a simple 10-year option for everyone would be my first offer.

Imagine my surprise when Congress adopted a 10-year rule, but managed to make it the opposite of simple.

Instead of eliminating the concept of the "Designated Beneficiary," Congress has grafted on a new animal called an "Eligible Designated Beneficiary." Instead of giving the 10-year rule to everyone, they are still making us jump through all the old hoops just to get the 10-year rule, and they've kept the old 5-year rule for those who fail. Instead of reducing the amount of professional planning that clients bearing large IRAs need, Congress has created yet more work for lawyers and accountants.

## II. Who Gets Which Payout

Under the new regime, after a retirement plan participant or IRA owner dies, the beneficiaries can get one of four possible withdrawal schedules: The participant's remaining life expectancy, the beneficiary's life expectancy, the 10-year rule, or the 5-year rule. (As with other distribution rules, the SECURE Act applies to IRAs as well as qualified retirement plans, and I will use "IRA" to refer to both. "Participant" means the IRA owner as well as a retirement plan participant.)

### A. Participant's Remaining Life Expectancy — Unchanged

This is the least interesting result, because it usually isn't very valuable, and when it is valuable, it's not hard to obtain. Basically, if the participant dies after the Required Beginning Date (which is now age 72), AND the IRA had no Designated Beneficiary, then the IRA will be distributed

over whatever the participant's life expectancy would have been if he hadn't died. IRC § 401(a)(9)(B)(i). The SECURE Act hasn't changed this rule.

But wait — what if the 75-year-old client wants to name his older brother as his beneficiary? The older brother would be a Designated Beneficiary, which means he would have to use his own life expectancy instead of the longer life expectancy that his younger brother has. Should we try to purposely mess up the older brother's "Designated Beneficiary" status, in order to get the younger brother's "remaining life expectancy" treatment? Something like the Intentionally Defective Grantor Trust used in estate freezes?

Fortunately, there is no need to create an Intentionally Defective Designated Beneficiary. The Treasury Department has adopted a regulation that says if the IRA does have a Designated Beneficiary, but having a Designated Beneficiary gives you a less desirable result than using the participant's life expectancy, then we'll just pretend the IRA has no Designated Beneficiary. (But only if the participant dies after the RBD.) *See* Treas Reg § 1.401(a)(9)-5, A-5(a).

## B. 5-Year Rule — Unchanged

The 5-year rule is pretty much the same as before the SECURE Act — if you fail to name a Designated Beneficiary as the beneficiary of the IRA, you're stuck with the 5-year rule (at least if you die before the Required Beginning Date — see the above section on Participant's Remaining Life Expectancy). This means the entire IRA must be withdrawn within five years of the participant's death. IRC § 401(a)(9)(B)(ii).

The beneficiaries can wait until the last day of the 5-year period to withdraw the entire balance of the IRA (which is actually longer than five years, since they give you until December 31 of that last year to make the withdrawal). Or, they can take some of it during the first four years, in order to make use of lower tax brackets that they might have available during those years.

What little deferral one can get out of five years is typically not as useful as moving taxable income into lower brackets. However, if the beneficiary is already in the top income tax bracket, or the IRA is a Roth IRA, it might make sense to wait until the fifth year.

## C. 10-Year Rule — New and Fun!

The 10-year rule is the new invention. It replaces the life expectancy rule for most Designated Beneficiaries. But, we still have to comply with most of the old rules about what a Designated Beneficiary is, just to get the 10-year rule now.

If the 10-year rule applies, the entire balance has to be withdrawn by December 31 of the tenth year following the participant's death. As with the 5-year rule, the beneficiary can withdraw it all on that December 31, or can withdraw any portion at any time during the 10 years.

### 1. Individuals

What is a Designated Beneficiary? The short answer is, a Designated Beneficiary is an individual. Not an estate, and not a charity. Only an individual qualifies, because only an individual has a life expectancy with which to calculate the required minimum distributions. Except we won't be using that individual's life expectancy now, because we're using the 10-year

rule. But the individual rule still applies. If you name an estate or a charity as the beneficiary, the 5-year rule will apply instead.

But wait, what about see-through trusts? Yes, we still have see-through trusts. But now they will get whatever withdrawal period their beneficiaries qualify for, which means most of them will get the 10-year rule.

### 2. Accumulation Trusts

One beneficial change that the SECURE Act has given us is that we no longer have to worry quite as much about the ages of the trust beneficiaries in accumulation trusts. You can name your 92-year-old great-aunt Minerva as the beneficiary of an accumulation trust, and the trust will have the same withdrawal schedule as if you had named your 30-year-old daughter — 10 years, either way.

Does this mean we can now add powers of appointment to our accumulation trusts with impunity? Well, the law is unclear. But then again, it always has been. *See* Natalie Choate, *Life and Death Planning for Retirement Benefits*, 6.3.11, p. 448, 8th Edition (2019).

The code and regs don't give us a lot of guidance on how to create an accumulation trust. They do say only that the individual trust beneficiaries must be "identifiable" at the time of the participant's death, and at that time we won't be able to identify who the beneficiary will appoint the trust to upon the beneficiary's death. However, regulations and private letter rulings have strongly implied that in the case of a power of appointment, the IRS will look at the class of permissible appointees, and if it is possible to identify the permissible appointee with the shortest life expectancy, then the trust will qualify as a see-through trust.

Remember, what matters to the IRS is identifying the life expectancy that will be used to calculate the size of the required minimum distributions. Except that we won't be doing that for most of these trusts, because the 10-year rule will apply. Nonetheless, we have to identify a life expectancy in order to get the 10-year rule, because that is what the law now says.

Note that one helpful feature of the Treasury Department's historical position is that the pool of permissible appointees can include persons who are not yet born, because by definition such folks will have longer life expectancies than anyone already in existence. *See* Private Letter Ruling 200235038 (concerning a power of appointment that could be exercised in favor of any individual who was not "born in a calendar year prior to the calendar year of birth of my oldest living issue").

However, a fully-broad power of appointment (such as, "anyone other than the beneficiary's creditors, estate, or estate's creditors") will probably continue to render the trust beneficiaries "unidentifiable." Natalie Choate, the recognized authority on IRA distributions, recently said at a seminar that powers of appointment in accumulation trusts should still be limited in a way that allows identification of the oldest permissible appointee. However, she did suggest that a definition as broad as "the oldest person serving in the United States Senate, or anyone younger," would serve to make the trust beneficiaries identifiable. Natalie Choate, *Estate Planning for Retirement Benefits Seminar*, held via Zoom video conference on June 5, 2020, sponsored by the Boston Tax Institute.

Although the Treasury Department might come out with some guidance simplifying these rules, for now we are stuck with the effects that the SECURE Act has on existing regulations and Revenue Rulings. Which apparently means making our distribution provisions as odd and client-question-generating as our perpetuities savings clauses.

Note that we still cannot name charitable entities or estates as contingent beneficiaries of accumulation trusts. Nothing in the SECURE Act changes that.

### 3. Conduit Trusts

Conduit trusts still exist largely as they did before, with the one change of getting downgraded to the 10-year rule in many cases. Using a conduit trust allows you to give the beneficiary any kind of power of appointment, or to add charities as contingent beneficiaries. That is because the only beneficiaries who have to be identifiable are the ones who are receiving the conduit payments.

The downside of conduit trusts, as always, is the core requirement that all distributions from the IRA must be paid outright to the beneficiary immediately. If the 10-year rule applies to the IRA, a trust that has no other assets will be depleted in ten years. This will undermine some clients' purpose in creating a trust, and makes the conduit trust much less useful.

A conduit trust might still be useful if the IRA in question is a Roth IRA, and the client wants to force the beneficiary to wait until the tenth year to withdraw the funds, in order to maximize the deferral. Since distributions from a Roth IRA are not taxable, bunching them in the tenth year will not affect the beneficiary's tax bracket.

## D. Beneficiary's Life Expectancy — Harder to Get Now

And now we come to the holy grail — using the beneficiary's life expectancy to calculate the Required Minimum Distributions and stretch out taxable withdrawals as long as possible. Before SECURE, we could get this treatment merely by satisfying the Designated Beneficiary requirements discussed above. After SECURE, we still have to satisfy those requirements, but now we have an extra set of requirements grafted on top of the previous ones. To get life expectancy treatment, the beneficiary must be not only a Designated Beneficiary, but also an Eligible Designated Beneficiary.

### 1. Surviving Spouses

Surviving spouses still have the ability to roll over the IRA and treat it as their own IRA. Then the surviving spouse will get to use the Uniform Life Table (instead of the Single Life Expectancy Table), because the IRA will not be treated as an inherited IRA. Since it's not an inherited IRA, the rules concerning distributions after the Participant's death don't apply, and the SECURE Act does not affect the IRA.

If the surviving spouse elects to treat the IRA as an inherited IRA instead of rolling it over, the SECURE Act WILL apply. However, because the SECURE Act makes surviving spouses Eligible Designated Beneficiaries (*See* IRC § 401(a)(9)(E)(ii)(I)), the results don't change much.

What if the IRA is left in a see-through trust that benefits the surviving spouse? Well, as under the old rules, a conduit trust would get to use the life expectancy of the surviving spouse if the surviving spouse is the only conduit beneficiary of the trust. The SECURE Act doesn't change this. Natalie Choate, *Planning For Retirement Benefits: Recent Developments: CARES, SECURE, and new Life Expectancy Tables,* Version 2020-1, 4/14/20, Section IV.A., p. 40 ("This model will continue to work just fine under SECURE — during the spouse's life.").

However, an accumulation trust probably cannot get life expectancy treatment because under pre-existing regulations, the spouse is not treated as the sole beneficiary of the trust, and since the spouse is not treated as the sole beneficiary, the SECURE Act does not seem to provide for the Eligible Designated Beneficiary treatment. *Id.* at Section IV.A., p. 40.

This conclusion is somewhat uncertain, however. It is possible that the Treasury Department will issue regulations that allow an accumulation trust for the spouse to receive EDB treatment. *Id.* at Section IV.F., p. 48. However, the fact that Congress explicitly allowed accumulation trusts for disabled beneficiaries to receive EDB treatment is telling, since it shows that Congress was aware of the issue. *See* IRC § 401(a)(9)(H)(iv-v), added by SECURE Act §401(a). If Congress wanted to provide a similar exception for surviving spouses, they seem to have known how to do it.

For now, drafters need to assume that accumulation trusts for surviving spouses cannot get EDB treatment. As for those situations where the participant has already died, leaving a classic bypass trust that provides for distributions to the surviving spouse, followed by distributions to the couple's children after the spouse's death — let's hope the Treasury Department gives us some guidance soon.

#### 2. Minor Children

The minor children of the participant are Eligible Designated Beneficiaries. At first blush, this seems to save the old scheme of life expectancy payouts for a decent number of cases. However, it has two limitations.

The first limitation is that this rule applies only to the CHILDREN of the participant. It does not apply to the grandchildren of the participant, or to nieces or nephews. Once the children of the participant grow up, this route to life expectancy payout ends. Considering the fact that most people don't die until their children are grown, this means most clients won't be able to obtain the coveted long-term stretch-out that used to be available. *See* IRC § 401(a)(9)(E)(ii)(II).

The second limitation is that the children of the participant will only be EDBs until they reach majority. At that time, their withdrawal schedule switches to the 10-year rule. So even the minor children cannot stretch out withdrawals over their lifetime, only over their childhood plus 10 years. *See* IRC § 401(a)(9)(E)(iii).

And then consider that we usually leave property in trust for minors instead of leaving it outright to them. But accumulation trusts for minor children likely will not be entitled to EDB treatment, for the same reasons that accumulation trusts for surviving spouses won't — the minor child isn't treated as the sole beneficiary of the trust under existing regulations.

A conduit trust would work to preserve the EDB status, but that means we're committing to distributing every required minimum distribution to the beneficiary. While the child is a minor, those distributions will be small, because they will be based on the minor child's long life expectancy. But once the child reaches age 18, the trust switches to the 10-year rule, and the entire IRA will be distributed outright to the child by age 28. That might give some clients pause.

(For completeness, I should mention that the SECURE Act makes an oblique reference to a pre-existing regulation that says "a child may be treated as having not reached the age of majority if the child has not completed a specified course of education and is under the age of 26." Reg. § 1.401(a)(9)-6, A-15. But this offers only eight extra years of deferral, at best, and probably cannot be relied upon without better guidance. *See* Natalie Choate, *Planning For Retirement Benefits: Recent Developments: CARES, SECURE, and new Life Expectancy Tables,* Version 2020-1,

4/14/20, Section IV.B., p. 41-2 (“The author has been unable to find anyone who has any experience with what ‘has not completed a specified course of education’ means.”).

### 3. Disabled and Chronically Ill Individuals

Disabled and chronically ill individuals are also EDBs entitled to life expectancy payouts, and this rule provides a robust solution for its intended beneficiaries. *See* IRC § 401(a)(9)(E)(ii)(III-IV).

“Disabled” and “chronically ill” are defined by reference to other code sections that have been around awhile and have established definitions. *See* IRC § 72(m)(7) (“disabled”) *and* IRC § 7702B(c)(2) (“chronically ill”).

This exception isn’t limited to specific relatives such as “children,” and it lasts for the lifetime of the disabled or chronically ill individual.

Best of all, the participant can leave the IRA to an accumulation trust for the disabled or chronically ill individual, and the trust will qualify for the life expectancy payout. The SECURE Act contains reasonably specific instructions on how to create such a trust — for the first time ever, Congress has provided guidance on how to create an accumulation trust. *See* IRC § 401(a)(9)(H)(iv-v).

In order for a see-through trust to receive life expectancy treatment under this exception, the disabled or chronically ill individual must be the sole lifetime beneficiary of the trust. *See* IRC § 401(a)(9)(H)(iv)(II). However, the remainder beneficiaries can be regular Designated Beneficiaries; they don’t have to be Eligible Designated Beneficiaries.

Importantly, if a trust has more than one life time beneficiary, but only one of those beneficiaries is a disabled or chronically ill individual, the trust can be divided upon the participant’s death into separate trusts for each beneficiary. Furthermore, the division can be made by the terms of the trust, and does NOT have to be specified in the beneficiary designation. *See* IRC § 401(a)(9)(H)(iv)(I), (v).

This will greatly simplify the beneficiary designations for these trusts. Under existing regulations, the beneficiary designation had to specify the division between trusts in order for the trusts to have differing withdrawal schedules. For example, if Horace wanted to leave one-third of his IRA to an accumulation trust for his 55-year-old son Oscar, and the other two-thirds to an accumulation trust for his 25-year-old wife Anna Nicole, the beneficiary designation would have to read, “One-third to The Oscar Trust, and two-thirds to the Anna Nicole Trust” in order for Anna Nicole to defer distributions over her much-longer life expectancy. Add a few more beneficiaries to the family, and you run out of space on the beneficiary form, and have to beg them to accept attachments. And some financial institutions and plan administrators don’t allow fractions or repeating decimals, so Horace would have to change his plan slightly in order to use percentages. And any future changes to Horace’s plan might require changing the beneficiary designation as well as the trust document.

But the SECURE Act now allows us to submit a very simple beneficiary designation to the financial institution, and provide for further division in the trust document, as least for the purpose of preserving EDB status for the disabled beneficiary who is sharing the trust with a non-disabled beneficiary. Perhaps the Treasury Department will decide to extend this rule to all see-through trusts.

#### 4. Individuals Less Than 10 Years Younger Than the Participant

Individuals who are less than 10 years younger than the participant are also Eligible Designated Beneficiaries. IRC § 401(a)(9)(E)(ii)(V).

This rule covers only a small category of beneficiaries. Since surviving spouses are already EDBs under another provision, they don't fall in this category. The children and other descendants of the participant are almost always going to be more than 10 years younger than the participant. Charities are not individuals.

However, if the participant is a part of an unmarried couple, this rule would allow the partner to be treated like a surviving spouse if the partner is not too young. This rule could also be beneficial if the participant leaves an IRA to a sibling.

## III. How Do We Advise Clients?

Now the real question: What do we tell our clients?

### A. Disabled or Chronically Ill Beneficiaries

For some clients, the answer may be obvious. If the client has a disabled child that the client wants to leave the IRA to, the client should create a special needs accumulation trust that meets the requirements of the new statutes. Being able to get the tax benefits of a see-through trust for a special needs trust, without having to have conduit provisions that might disqualify the beneficiary from receiving government benefits, is the main good news that comes out of the SECURE Act.

### B. Surviving Spouses in First Marriages

For surviving spouses in nuclear families, the answers have probably changed very little. I already advise many of my clients to leave their IRAs outright to their spouses, so that the spouse can do a spousal rollover, which under both the old and the new rules achieves the best tax treatment. With the estate tax exemption as high as it is today, and portability available to many surviving spouses, few couples need to use the IRA to fund a bypass trust.

I usually advise the client to name the bypass trust as a contingent beneficiary of the IRA, so that the surviving spouse has the option to execute a disclaimer that would cause the IRA to pass to the trust. However, I have not yet had a surviving spouse client execute such a disclaimer; I do this mostly for CYA, or the possibility that the tax laws will change significantly.

### C. Surviving Spouses in Second Marriages

What about step-families that need to leave the IRA in trust for the benefit of the surviving spouse, with the remainder to the children from a previous marriage? We used to be able to use

an accumulation trust to achieve a withdrawal schedule based on the spouse's life expectancy, but that option has been taken away. We can still use a conduit trust to get life expectancy treatment, but this involves making larger outright distributions to the surviving spouse than an accumulation trust would have required, and that could largely deplete the IRA before it passes to the children.

If the trust also contains substantial non-IRA assets, the distributions from those assets could be reduced by enough to bring total distributions back in line with the goal of preserving principal for the children. ("Distribute the required minimum distribution to my spouse, plus enough other trust income to equal 4% of the total trust estate.") But if the IRA makes up only a small part of the client's estate, I like the idea of simply leaving the IRA outright to the spouse, and making up the loss to the kids by leaving them other assets outright (or in a trust that doesn't include the spouse).

But that leaves us with the problem of a client whose IRA comprises a substantial portion of the client's estate, but who needs to treat both spouse and children fairly. If the client is young enough and healthy enough to purchase life insurance, the IRA could be left outright to the surviving spouse, and the life insurance could make up the loss to the children. The future tax savings from a spousal rollover might make the life insurance premiums a reasonable investment.

Still, for some clients in second marriage, their options are now even more limited than they were before the SECURE Act.

## D. Adult Children

If the client's children are all adults, the lifetime stretch-out is no longer an option, and no amount of planning can fix that. For most clients, the 10-year rule can be easily achieved with an outright distribution or an accumulation trust.

But what if the client is charitably inclined, and wants to leave a remainder interest in the trust to a charitable organization? Doing so will blow the 10-year payout. But is that as big a deal as it used to be?

The difference between the 5-year rule and the 10-year rule isn't as big as the difference between the 5-year rule and the life expectancy payout. Appendix C is a spreadsheet showing how a life expectancy payout compares to a 5-year payout, and after 30 years the beneficiary has 21% less after the taxes are all paid. But if you change that life expectancy payout to a 10-year payout (Appendix D), that 21% drops to 3%.

How valuable is 3% savings? It's worth doing the paperwork and drafting the trust correctly, if the substantive plan aligns with the requirements for a see-through trust. It's worth warning the client against unthinkingly including a charity as a remote contingent beneficiary. But if the client truly wants to leave the IRA to charity after her child dies, she might be willing to give up 3% in order to do so.

## E. Minor Children

The possibility of stretching an IRA payout over the life expectancy of a very young person has long animated the imaginations of financial planners and tax lawyers. Whole careers have been based on the impressive power of tax-deferred compounding over 80 or more years.

Countless other estate planners have taken it as an article of faith that preserving the stretch-out is our primary mission.

Now the SECURE Act has taken that away. Minor children (or their trustees) can make withdrawals based on their life expectancy, but only while they are minors, and only if a conduit trust is used. Using a conduit trust ensures that the IRA will be depleted and fully distributed to the beneficiary by the age of 28. While the beneficiary is under 18, the distributions will be small, and could probably be spent for the benefit of the beneficiary under a facility of payment clause, but if they are not needed it would be difficult to reinvest them appropriately. Between age 18 and 28, the 10-year rule will bring out the rest of the IRA into the beneficiary's hands; the trustee can defer all distributions until the end of the 10 years, but that results in an even larger large lump sum landing in the beneficiary's lap all at once. As an adult, the beneficiary could reinvest the funds in a taxable brokerage account, but how many clients trust their 28-year-olds to do that?

The emerging advice is to not bother trying to obtain a life expectancy payout for minor beneficiaries. It is not worth the non-tax costs. *See* Natalie Choate, *Planning For Retirement Benefits: Recent Developments: CARES, SECURE, and new Life Expectancy Tables,* Version 2020-1, 4/14/20, Section IV.B., p. 43 ("Realistically in most cases those seeking to benefit very young beneficiaries will have to focus more on how to pay the taxes (buy life insurance?) rather than on how to defer them.").

Appendix E compares two options for leaving an IRA to a 10-year-old. The top half of the spreadsheet illustrates what happens when the parent leaves the IRA to a conduit trust that uses the child's life expectancy until age 18, then spreads the remaining distributions over the next ten years (one-tenth the first year, then one-ninth the second year, and so on). The bottom half illustrates what happens when the parent gives up on the life expectancy payout, and accepts the 10-year rule of an accumulation trust. Here the trustee also spreads the distributions out over the ten years.

Both scenarios assume that all distributions are reinvested in a taxable account, although it might not be reasonable to assume that in the conduit trust scenario. Even with that generous assumption, though, by age 30 the beneficiary of the conduit trust has only 13% more, after tax, than the beneficiary of the accumulation trust. Is that 13% worth exposing the IRA to the beneficiary's creditors or bad decisions?

Furthermore, what if the parent doesn't actually die before the child reaches 18? Most parents don't. But the conduit trust doesn't go away once the child reaches 18, unless the parent remembers to revise the will to take it out. The child would still receive the IRA outright within 10 years, but we have lost all of the tax benefits of the conduit trust, because for adult beneficiaries, the accumulation trust is just as good. So the 13% gain is not terribly likely to happen, unless the parent has a terminal illness that gives the parent a very short life expectancy.

Furthermore, if a parent DOES die while the child is still young, that means the parent is probably young, too, and hasn't had much time to accumulate a lot of retirement funds. Such a parent is more likely to have a term life insurance policy, which carries no built-in tax burden. So the absolute amount of tax faced by the 10-year-old is comparatively small. It makes more sense to plan for the more likely scenario of the children being adults when their parents die.

The numbers do improve if the parent dies when the child is 2 years old. But even if the child is 2 years old when we are drafting the will, the child will not remain 2 for long, and every year that the child ages before the parent dies, the plan becomes less tax-efficient. The ages between 2 and 10 make up a narrow window of time before the benefits evaporate.

So the answer for clients with minor children seems to be: Give up on the holy grail of the long-term stretch-out. Leave the IRA to an accumulation trust for the children. You'll get the 10-year payout, which helps blunt the worst of the tax hit, while obtaining all the substantive provisions of a long-term trust. Very few clients will experience a meaningful tax loss from using accumulation trusts for their children, and most families will be better off. Natalie Choate herself recommends this. Natalie Choate, *Estate Planning for Retirement Benefits Seminar*, held via Zoom video conference on June 5, 2020, sponsored by the Boston Tax Institute ("how about this radical solution… write the trust the way you want it to be."). Sometimes a tax benefit just isn't worth having, and a tax lawyer isn't the kind of lawyer you need.

# IV. Appendix A — Selected Sections of the SECURE Act

Copied on July 4, 2020 from https://www.congress.gov/bill/116th-congress/house-bill/1865/text, which was labelled as "Became Law" in the heading of the tracking page.

https://www.congress.gov/116/bills/hr1865/BILLS-116hr1865enr.pdf

DIVISION O-- <<NOTE: Setting Every Community Up for Retirement Enhancement Act of 2019.>> SETTING EVERY COMMUNITY UP FOR RETIREMENT ENHANCEMENT

SEC. 1. SHORT TITLE, ETC.

(a) <<NOTE: 26 USC 1 note.>> Short Title.--This Act may be cited as the ``Setting Every Community Up for Retirement Enhancement Act of 2019''.

(b) Table of Contents.--The table of contents of this Act is as follows:

Sec. 1. Short title, etc.

TITLE I--EXPANDING AND PRESERVING RETIREMENT SAVINGS

Sec. 101. Multiple employer plans; pooled employer plans.
Sec. 102. Increase in 10 percent cap for automatic enrollment safe harbor after 1st plan year.
Sec. 103. Rules relating to election of safe harbor 401(k) status.
Sec. 104. Increase in credit limitation for small employer pension plan startup costs.
Sec. 105. Small employer automatic enrollment credit.
Sec. 106. Certain taxable non-tuition fellowship and stipend payments treated as compensation for IRA purposes.
Sec. 107. Repeal of maximum age for traditional IRA contributions.
Sec. 108. Qualified employer plans prohibited from making loans through credit cards and other similar arrangements.
Sec. 109. Portability of lifetime income options.
Sec. 110. Treatment of custodial accounts on termination of section 403(b) plans.
Sec. 111. Clarification of retirement income account rules relating to church-controlled organizations.
Sec. 112. Qualified cash or deferred arrangements must allow long-term employees working more than 500 but less than 1,000 hours per year to participate.
Sec. 113. Penalty-free withdrawals from retirement plans for individuals

in case of birth of child or adoption.
Sec. 114. Increase in age for required beginning date for mandatory distributions.
Sec. 115. Special rules for minimum funding standards for community newspaper plans.
Sec. 116. Treating excluded difficulty of care payments as compensation for determining retirement contribution limitations.

TITLE II--ADMINISTRATIVE IMPROVEMENTS

Sec. 201. Plan adopted by filing due date for year may be treated as in effect as of close of year.
Sec. 202. Combined annual report for group of plans.
Sec. 203. Disclosure regarding lifetime income.

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Sec. 204. Fiduciary safe harbor for selection of lifetime income provider.
Sec. 205. Modification of nondiscrimination rules to protect older, longer service participants.
Sec. 206. Modification of PBGC premiums for CSEC plans.

TITLE III--OTHER BENEFITS

Sec. 301. Benefits provided to volunteer firefighters and emergency medical responders.
Sec. 302. Expansion of section 529 plans.

TITLE IV--REVENUE PROVISIONS

Sec. 401. Modification of required distribution rules for designated beneficiaries.
Sec. 402. Increase in penalty for failure to file.
Sec. 403. Increased penalties for failure to file retirement plan returns.
Sec. 404. Increase information sharing to administer excise taxes.

TITLE V--TAX RELIEF FOR CERTAIN CHILDREN

Sec. 501. Modification of rules relating to the taxation of unearned income of certain children.

TITLE VI--ADMINISTRATIVE PROVISIONS

Sec. 601. Provisions relating to plan amendments.

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SEC. 107. REPEAL OF MAXIMUM AGE FOR TRADITIONAL IRA CONTRIBUTIONS.

(a) In General.--Paragraph (1) of section 219(d) of the Internal Revenue Code of 1986 is repealed.

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SEC. 114. INCREASE IN AGE FOR REQUIRED BEGINNING DATE FOR MANDATORY DISTRIBUTIONS.

(a) In General.--Section 401(a)(9)(C)(i)(I) of the Internal Revenue Code of 1986 <<NOTE: 26 USC 401.>> is amended by striking ``age 70\1/2\'' and inserting ``age 72''.

    (b) Spouse Beneficiaries; Special Rule for Owners.--Subparagraphs
(B)(iv)(I) and (C)(ii)(I) of section 401(a)(9) of such Code are each
amended by striking ``age 70\1/2\'' and inserting ``age 72''.
    (c) Conforming Amendments.--The last sentence of section 408(b) of
such Code is amended by striking ``age 70\1/2\'' and inserting ``age
72''.
    (d) <<NOTE: 26 USC 401 note.>>  Effective Date.--The amendments made
by this section shall apply to distributions required to be made after
December 31, 2019, with respect to individuals who attain age 70\1/2\
after such date.

****

SEC. 401. MODIFICATION OF REQUIRED DISTRIBUTION RULES FOR
DESIGNATED BENEFICIARIES.

    (a) Modification of Rules Where Employee Dies Before Entire
Distribution.--
            (1) In general.--Section 401(a)(9) of the Internal Revenue
        Code of 1986 is amended by adding at the end the following new
        subparagraph:
                ``(H) <<NOTE: Applicability.>>  Special rules for
            certain defined contribution plans.--In the case of a
            defined contribution plan, if an employee dies before
            the distribution of the employee's entire interest--
                    ``(i) In general.--Except in the case of a
                beneficiary who is not a designated beneficiary,
                subparagraph (B)(ii)--
                            ``(I) shall be applied by
                        substituting `10 years' for `5 years',
                        and
                            ``(II) shall apply whether or not
                        distributions of the employee's
                        interests have begun in accordance with
                        subparagraph (A).
                    ``(ii) Exception for eligible designated
                beneficiaries.--Subparagraph (B)(iii) shall apply
                only in the case of an eligible designated
                beneficiary.
                    ``(iii) Rules upon death of eligible
                designated beneficiary.-- <<NOTE: Time
                period.>> If an eligible designated beneficiary
                dies before the portion of the employee's interest
                to which this subparagraph applies is entirely
                distributed, the exception under clause (ii) shall
                not apply to any beneficiary of such eligible
                designated beneficiary and the remainder of such
                portion shall be distributed within 10 years after
                the death of such eligible designated beneficiary.

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                    ``(iv) Special rule in case of certain trusts
                for disabled or chronically ill beneficiaries.--In
                the <<NOTE: Applicability.>> case of an applicable
                multi-beneficiary trust, if under the terms of the
                trust--
                            ``(I) it is to be divided
                        immediately upon the death of the
                        employee into separate trusts for each

beneficiary, or

``(II) no individual (other than a eligible designated beneficiary described in subclause (III) or (IV) of subparagraph (E)(ii)) has any right to the employee's interest in the plan until the death of all such eligible designated beneficiaries with respect to the trust,

for purposes of a trust described in subclause (I), clause (ii) shall be applied separately with respect to the portion of the employee's interest that is payable to any eligible designated beneficiary described in subclause (III) or (IV) of subparagraph (E)(ii); and, for purposes of a trust described in subclause (II), subparagraph (B)(iii) shall apply to the distribution of the employee's interest and any beneficiary who is not such an eligible designated beneficiary shall be treated as a beneficiary of the eligible designated beneficiary upon the death of such eligible designated beneficiary.

``(v) <<NOTE: Definition.>> Applicable multi-beneficiary trust.--For purposes of this subparagraph, the term `applicable multi-beneficiary trust' means a trust--

``(I) which has more than one beneficiary,

``(II) all of the beneficiaries of which are treated as designated beneficiaries for purposes of determining the distribution period pursuant to this paragraph, and

``(III) at least one of the beneficiaries of which is an eligible designated beneficiary described in subclause (III) or (IV) of subparagraph (E)(ii).

``(vi) Application to certain eligible retirement plans.--For purposes of applying the provisions of this subparagraph in determining amounts required to be distributed pursuant to this paragraph, all eligible retirement plans (as defined in section 402(c)(8)(B), other than a defined benefit plan described in clause (iv) or (v) thereof or a qualified trust which is a part of a defined benefit plan) shall be treated as a defined contribution plan.''.

(2) Definition of eligible designated beneficiary.--Section 401(a)(9)(E) of such Code <<NOTE: 26 USC 401.>> is amended to read as follows:

``(E) Definitions and rules relating to designated beneficiaries.--For purposes of this paragraph--

``(i) Designated beneficiary.--The term `designated beneficiary' means any individual designated as a beneficiary by the employee.

``(ii) Eligible designated beneficiary.--The term `eligible designated beneficiary' means, with respect to any employee, any designated beneficiary who is--

``(I) the surviving spouse of the employee,

``(II) subject to clause (iii), a child of the employee who has not reached majority (within the meaning of subparagraph (F)),

``(III) disabled (within the meaning of section 72(m)(7)),

``(IV) a chronically ill individual (within the meaning of section 7702B(c)(2), except that the requirements of subparagraph (A)(i) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature), or

``(V) an individual not described in any of the preceding subclauses who is not more than 10 years younger than the employee.

The determination of whether a designated beneficiary is an eligible designated beneficiary shall be made as of the date of death of the employee.

``(iii) Special rule for children.--Subject to subparagraph (F), an individual described in clause (ii)(II) shall cease to be an eligible designated beneficiary as of the date the individual reaches majority and any remainder of the portion of the individual's interest to which subparagraph (H)(ii) applies shall be distributed within 10 years after such date.''.

(b) <<NOTE: Applicability. 26 USC 401 note.>> Effective Dates.--

(1) In general.--Except as provided in this subsection, the amendments made by this section shall apply to distributions with respect to employees who die after December 31, 2019.

(2) Collective bargaining exception.--In the case of a plan maintained pursuant to 1 or more collective bargaining agreements between employee representatives and 1 or more employers ratified before the date of enactment of this Act, the amendments made by this section shall apply to distributions with respect to employees who die in calendar years beginning after the earlier of--

(A) the later of--

(i) the date on which the last of such collective bargaining agreements terminates (determined without regard to any extension thereof agreed to on or after the date of the enactment of this Act), or

(ii) December 31, 2019, or

(B) December 31, 2021.

For purposes of subparagraph (A)(i), any plan amendment made pursuant to a collective bargaining agreement relating to the plan which amends the plan solely to conform to any requirement added by this section shall not be treated as a termination of such collective bargaining agreement.

(3) Governmental plans.--In the case of a governmental plan (as defined in section 414(d) of the Internal Revenue Code of 1986), paragraph (1) shall be applied by substituting ``December

31, 2021'' for ``December 31, 2019''.

(4) Exception for certain existing annuity contracts.--

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(A) In general.--The amendments made by this section shall not apply to a qualified annuity which is a binding annuity contract in effect on the date of enactment of this Act and at all times thereafter.

(B) <<NOTE: Definition.>> Qualified annuity.--For purposes of this paragraph, the term ``qualified annuity'' means, with respect to an employee, an annuity--

(i) which is a commercial annuity (as defined in section 3405(e)(6) of the Internal Revenue Code of 1986);

(ii) under which the annuity payments are made over the life of the employee or over the joint lives of such employee and a designated beneficiary (or over a period not extending beyond the life expectancy of such employee or the joint life expectancy of such employee and a designated beneficiary) in accordance with the regulations described in section 401(a)(9)(A)(ii) of such Code (as in effect before such amendments) and which meets the other requirements of section 401(a)(9) of such Code (as so in effect) with respect to such payments; and

(iii) with respect to which--

(I) annuity payments to the employee have begun before the date of enactment of this Act, and the employee has made an irrevocable election before such date as to the method and amount of the annuity payments to the employee or any designated beneficiaries; or

(II) if subclause (I) does not apply, the employee has made an irrevocable election before the date of enactment of this Act as to the method and amount of the annuity payments to the employee or any designated beneficiaries.

(5) Exception for certain beneficiaries.--

(A) In general.--If an employee dies before the effective date, then, in applying the amendments made by this section to such employee's designated beneficiary who dies after such date--

(i) such amendments shall apply to any beneficiary of such designated beneficiary; and

(ii) the designated beneficiary shall be treated as an eligible designated beneficiary for purposes of applying section 401(a)(9)(H)(ii) of the Internal Revenue Code of 1986 (as in effect after such amendments).

(B) <<NOTE: Definition.>> Effective date.--For purposes of this paragraph, the term ``effective date'' means the first day of the first calendar year to which the amendments made by this section apply to a plan with respect to employees dying on or after such date.

# V. Appendix B — IRC § 401(a)(9) Redline

Additions made by the SECURE Act are underlined, and deletions are struck-through. IRC § 401(a)(9)(I), which was added later by the CARES Act and waived the 2020 required minimum distributions, is omitted.

**401(a)(9)Required distributions.—**

**(A)** In general.—A trust shall not constitute a qualified trust under this subsection unless the plan provides that the entire interest of each employee—

**(i)** will be distributed to such employee not later than the required beginning date, or

**(ii)** will be distributed, beginning not later than the required beginning date, in accordance with regulations, over the life of such employee or over the lives of such employee and a designated beneficiary (or over a period not extending beyond the life expectancy of such employee or the life expectancy of such employee and a designated beneficiary).

**(B)** Required distribution where employee dies before entire interest is distributed.—

**(i)** Where distributions have begun under subparagraph (A)(ii).—A trust shall not constitute a qualified trust under this section unless the plan provides that if—

**(I)** the distribution of the employee's interest has begun in accordance with subparagraph (A)(ii), and

**(II)** the employee dies before his entire interest has been distributed to him,

the remaining portion of such interest will be distributed at least as rapidly as under the method of distributions being used under subparagraph (A)(ii) as of the date of his death.

**(ii)** 5-year rule for other cases.—

A trust shall not constitute a qualified trust under this section unless the plan provides that, if an employee dies before the distribution of the employee's interest has begun in accordance with subparagraph (A)(ii), the entire interest of the employee will be distributed within 5 years after the death of such employee.

**(iii)** Exception to 5-year rule for certain amounts payable over life of beneficiary.—If—

**(I)** any portion of the employee's interest is payable to (or for the benefit of) a designated beneficiary,

**(II)** such portion will be distributed (in accordance with regulations) over the life of such designated beneficiary (or over a period not extending beyond the life expectancy of such beneficiary), and

**(III)** such distributions begin not later than 1 year after the date of the employee's death or such later date as the Secretary may by regulations prescribe, for purposes of clause (ii), the portion referred to in subclause (I) shall be treated as distributed on the date on which such distributions begin.

**(iv)**Special rule for surviving spouse of employee.—If the designated beneficiary referred to in clause (iii)(I) is the surviving spouse of the employee—

**(I)**

the date on which the distributions are required to begin under clause (iii)(III) shall not be earlier than the date on which the employee would have attained age ~~70½~~ 72, and

**(II)**

if the surviving spouse dies before the distributions to such spouse begin, this subparagraph shall be applied as if the surviving spouse were the employee.

**(C)** Required beginning date.—For purposes of this paragraph—

**(i)** In general.—The term "required beginning date" means April 1 of the calendar year following the later of—

**(I)** the calendar year in which the employee attains age ~~70½~~ 72, or

**(II)** the calendar year in which the employee retires.

**(ii)** Exception.—Subclause (II) of clause (i) shall not apply—

**(I)** except as provided in section 409(d), in the case of an employee who is a 5-percent owner (as defined in section 416) with respect to the plan year ending in the calendar year in which the employee attains age ~~70½~~ 72, or

**(II)** for purposes of section 408(a)(6) or (b)(3).

**(iii)** Actuarial adjustment.— In the case of an employee to whom clause (i)(II) applies who retires in a calendar year after the calendar year in which the employee attains age 70½, the employee's accrued benefit shall be actuarially increased to take into account the period after age 70½ in which the employee was not receiving any benefits under the plan.

**(iv)** Exception for governmental and church plans.—

Clauses (ii) and (iii) shall not apply in the case of a governmental plan or church plan. For purposes of this clause, the term "church plan" means a plan maintained by a church for church employees, and the term "church" means any church (as defined in section 3121(w)(3)(A)) or qualified church-controlled organization (as defined in section 3121(w)(3)(B)).

**(D)** Life expectancy.— For purposes of this paragraph, the life expectancy of an employee and the employee's spouse (other than in the case of a life annuity) may be redetermined but not more frequently than annually.

**(E)** ~~Designated Beneficiary.~~ Definitions and rules relating to designated beneficiaries.—For purposes of this paragraph~~,~~—

**(i)** Designated beneficiary.— T~~t~~he term "designated beneficiary" means any individual designated as a beneficiary by the employee.

**(ii)** Eligible designated beneficiary.—The term "eligible designated beneficiary" means, with respect to any employee, any designated beneficiary who is—

**(I)** the surviving spouse of the employee,

**(II)** subject to clause (iii), a child of the employee who has not reached majority (within the meaning of subparagraph (F)),

**(III)** disabled (within the meaning of section 72(m)(7)),

**(IV)** a chronically ill individual (within the meaning of section 7702B(c)(2), except that the requirements of subparagraph (A)(i) thereof shall only be treated as met if there is a certification that, as of such date, the period of inability described in such subparagraph with respect to the individual is an indefinite one which is reasonably expected to be lengthy in nature), or

**(V)** an individual not described in any of the preceding subclauses who is not more than 10 years younger than the employee.

The determination of whether a designated beneficiary is an eligible designated beneficiary shall be made as of the date of death of the employee.

**(iii)** Special rule for children.— Subject to subparagraph (F), an individual described in clause (ii)(II) shall cease to be an eligible designated beneficiary as of the date the individual reaches majority and any remainder of the portion of the individual's interest to which subparagraph (H)(ii) applies shall be distributed within 10 years after such date.

**(F)** Treatment of payments to children.— Under regulations prescribed by the Secretary, for purposes of this paragraph, any amount paid to a child shall be treated as if it had been paid to the surviving spouse if such amount will become payable to the surviving spouse upon such child reaching majority (or other designated event permitted under regulations).

**(G)** Treatment of incidental death benefit distributions.— For purposes of this title, any distribution required under the incidental death benefit requirements of this subsection shall be treated as a distribution required under this paragraph.

**(H)** Special rules for certain defined contribution plans.—In the case of a defined contribution plan, if an employee dies before the distribution of the employee's entire interest—

**(i)** In general.—Except in the case of a beneficiary who is not a designated beneficiary, subparagraph (B)(ii)—

**(I)** shall be applied by substituting "10 years" for "5 years", and

**(II)** shall apply whether or not distributions of the employee's interests have begun in accordance with subparagraph (A).

**(ii)** Exception for eligible designated beneficiaries.—

Subparagraph (B)(iii) shall apply only in the case of an eligible designated beneficiary.

**(iii)** Rules upon death of eligible designated beneficiary.—

If an eligible designated beneficiary dies before the portion of the employee's interest to which this subparagraph applies is entirely distributed, the exception under clause (ii) shall not apply to any beneficiary of such eligible designated beneficiary and the remainder of such portion shall be distributed within 10 years after the death of such eligible designated beneficiary.

**(iv)** Special rule in case of certain trusts for disabled or chronically ill beneficiaries.—In the case of an applicable multi-beneficiary trust, if under the terms of the trust—

**(I)** it is to be divided immediately upon the death of the employee into separate trusts for each beneficiary, or

**(II)** no individual (other than a eligible designated beneficiary described in subclause (III) or (IV) of subparagraph (E)(ii)) has any right to the employee's interest in the plan until the death of all such eligible designated beneficiaries with respect to the trust,

for purposes of a trust described in subclause (I), clause (ii) shall be applied separately with respect to the portion of the employee's interest that is payable to any eligible designated beneficiary described in subclause (III) or (IV) of subparagraph (E)(ii); and, for purposes of a trust described in subclause (II), subparagraph (B)(iii) shall apply to the distribution of the employee's interest and any beneficiary who is not such an eligible designated beneficiary shall be treated as a beneficiary of the eligible designated beneficiary upon the death of such eligible designated beneficiary.

**(v)** Applicable multi-beneficiary trust.—For purposes of this subparagraph, the term "applicable multi-beneficiary trust" means a trust—

**(I)** which has more than one beneficiary,

**(II)** all of the beneficiaries of which are treated as designated beneficiaries for purposes of determining the distribution period pursuant to this paragraph, and

**(III)** at least one of the beneficiaries of which is an eligible designated beneficiary described in subclause (III) or (IV) of subparagraph (E)(ii).

**(vi)** Application to certain eligible retirement plans.—

For purposes of applying the provisions of this subparagraph in determining amounts required to be distributed pursuant to this paragraph, all eligible retirement plans (as defined in section 402(c)(8)(B), other than a defined benefit plan described in clause (iv) or (v) thereof or a qualified trust which is a part of a defined benefit plan) shall be treated as a defined contribution plan.

# Appendix C: 5-year vs. life expectancy withdrawal schedule

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1,000 | amount initially inherited (in 1,000s) | | | | | | | | | | |
| | | | | 40 | age at inheritance | | | | | | | | | | |
| | | | | 45.7 | initial life expectancy (for year after inheritance received) | | | | | | | | | | |
| | | | | 100,000 | beneficiary's other income | | | | | | | | | | |
| | | | | 13,580 | tax on beneficiary's other income (calculated) | | | | | | | | | | |
| | | | | 4% | interest rate | | | | | | | | | | |
| | year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| | age | 40 | 41 | 42 | 43 | 44 | 45 | 46 | 47 | 48 | 49 | 50 | 51 | 52 | 53 |
| | life expectancy | | 45.7 | 44.7 | 43.7 | 42.7 | 41.7 | 40.7 | 39.7 | 38.7 | 37.7 | 36.7 | 35.7 | 34.7 | 33.7 |
| **IRA Receives Life Expectancy Payout** | **Inherited IRA** | | | | | | | | | | | | | | |
| | Beginning Balance | | 1,000 | 1,018 | 1,036 | 1,054 | 1,071 | 1,088 | 1,105 | 1,122 | 1,137 | 1,153 | 1,168 | 1,182 | 1,195 |
| | investment return | | 40 | 41 | 41 | 42 | 43 | 44 | 44 | 45 | 45 | 46 | 47 | 47 | 48 |
| | RMD (taken on 12/31) | | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 33 | 34 | 35 |
| | Ending Balance | 1,000 | 1,018 | 1,036 | 1,054 | 1,071 | 1,088 | 1,105 | 1,122 | 1,137 | 1,153 | 1,168 | 1,182 | 1,195 | 1,207 |
| | **Ending Balance, net of taxes** | | | | | | | | | | | | | | |
| | **Taxable Account Holding the RMDs** | | | | | | | | | | | | | | |
| | Beginning Balance | | 0 | 17 | 35 | 55 | 76 | 98 | 122 | 148 | 175 | 204 | 235 | 268 | 303 |
| | RMD (from above) | | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | 31 | 33 | 34 | 35 |
| | Tax on RMD, using all brackets | | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 6 | 7 | 7 | 7 | 7 | 8 |
| | RMD net of taxes (invested on 12/31) | | 17 | 18 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 |
| | investment return | | 0 | 1 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 11 | 12 |
| | Tax on investment return, using all brackets | | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 3 |
| | **Ending Balance of Taxable Account** | | **17** | **35** | **55** | **76** | **98** | **122** | **148** | **175** | **204** | **235** | **268** | **303** | **340** |
| | **Total of Both Accounts, net of taxes** | | **17** | **35** | **55** | **76** | **98** | **122** | **148** | **175** | **204** | **235** | **268** | **303** | **340** |
| **No Designated Beneficiary; Five-Year Withdrawal Schedule** | **Inherited IRA** | | | | | | | | | | | | | | |
| | Beginning Balance | | 1,000 | 1,040 | 1,082 | 1,125 | 1,170 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | investment return | | 40 | 42 | 43 | 45 | 47 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | RMD (taken on 12/31) | | | | | | 1,217 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Ending Balance | 1,000 | 1,040 | 1,082 | 1,125 | 1,170 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Taxable Account Holding the RMDs** | | | | | | | | | | | | | | |
| | Beginning Balance | | 0 | 0 | 0 | 0 | 0 | 806 | 831 | 857 | 884 | 911 | 940 | 969 | 999 |
| | RMD (from above) | | 0 | 0 | 0 | 0 | 1,217 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Tax on RMD, using all brackets | | | | | | 411 | | | | | | | | |
| | RMD net of taxes (invested on 12/31) | | 0 | 0 | 0 | 0 | 806 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | investment return | | | 0 | 0 | 0 | 0 | 32 | 33 | 34 | 35 | 36 | 38 | 39 | 40 |
| | Tax on investment return, using all brackets | | 0 | 0 | 0 | 0 | 0 | 7 | 7 | 8 | 8 | 8 | 8 | 9 | 9 |
| | **Ending Balance of Taxable Account** | | **0** | **0** | **0** | **0** | **806** | **831** | **857** | **884** | **911** | **940** | **969** | **999** | **1,030** |

# Appendix C: 5-year vs. life expectancy withdrawal schedule

| | 1,000 | amount initially inherited | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 40 | age at inheritance | | | | | | | | | | | | | | | |
| | 45.7 | initial life expectancy (for year after inheritance received) | | | | | | | | | | | | | | | |
| | 100,000 | beneficiary's other income | | | | | | | | | | | | | | | |
| | 13,580 | tax on beneficiary's other income (calculated) | | | | | | | | | | | | | | | |
| | 4% | interest rate | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | |
| 54 | 55 | 56 | 57 | 58 | 59 | 60 | 61 | 62 | 63 | 64 | 65 | 66 | 67 | 68 | 69 | 70 | |
| 32.7 | 31.7 | 30.7 | 29.7 | 28.7 | 27.7 | 26.7 | 25.7 | 24.7 | 23.7 | 22.7 | 21.7 | 20.7 | 19.7 | 18.7 | 17.7 | 16.7 | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | **IRA Receives Life Expectancy Payout** |
| | | | | | | | | | | | | | | | | | |
| 1,207 | 1,218 | 1,229 | 1,238 | 1,246 | 1,252 | 1,257 | 1,260 | 1,262 | 1,261 | 1,258 | 1,253 | 1,245 | 1,235 | 1,222 | 1,205 | 1,185 | |
| 48 | 49 | 49 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 50 | 49 | 49 | 48 | 47 | |
| 37 | 38 | 40 | 42 | 43 | 45 | 47 | 49 | 51 | 53 | 55 | 58 | 60 | 63 | 65 | 68 | 71 | |
| 1,218 | 1,229 | 1,238 | 1,246 | 1,252 | 1,257 | 1,260 | 1,262 | 1,261 | 1,258 | 1,253 | 1,245 | 1,235 | 1,222 | 1,205 | 1,185 | 1,162 | |
| | | | | | | | | | | | | | | | | **771** | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| 340 | 379 | 421 | 465 | 512 | 562 | 615 | 671 | 730 | 793 | 859 | 929 | 1,003 | 1,081 | 1,164 | 1,251 | 1,343 | |
| 37 | 38 | 40 | 42 | 43 | 45 | 47 | 49 | 51 | 53 | 55 | 58 | 60 | 63 | 65 | 68 | 71 | |
| 8 | 8 | 9 | 9 | 10 | 10 | 10 | 11 | 11 | 12 | 12 | 13 | 13 | 14 | 14 | 15 | 16 | |
| 29 | 30 | 31 | 33 | 34 | 35 | 37 | 38 | 40 | 41 | 43 | 45 | 47 | 49 | 51 | 53 | 55 | |
| 14 | 15 | 17 | 19 | 20 | 22 | 25 | 27 | 29 | 32 | 34 | 37 | 40 | 43 | 47 | 50 | 54 | |
| 3 | 3 | 4 | 4 | 5 | 5 | 5 | 6 | 6 | 7 | 8 | 8 | 9 | 10 | 10 | 11 | 12 | |
| **379** | **421** | **465** | **512** | **562** | **615** | **671** | **730** | **793** | **859** | **929** | **1,003** | **1,081** | **1,164** | **1,251** | **1,343** | **1,440** | |
| **379** | **421** | **465** | **512** | **562** | **615** | **671** | **730** | **793** | **859** | **929** | **1,003** | **1,081** | **1,164** | **1,251** | **1,343** | **2,212** | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | **No Designated Beneficiary; Five-Year Withdrawal Schedule** |
| | | | | | | | | | | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | | | | | | | | | | | | | | | | |
| 1,030 | 1,063 | 1,096 | 1,130 | 1,165 | 1,202 | 1,239 | 1,278 | 1,318 | 1,359 | 1,401 | 1,445 | 1,490 | 1,536 | 1,584 | 1,634 | 1,685 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| | | | | | | | | | | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 41 | 43 | 44 | 45 | 47 | 48 | 50 | 51 | 53 | 54 | 56 | 58 | 60 | 61 | 63 | 65 | 67 | |
| 9 | 9 | 10 | 10 | 10 | 11 | 11 | 11 | 12 | 12 | 12 | 13 | 13 | 14 | 14 | 14 | 15 | |
| **1,063** | **1,096** | **1,130** | **1,165** | **1,202** | **1,239** | **1,278** | **1,318** | **1,359** | **1,401** | **1,445** | **1,490** | **1,536** | **1,584** | **1,634** | **1,685** | **1,737** | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | Difference | 475 | |
| | | | | | | | | | | | | | | | Percentage Lost Without Stretch-Out | **21%** | |

# Appendix D: 5-year vs. 10-year Withdrawal Schedules

| | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 1,000 | amount initially inherited (in 1,000s) | | | | | | | | | | |
| | | | | 100,000 | beneficiary's other income | | | | | | | | | | |
| | | | | 13,580 | tax on beneficiary's other income (calculated) | | | | | | | | | | |
| | | | | 4% | investment rate of return | | | | | | | | | | |
| | year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 |
| **IRA has Designated Beneficiary; Ten-Year Withdrawal Schedule** | **Inherited IRA** | | | | | | | | | | | | | | |
| | Beginning Balance | | 1,000 | 1,040 | 1,082 | 1,125 | 1,170 | 1,217 | 1,265 | 1,316 | 1,369 | 1,423 | 0 | 0 | 0 |
| | investment return | | 40 | 42 | 43 | 45 | 47 | 49 | 51 | 53 | 55 | 57 | 0 | 0 | 0 |
| | RMD (taken on 12/31) | | | | | | | | | | | 1,480 | | | |
| | Ending Balance | 1,000 | 1,040 | 1,082 | 1,125 | 1,170 | 1,217 | 1,265 | 1,316 | 1,369 | 1,423 | 0 | 0 | 0 | 0 |
| | **Taxable Account Holding the RMDs** | | | | | | | | | | | | | | |
| | Beginning Balance | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 972 | 1,002 | 1,034 |
| | RMD (from above) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,480 | 0 | 0 | 0 |
| | Tax on RMD, using all brackets | | | | | | | | | | | 508 | 0 | 0 | 0 |
| | RMD net of taxes (invested on 12/31) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 972 | 0 | 0 | 0 |
| | investment return | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 39 | 40 | 41 |
| | Tax on investment return, using all brackets | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 9 | 9 | 9 |
| | **Ending Balance of Taxable Account** | | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **972** | **1,002** | **1,034** | **1,066** |
| **No Designated Beneficiary; Five-Year Withdrawal Schedule** | **Inherited IRA** | | | | | | | | | | | | | | |
| | Beginning Balance | | 1,000 | 1,040 | 1,082 | 1,125 | 1,170 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | investment return | | 40 | 42 | 43 | 45 | 47 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | RMD (taken on 12/31) | | | | | | 1,217 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Ending Balance | 1,000 | 1,040 | 1,082 | 1,125 | 1,170 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | **Taxable Account Holding the RMDs** | | | | | | | | | | | | | | |
| | Beginning Balance | | 0 | 0 | | 0 | 0 | 806 | 831 | 857 | 884 | 911 | 940 | 969 | 999 |
| | RMD (from above) | | 0 | 0 | 0 | 0 | 1,217 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | Tax on RMD, using all brackets | | | | | | 411 | | | | | | | | |
| | RMD net of taxes (invested on 12/31) | | 0 | 0 | 0 | 0 | 806 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | investment return | | | 0 | | 0 | 0 | 32 | 33 | 34 | 35 | 36 | 38 | 39 | 40 |
| | Tax on investment return, using all brackets | | 0 | 0 | 0 | 0 | 0 | 7 | 7 | 8 | 8 | 8 | 8 | 9 | 9 |
| | **Ending Balance of Taxable Account** | | **0** | **0** | **0** | **0** | **806** | **831** | **857** | **884** | **911** | **940** | **969** | **999** | **1,030** |

# Appendix D: 5-year vs. 10-year Withdrawal Schedules

| | | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 1000 | amount initially inherited (in 1,000s) | | | | | | | | | | | | | | | |
| | 100,000 | beneficiary's other income | | | | | | | | | | | | | | | |
| | 13,580 | tax on beneficiary's other income (calculated) | | | | | | | | | | | | | | | |
| | 4% | investment rate of return | | | | | | | | | | | | | | | |
| 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | |
| | | | | | | | | | | | | | | | | | **IRA has Designated Beneficiary; Ten-Year Withdrawal Schedule** |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 1,066 | 1,099 | 1,133 | 1,169 | 1,205 | 1,243 | 1,282 | 1,322 | 1,363 | 1,405 | 1,449 | 1,494 | 1,541 | 1,589 | 1,639 | 1,690 | 1,743 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 43 | 44 | 45 | 47 | 48 | 50 | 51 | 53 | 55 | 56 | 58 | 60 | 62 | 64 | 66 | 68 | 70 | |
| 9 | 10 | 10 | 10 | 11 | 11 | 11 | 12 | 12 | 12 | 13 | 13 | 14 | 14 | 14 | 15 | 15 | |
| **1,099** | **1,133** | **1,169** | **1,205** | **1,243** | **1,282** | **1,322** | **1,363** | **1,405** | **1,449** | **1,494** | **1,541** | **1,589** | **1,639** | **1,690** | **1,743** | **1,797** | |
| | | | | | | | | | | | | | | | | | **No Designated Beneficiary; Five-Year Withdrawal Schedule** |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 1,030 | 1,063 | 1,096 | 1,130 | 1,165 | 1,202 | 1,239 | 1,278 | 1,318 | 1,359 | 1,401 | 1,445 | 1,490 | 1,536 | 1,584 | 1,634 | 1,685 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 41 | 43 | 44 | 45 | 47 | 48 | 50 | 51 | 53 | 54 | 56 | 58 | 60 | 61 | 63 | 65 | 67 | |
| 9 | 9 | 10 | 10 | 10 | 11 | 11 | 11 | 12 | 12 | 12 | 13 | 13 | 14 | 14 | 14 | 15 | |
| **1,063** | **1,096** | **1,130** | **1,165** | **1,202** | **1,239** | **1,278** | **1,318** | **1,359** | **1,401** | **1,445** | **1,490** | **1,536** | **1,584** | **1,634** | **1,685** | **1,737** | |
| | | | | | | | | | | | | | | | Difference | 60 | |
| | | | | | | | | | | | | | | | Percentage Lost Without 10-year rule | **3%** | |

# Appendix E: Withdrawal Options for 10-year-old

| | | | | 1,000 | amount initially inherited (in 1,000s) | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 10 | age at inheritance | | | | | | | | | | |
| | | | | 74.8 | initial life expectancy (for year after inheritance received) | | | | | | | | | | |
| | | | | 37% | trust's tax rate (accumulation trust) | | | | | | | | | | |
| | | | | 12% | beneficiary's tax rate during first 8 years of conduit trust distributions | | | | | | | | | | |
| | | | | 35% | beneficiary's tax rate after first 8 years of conduit trust distributions | | | | | | | | | | |
| | | | | 8% | return on investment | | | | | | | | | | |
| | year | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | *9* | *10* | *11* | *12* | *13* |
| | age | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | *19* | *20* | *21* | *22* | *23* |
| | life expectancy | | 74.8 | 73.8 | 72.8 | 71.8 | 70.8 | 69.8 | 68.8 | 67.8 | *66.8* | *65.8* | *64.8* | *63.8* | *62.8* |
| **Conduit Trust — Life Expectancy, then 10-Year Rule** | **Inherited IRA** | | | | | | | | | | | | | | |
| | Beginning Balance | | 1,000 | 1,067 | 1,138 | 1,213 | 1,293 | 1,378 | 1,469 | 1,565 | *1,667* | *1,620* | *1,555* | *1,470* | *1,361* |
| | investment return | | 80 | 85 | 91 | 97 | 103 | 110 | 117 | 125 | *133* | *130* | *124* | *118* | *109* |
| | RMD (taken on 12/31) | | 13 | 14 | 16 | 17 | 18 | 20 | 21 | 23 | *180* | *194* | *210* | *227* | *245* |
| | Ending Balance | 1,000 | 1,067 | 1,138 | 1,213 | 1,293 | 1,378 | 1,469 | 1,565 | 1,667 | *1,620* | *1,555* | *1,470* | *1,361* | *1,225* |
| | **Ending Balance, net of taxes** | | **672** | **717** | **764** | **815** | **868** | **925** | **986** | **1,050** | ***1,021*** | ***980*** | ***926*** | ***857*** | ***772*** |
| | **Taxable Account Holding the RMDs (in beneficiary's name)** | | | | | | | | | | | | | | |
| | Beginning Balance | | 0 | 12 | 25 | 41 | 59 | 79 | 102 | 128 | *157* | *282* | *422* | *580* | *757* |
| | RMD (from above) | | 13 | 14 | 16 | 17 | 18 | 20 | 21 | 23 | *180* | *194* | *210* | *227* | *245* |
| | RMD net of taxes (invested on 12/31) | | 12 | 13 | 14 | 15 | 16 | 17 | 19 | 20 | *117* | *126* | *136* | *147* | *159* |
| | investment return | | 0 | 1 | 2 | 3 | 5 | 6 | 8 | 10 | *13* | *23* | *34* | *46* | *61* |
| | tax on return | | | 0 | 0 | 0 | 1 | 1 | 1 | 1 | *5* | *8* | *13* | *17* | *22* |
| | **Ending Balance of Taxable Account** | | **12** | **25** | **41** | **59** | **79** | **102** | **128** | **157** | ***282*** | ***422*** | ***580*** | ***757*** | ***954*** |
| | **Total of Both Accounts, net of taxes** | | **684** | **742** | **805** | **873** | **947** | **1,027** | **1,114** | **1,207** | ***1,303*** | ***1,402*** | ***1,506*** | ***1,614*** | ***1,726*** |
| **Accumulation Trust — 10-Year Rule** | **Inherited IRA** | | | | | | | | | | | | | | |
| | Beginning Balance | | 1,000 | 1,080 | 1,166 | 1,260 | 1,360 | 1,469 | 1,587 | 1,714 | 1,851 | 1,999 | 0 | 0 | 0 |
| | investment return | | 80 | 86 | 93 | 101 | 109 | 118 | 127 | 137 | 148 | 160 | 0 | 0 | 0 |
| | RMD (taken on 12/31) | | | | | | | | | | | 2,159 | 0 | 0 | 0 |
| | Ending Balance | 1,000 | 1,080 | 1,166 | 1,260 | 1,360 | 1,469 | 1,587 | 1,714 | 1,851 | 1,999 | 0 | 0 | 0 | 0 |
| | **Ending Balance, net of taxes** | | **680** | **735** | **794** | **857** | **926** | **1,000** | **1,080** | **1,166** | **1,259** | **0** | **0** | **0** | **0** |
| | **Taxable Account Holding the RMDs (in trust)** | | | | | | | | | | | | | | |
| | Beginning Balance | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,360 | 1,429 | 1,501 |
| | RMD (from above) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,159 | 0 | 0 | 0 |
| | RMD net of taxes (invested on 12/31) | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,360 | 0 | 0 | 0 |
| | investment return | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 109 | 114 | 120 |
| | tax on return | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 40 | 42 | 44 |
| | **Ending Balance of Taxable Account** | | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **1,360** | **1,429** | **1,501** | **1,576** |
| | **Total of Both Accounts, net of taxes** | | **680** | **735** | **794** | **857** | **926** | **1,000** | **1,080** | **1,166** | **1,259** | **1,360** | **1,429** | **1,501** | **1,576** |
| | Difference | | 3 | 7 | 11 | 16 | 21 | 27 | 34 | 41 | 43 | 42 | 78 | 113 | 149 |
| | Percentage Lost Without Stretch-Out | | 0% | 1% | 1% | 2% | 2% | 3% | 3% | 3% | 3% | 3% | 5% | 7% | 9% |

# Appendix E:  Withdrawal Options for 10-year-old

| | 1,000 | amount initially inherited | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 10 | age at inheritance | | | | | | | | | | | | | | | |
| | 74.8 | initial life expectancy (for year after inheritance received) | | | | | | | | | | | | | | | |
| | 37% | trust's tax rate (accumulation trust) | | | | | | | | | | | | | | | |
| | 12% | beneficiary's tax rate during first 8 years of conduit trust distributions and outside investment return (conduit trust scenario) | | | | | | | | | | | | | | | |
| | 35% | beneficiary's tax rate after first 8 years of conduit trust distributions | | | | | | | | | | | | | | | |
| | 8% | return on investment | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| *14* | *15* | *16* | *17* | *18* | 19 | 20 | 21 | 22 | 23 | 24 | 25 | 26 | 27 | 28 | 29 | 30 | |
| *24* | *25* | *26* | *27* | *28* | 29 | 30 | 31 | 32 | 33 | 34 | 35 | 36 | 37 | 38 | 39 | 40 | |
| *61.8* | *60.8* | *59.8* | *58.8* | *57.8* | 56.8 | 55.8 | 54.8 | 53.8 | 52.8 | 51.8 | 50.8 | 49.8 | 48.8 | 47.8 | 46.8 | 45.8 | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | **Conduit Trust — Life Expectancy, then 10-Year Rule** |
| | | | | | | | | | | | | | | | | | |
| *1,225* | *1,058* | *857* | *617* | *333* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| *98* | *85* | *69* | *49* | *27* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| *265* | *286* | *309* | *333* | *360* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| *1,058* | *857* | *617* | *333* | *0* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| ***667*** | ***540*** | ***389*** | ***210*** | ***0*** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| *954* | *1,174* | *1,419* | *1,691* | *1,993* | 2,327 | 2,445 | 2,568 | 2,697 | 2,833 | 2,976 | 3,126 | 3,284 | 3,449 | 3,623 | 3,806 | 3,997 | |
| *265* | *286* | *309* | *333* | *360* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| *172* | *186* | *201* | *217* | *234* | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| *76* | *94* | *114* | *135* | *159* | 186 | 196 | 205 | 216 | 227 | 238 | 250 | 263 | 276 | 290 | 304 | 320 | |
| *28* | *35* | *42* | *50* | *59* | 69 | 72 | 76 | 80 | 84 | 88 | 93 | 97 | 102 | 107 | 113 | 118 | |
| ***1,174*** | ***1,419*** | ***1,691*** | ***1,993*** | ***2,327*** | **2,445** | **2,568** | **2,697** | **2,833** | **2,976** | **3,126** | **3,284** | **3,449** | **3,623** | **3,806** | **3,997** | **4,199** | |
| ***1,841*** | ***1,959*** | ***2,080*** | ***2,203*** | ***2,327*** | **2,445** | **2,568** | **2,697** | **2,833** | **2,976** | **3,126** | **3,284** | **3,449** | **3,623** | **3,806** | **3,997** | **4,199** | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | **Accumulation Trust — 10-Year Rule** |
| | | | | | | | | | | | | | | | | | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | **0** | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| 1,576 | 1,656 | 1,739 | 1,827 | 1,919 | 2,016 | 2,117 | 2,224 | 2,336 | 2,454 | 2,577 | 2,707 | 2,844 | 2,987 | 3,138 | 3,296 | 3,462 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | |
| 126 | 132 | 139 | 146 | 154 | 161 | 169 | 178 | 187 | 196 | 206 | 217 | 228 | 239 | 251 | 264 | 277 | |
| 47 | 49 | 51 | 54 | 57 | 60 | 63 | 66 | 69 | 73 | 76 | 80 | 84 | 88 | 93 | 98 | 102 | |
| **1,656** | **1,739** | **1,827** | **1,919** | **2,016** | **2,117** | **2,224** | **2,336** | **2,454** | **2,577** | **2,707** | **2,844** | **2,987** | **3,138** | **3,296** | **3,462** | **3,636** | |
| **1,656** | **1,739** | **1,827** | **1,919** | **2,016** | **2,117** | **2,224** | **2,336** | **2,454** | **2,577** | **2,707** | **2,844** | **2,987** | **3,138** | **3,296** | **3,462** | **3,636** | |
| | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | |
| 185 | 220 | 253 | 284 | 312 | 328 | 344 | 361 | 380 | 399 | 419 | 440 | 462 | 485 | 510 | 536 | 563 | |
| 10% | 11% | 12% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | 13% | **13%** | |