



# Employer-Sponsored Retirement Plan Inheritance Information

## Basic Process

The information provided is not intended as tax or legal advice. Please consult your tax or legal advisor for more information prior to completing the distribution form. For more detailed information and IRS deadlines regarding establishing Inherited IRAs and required distributions, reference the T. Rowe Price Traditional and Roth IRA Disclosure Statement and Custodial Agreement. For additional information, see IRS Publication 590-B.

1. The beneficiary, executor, or trustee (of a trust beneficiary), as appropriate, completes the [Employer-Sponsored Retirement Plan Distribution](#) form. The [Distribution](#) form also may need to be signed by your Plan Administrator. If the Plan Administrator is deceased, see the section titled *Death of Plan Administrator* below.
2. Attach a certified copy of the death certificate. 
3. For estate, trust, or entity beneficiary, include the appointment of executor, trustee, or person authorized to act for the entity. Entities that require corporate resolution should be certified within 60 days, all other documents showing appointment should be certified within 120 days of receipt by T. Rowe Price. Trust document pages should include the trust name, date, current trustees' names, and signatures. 

Assets from the decedent's account are transferred to a separate account for the beneficiary. All beneficiary distributions will be made from the beneficiary account. Tax reporting will occur under the beneficiary's tax identification number.

## Death of Plan Administrator

If the deceased participant was the plan administrator and was also the sole owner/employee of the employer plan sponsor and no successor plan administrator is named:

- The executor of the plan administrator's estate must authorize the beneficiary's distribution by signing the form in front of a signature guarantor.
- The plan is considered to be terminated. All plan assets are required to be distributed from the plan no later than December 31 of the year following the year of death.
- The executor should consult with the IRS or a tax advisor for guidance concerning the filing of IRS Form 5310 and the final Form 5500 requirement.

## Beneficiary Options

A beneficiary may choose any form of distribution available to a beneficiary under the plan. Depending on the plan's rules, you may be able to leave money in the plan or take a distribution. Forms of payment for a distribution may be a single sum payment, installment (or systematic) payments, or an annuity (typically only for a surviving spouse in certain types of plans). You also may choose to have all or part of your benefit paid as a Direct Rollover (see Definitions below). Also review the [Your Rollover Options](#) notice for more details. Contact the Plan Administrator for details specific to the plan.

## Required Minimum Distribution (RMD)

### RMD Calculations—in General

- **403(b).** An RMD must be calculated for each 403(b) account. The total RMD can be taken from each 403(b) or aggregated and taken from one or more 403(b) accounts.
- **Qualified Plan.** The IRS requires the RMD to be satisfied separately

for each qualified retirement plan. The RMD for the plan may not be satisfied by a distribution from an IRA or other retirement plan account.

### RMD rules for the deceased plan participant

RMDs are generally required to begin for the year a participant reaches age 70½ and must be taken each year thereafter. In general, the deadline for the participant's first RMD (the required beginning date, or RBD) is April 1 of the year following the year he or she reaches age 70½ for 5% owners or the later of April 1 of the year following the year he or she reaches age 70½ or retires for other participants. If the participant's death occurred on or after this required beginning date, an RMD must be distributed for the year of the participant's death. If no RMD or only a partial RMD has been distributed for the owner's year of death, you and any other beneficiaries must withdraw your respective portions of the required amount by the end of that year.

Upon request, T. Rowe Price will calculate the decedent's RMD for the year of death for distributions requested in the year of death. The plan administrator/executor is responsible for prior-year calculations. The plan administrator, executor, or beneficiary should consult a tax advisor for assistance with missed RMD payments.

### RMD rules for the beneficiary

The beneficiary's RMD depends upon plan rules, whether the participant died before or on/after his or her RBD, and whether or not you are the spouse, whether you are a designated beneficiary, and whether there are multiple beneficiaries.

### The distributions described below are minimum amounts that must be distributed each year.

Total distribution and other partial distributions may also be available. If a distribution is not taken for a given year, penalties may apply (see Excess Accumulation in Definitions).

### RMD options for the surviving spouse when participant died before the RBD

- Defer distribution. If the participant did not reach age 70½ and you are the sole designated beneficiary, you may defer the distribution until the participant would have reached age 70½.
- Payments over Life Expectancy (using spouse's current age each year)
- Distribution of the account under the Five-Year Rule.

### RMD options for surviving spouse when participant died on or after the RBD

- Payments over Life Expectancy (using longer life expectancy based on spouse's current age each year or participant's age in year of death and reduce by one each subsequent year).

### RMD options for a designated beneficiary other than the surviving spouse when participant died before the RBD

- Payments over Life Expectancy (use beneficiary's age in year following year of death and reduce by one each subsequent year).
- Distribution of the account under the Five-Year Rule.

### RMD options for a designated beneficiary other than the surviving spouse when participant died on or after the RBD

- Payments over Life Expectancy (using longer life expectancy based on beneficiary's age or original participant's age in year of death).
  - Using original participant's remaining life expectancy—use original participant's age in year of death and reduce by one each subsequent year.
  - Using beneficiary's life expectancy—use beneficiary's age in year following year of death and reduce by one each subsequent year.

### RMD options for an entity (not a designated beneficiary)—includes

 This paper clip indicates you may need to attach documentation.

### **trusts, estates, and charities) when participant died before the RBD**

- Distribution of the account under the Five-Year Rule.

### **RMD options for an entity (not a designated beneficiary—including trusts, estates, and charities) when participant died on or after the RBD**

- Payments over Life Expectancy (using original participant's age in year of death and reduce by one each subsequent year).

## Definitions

For purposes of this document, the following definitions are provided:

### **Spouse**

A spouse is any individual who is a spouse under federal law. Certain states have enacted laws that may make a former spouse named as a beneficiary invalid.

### **Designated Beneficiary**

Designated Beneficiary must be an individual and not an entity (e.g., an estate, a trust, or a charity). Your Designated Beneficiaries, if any, are determined on September 30 of the year following the year of your death. To be a Designated Beneficiary, an individual must be an actual beneficiary of your retirement account on the date of your death and must: (a) still be entitled to receive benefits from your retirement account on September 30 of the year after the year of your death; or (b) have died before September 30 of the year after the year of your death without disclaiming benefits before his or her death.

### **Direct Rollover**

All or a portion of the assets in the beneficiary account will be rolled over to:

- **Traditional or Roth IRA (spouse beneficiary only)**—Once this occurs, all IRA rules apply.
- **Traditional Inherited IRA or Roth Inherited IRA (spouse or designated beneficiary)**—Once the rollover occurs, all Inherited IRA rules apply.
- **Employer-Sponsored Plan (spouse beneficiary only)**—When the spouse beneficiary is a participant in an employer-sponsored plan and the receiving plan accepts rollovers, the beneficiary may elect to roll over the assets to the receiving plan. The beneficiary should consult with the plan administrator of the receiving plan to obtain authorization and instructions for the rollover.
- Direct Rollovers are generally tax free (except direct rollovers of non-Roth amounts from your plan to a Roth IRA.) Tax reporting is required for all rollovers on your income tax return. RMDs are never eligible for rollover.

### **Life Expectancy**

This option potentially spreads distributions and tax-deferred growth out over the most years. A portion of the assets is distributed each year based on IRS rules and applicable tables. Payments generally must begin by the end of the year following the year of the participant's death. (See special rule above for spouse.) If a distribution is not taken for a given year, additional penalties may apply (see Excess Accumulation).

### **Five-Year Rule**

The entire account must be distributed by the end of the fifth year following the year of the participant's death. No distribution is required for any year before the fifth year. Generally, no taxes will be owed on the assets until distributions are made. This option is not available if the participant was required to take an RMD at the time of death.

**Excess Accumulation**—If distributions are less than the RMD, a 50% excise tax may apply for the year(s) on the amount(s) not distributed as required.