

IRA BENEFICIARIES

What you don't know can hurt you (and your family)!!!





IRA DESIGNATION OF BENEFICIARY

The term IRA will be used below to mean Traditional IRA, Roth IRA and SIMPLE IRA, unless otherwise specified.

IRA HOLDER'S NAME AND ADDRESS			IRA TRUSTEE'S OR CUSTODIAN'S NAME AND ADDRESS		
Social Security Number	Date of Birth	Home Phone	IRA Account Identification	Type of IRA	Trustee's or Custodian's Phone Number
				<input type="checkbox"/> Traditional IRA <input type="checkbox"/> Roth IRA <input type="checkbox"/> SIMPLE IRA	

DESIGNATION OF BENEFICIARY(ies)

Please check one of the following options.

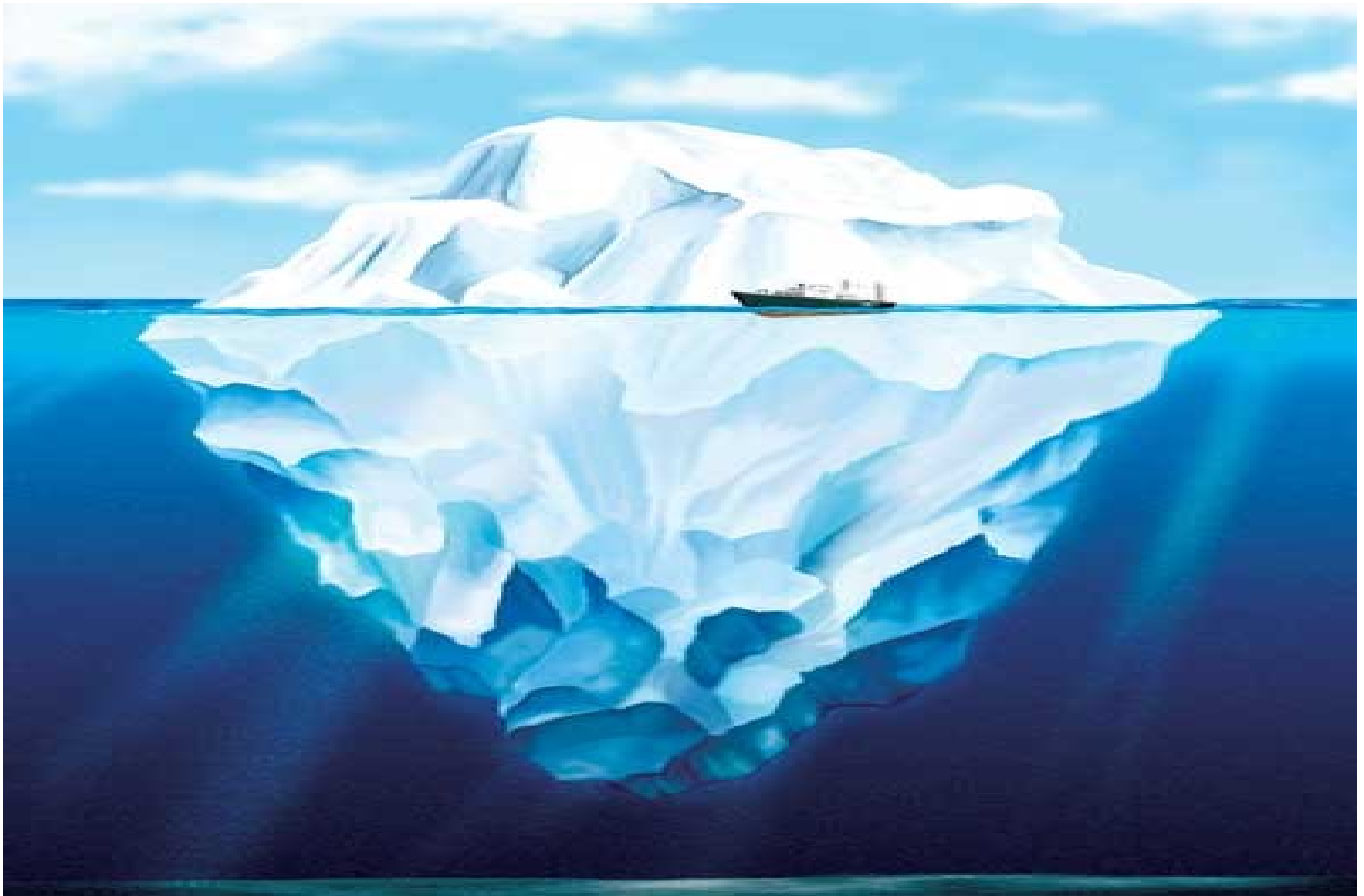
REPLACE BENEFICIARY(IES) - I designate the individual(s) or entity named below as my primary and/or contingent beneficiary(ies) of this IRA and hereby revoke all prior beneficiary(ies) designations, if any, made by me.

ADD BENEFICIARY(IES) - I designate the individual(s) or entity named below as my primary and/or contingent beneficiary(ies) of this IRA. This list supplements, but does not replace, the beneficiary(ies) previously designated by me on the date specified. *(When adding beneficiaries, if the share % of previously designated beneficiary(ies) changes, restate all beneficiaries and the corresponding share % if the previous percentages are no longer correct.)*

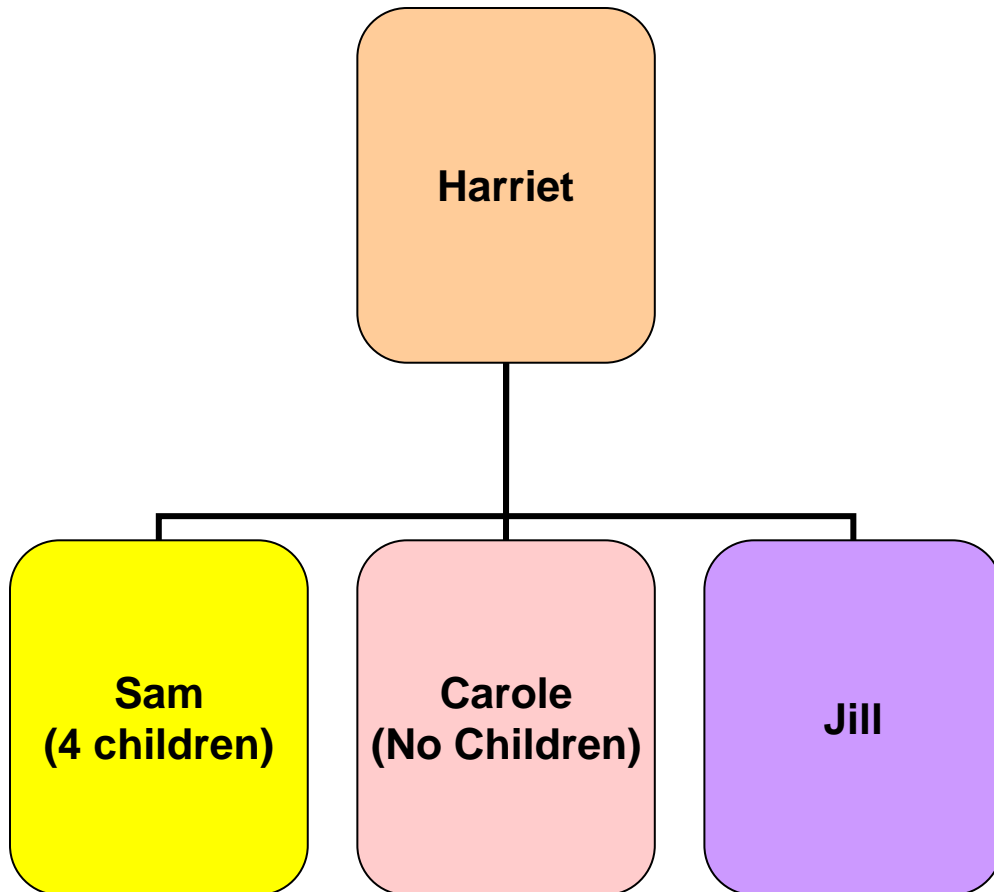
(Designated beneficiary(ies) are listed on) _____ (Date)

If neither primary nor contingent is indicated, the individual or entity will be deemed to be a primary beneficiary. If any primary or contingent beneficiary dies before me, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a pro rata basis. If more than one primary beneficiary is designated and no distribution percentages are indicated, the beneficiaries will be deemed to own equal share percentages in the IRA. Multiple contingent beneficiaries with no share percentage indicated will also be deemed to share equally. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) shall acquire the designated share of my IRA.

No.	Name and Address	Date of Birth	Social Security Number	Relationship	Primary or Contingent	Share %
1.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
2.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%

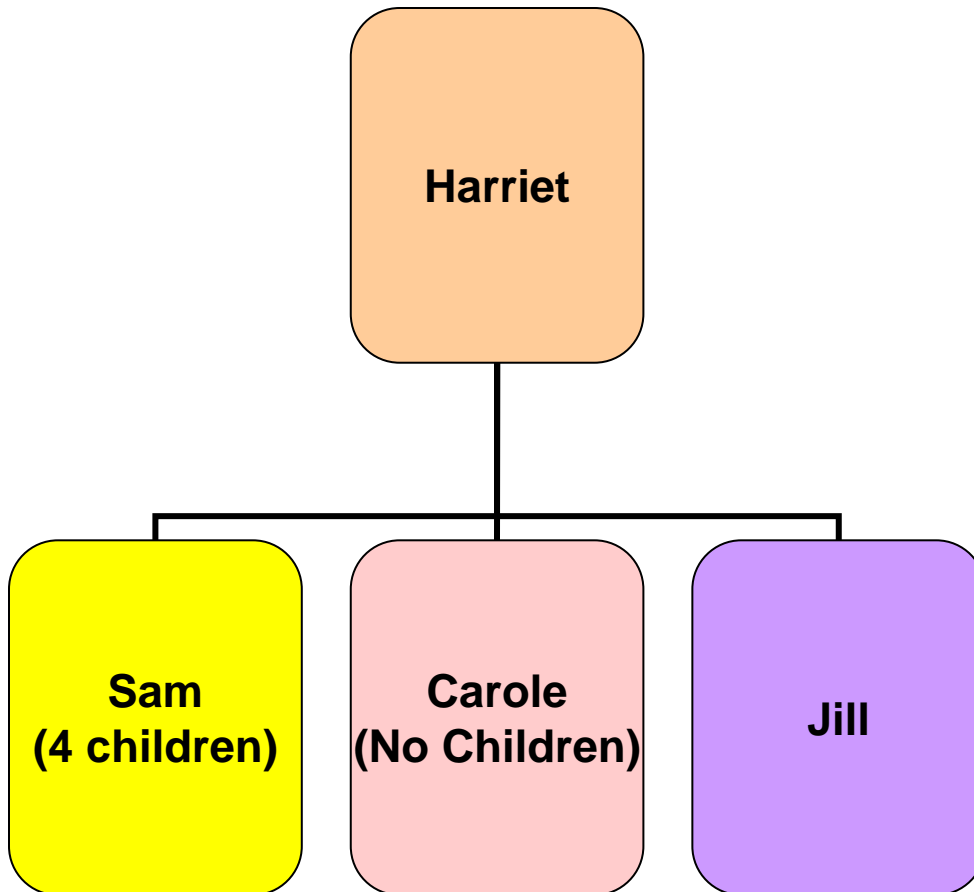


A LESSON IN LATIN



- Harriet names her children as IRA beneficiaries
- Sam and Carole predecease mother
- How will the IRA be distributed at Harriet's death?

A LESSON IN LATIN



1. All to Jill
2. *Per Stirpes* (“branches of family”) $\frac{1}{2}$ to Jill and $\frac{1}{8}$ to each of Sam’s children
3. *Per Capita* (by heads) $\frac{1}{5}$ to Jill and each of Sam’s children

SAM LEFT A MINOR CHILD!

1. Court supervised conservatorship
2. Alabama Uniform Transfer to Minors Act
3. Trust





IRA DESIGNATION OF BENEFICIARY

The term IRA will be used below to mean Traditional IRA, Roth IRA and SIMPLE IRA, unless otherwise specified.

IRA HOLDER'S NAME AND ADDRESS			IRA TRUSTEE'S OR CUSTODIAN'S NAME AND ADDRESS		
Social Security Number	Date of Birth	Home Phone	IRA Account Identification	Type of IRA	Trustee's or Custodian's Phone Number
				<input type="checkbox"/> Traditional IRA <input type="checkbox"/> Roth IRA <input type="checkbox"/> SIMPLE IRA	

DESIGNATION OF BENEFICIARY(ies)

Choose one of the following options:

- Primary Beneficiary(ies)** - I designate the individual(s) or entity named below as my primary and/or contingent beneficiary(ies) of this IRA and hereby revoke all beneficiary(ies) designations, if any, made by me.
- Additional Beneficiary(ies)** - I designate the individual(s) or entity named below as my primary and/or contingent beneficiary(ies) of this IRA. This list supplements, but does not replace, any beneficiary(ies) previously designated by me on the date specified. (When adding beneficiaries, if the share % of previously designated beneficiary(ies) is indicated, restate all beneficiaries and the corresponding share % if the previous percentages are no longer correct.)

(Designated beneficiary(ies) are listed on)

(Date)

If neither primary nor contingent is indicated, the individual or entity will be deemed to be a primary beneficiary. If any primary or contingent beneficiary dies before me, his or her interest and the interest of his or her heirs shall terminate completely, and the percentage share of any remaining beneficiary(ies) shall be increased on a pro rata basis. If more than one primary beneficiary is designated and no distribution percentages are indicated, the beneficiaries will be deemed to own equal share percentages in the IRA. Multiple contingent beneficiaries with no share percentage indicated will also be deemed to share equally. If no primary beneficiary(ies) survives me, the contingent beneficiary(ies) shall acquire the designated share of my IRA.

No.	Name and Address	Date of Birth	Social Security Number	Relationship	Primary or Contingent	Share %
1.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%
2.					<input type="checkbox"/> Primary <input type="checkbox"/> Contingent	%

DIVORCED SPOUSE IS BENEFICIARY

- Divorce does not eliminate the divorced spouse as a beneficiary!!!
- **KEEP BENEFICIARY DESIGNATION CURRENT!!!!!!!!!!!!!!!**
- Insert language eliminating divorced spouse?



Attachment for Per Stirpes and UTMA

ADDENDUM

If any beneficiary should predecease me, his or her share shall pass to his or her then living descendants, in equal shares, per stirpes, if any, and if none, then to the other beneficiaries, per stirpes. If any beneficiary is under the age of twenty-one (21) years at the time of distribution, then I direct that such beneficiary's share shall be transferred and paid to a duly appointed custodian under the Uniform Transfers (or Gifts) to Minors Act in effect in the state of the beneficiary's residence for the use and benefit of the beneficiary.

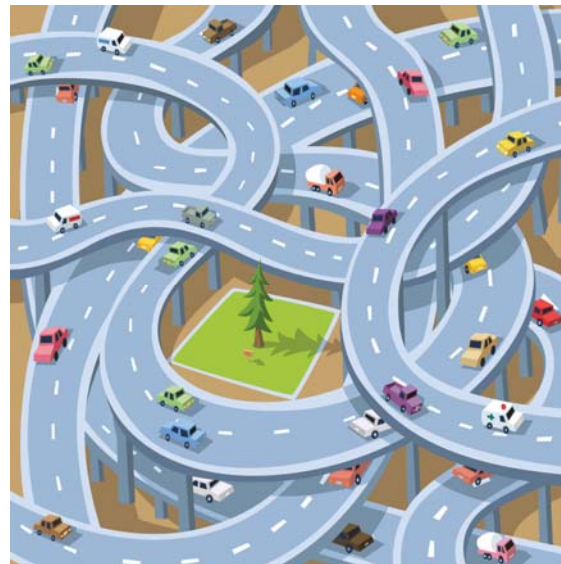
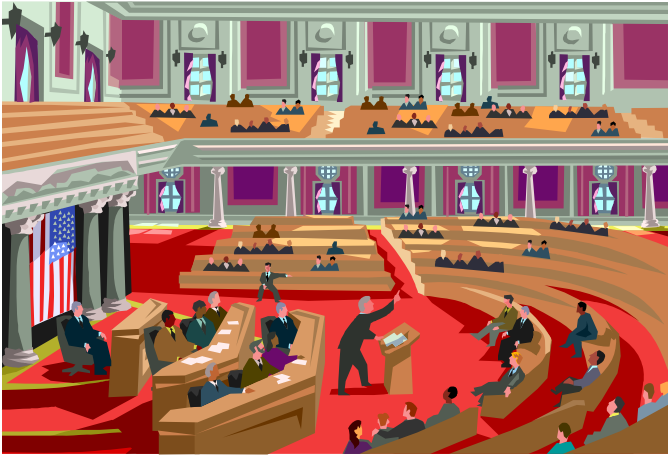
Dated this ____ day of _____.

[name of account holder]

Witness

For discussion purposes only. This document does not represent tax, accounting or legal advice. It is meant only to provide an example for generic situations. The individual is advised to and should seek legal guidance.

CONFUSION!!!



The difference between a taxidermist and a tax collector is
the taxidermist leaves the hide.

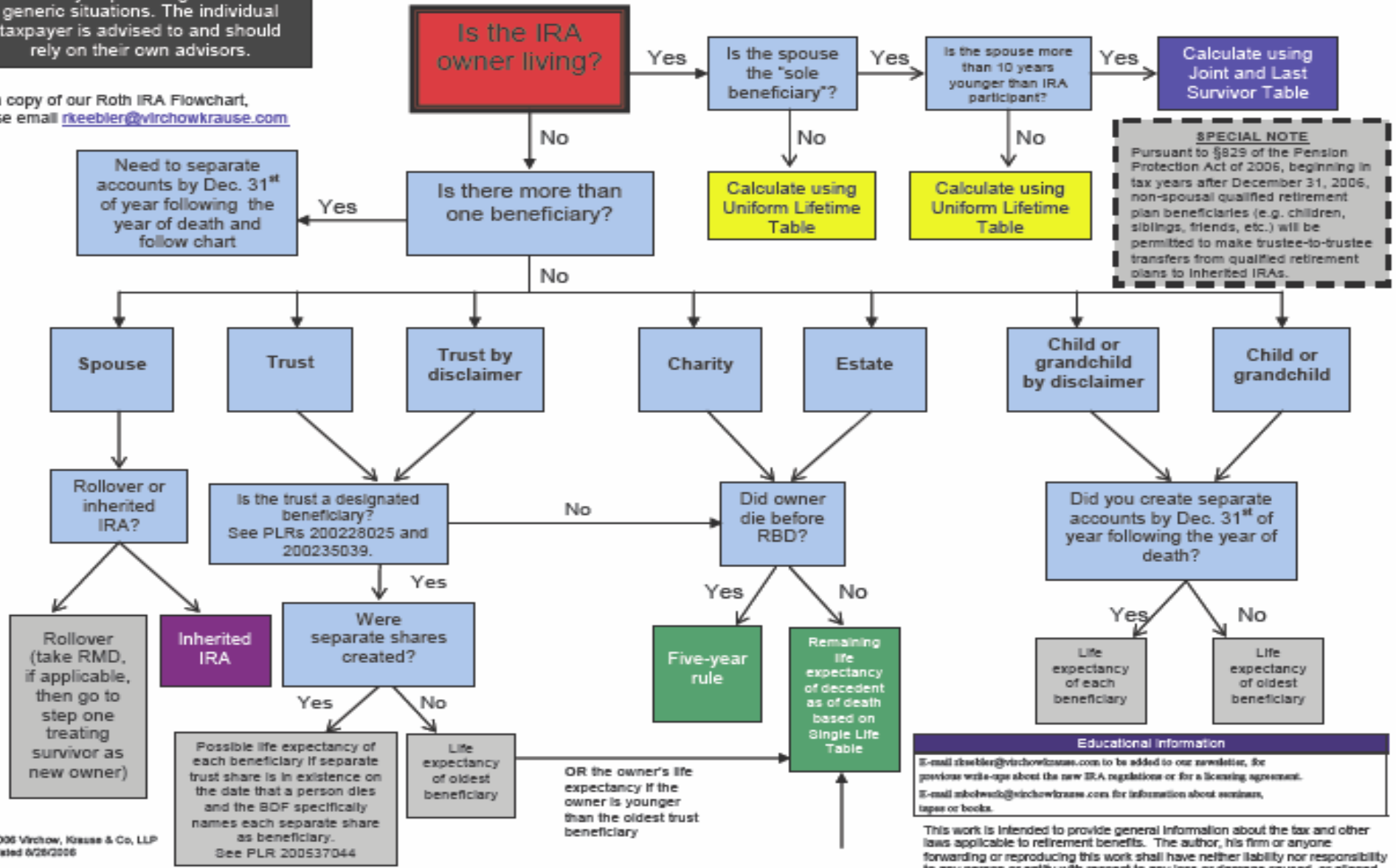


Mortimer Kaplan
Director of Internal Revenue
The 50's

For discussion purposes only. This chart does not represent tax, accounting, or legal advice. It is meant only to provide guidelines on generic situations. The individual taxpayer is advised to and should rely on their own advisors.

LISI THANKS ROBERT S. KEEBLER, CPA, MST FOR HIS "TRADITIONAL IRA" DISTRIBUTION FLOWCHART

For a copy of our Roth IRA Flowchart, please email rkeebler@virchowkrause.com



SPECIAL NOTE
Pursuant to §829 of the Pension Protection Act of 2006, beginning in tax years after December 31, 2006, non-spousal qualified retirement plan beneficiaries (e.g. children, siblings, friends, etc.) will be permitted to make trustee-to-trustee transfers from qualified retirement plans to inherited IRAs.

Educational information
E-mail rkeebler@virchowkrause.com to be added to our newsletter, for previous write-ups about the new IRA regulations or for a licensing agreement.
E-mail rschweid@virchowkrause.com for information about seminars, tapes or books.

This work is intended to provide general information about the tax and other laws applicable to retirement benefits. The author, his firm or anyone forwarding or reproducing this work shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to be caused, directly or indirectly by the information contained in this work.

(For Use by:

- **Unmarried Owners,**
- **Married Owners Whose Spouses Are Not More Than 10 Years Younger, and**
- **Married Owners Whose Spouses Are Not the Sole Beneficiaries of their IRAs)**

Age	Distribution Period	Age	Distribution Period
70	27.4	93	9.6
71	26.5	94	9.1
72	25.6	95	8.6
73	24.7	96	8.1
74	23.8	97	7.6
75	22.9	98	7.1
76	22.0	99	6.7
77	21.2	100	6.3
78	20.3	101	5.9
79	19.5	102	5.5
80	18.7	103	5.2
81	17.9	104	4.9
82	17.1	105	4.5
83	16.3	106	4.2
84	15.5	107	3.9
85	14.8	108	3.7
86	14.1	109	3.4
87	13.4	110	3.1
88	12.7	111	2.9
89	12.0	112	2.6
90	11.4	113	2.4
91	10.8	114	2.1
92	10.2	115 and over	1.9

Single Life Expectancy Table (for Inherited IRAs)

(For calculating post-death required distributions to beneficiaries) (From IRS Publication 590)

Age of IRA or Plan Beneficiary	Life Expectancy (in years)	Age of IRA or Plan Beneficiary	Life Expectancy (in years)	Age of IRA or Plan Beneficiary	Life Expectancy (in years)
0	82.4				
1	81.6	41	42.7	81	9.7
2	80.6	42	41.7	82	9.1
3	79.7	43	40.7	83	8.6
4	78.7	44	39.8	84	8.1
5	77.7	45	38.8	85	7.6
6	76.7	46	37.9	86	7.1
7	75.8	47	37.0	87	6.7
8	74.8	48	36.0	88	6.3
9	73.8	49	35.1	89	5.9
10	72.8	50	34.2	90	5.5
11	71.8	51	33.3	91	5.2
12	70.8	52	32.3	92	4.9
13	69.9	53	31.4	93	4.6
14	68.9	54	30.5	94	4.3
15	67.9	55	29.6	95	4.1
16	66.9	56	28.7	96	3.8
17	66.0	57	27.9	97	3.6
18	65.0	58	27.0	98	3.4
19	64.0	59	26.1	99	3.1
20	63.0	60	25.2	100	2.9
21	62.1	61	24.4	101	2.7
22	61.1	62	23.5	102	2.5
23	60.1	63	22.7	103	2.3
24	59.1	64	21.8	104	2.1
25	58.2	65	21.0	105	1.9

**COMPARISON OF METHODS
OF WITHDRAWL OF IRA
BENEFITS**

DEFERRAL

NO DEFERRAL

Year	Age	Accumulated Withdrawals	End Account Balance	Year	Age	Accumulated Withdrawals	End Account Balance
2009	70	\$36,496	\$1,023,504	2009	70	\$36,496	\$692,904
2014	75	\$256,120	\$1,123,813	2014	75	\$256,120	\$613,486
2019	80	\$553,991	\$1,170,478	2019	80	\$553,991	\$431,266
2024	85	\$959,699	\$1,112,270	2024	85	\$959,699	\$90,774
2025	86	\$1,057,267	\$1,081,439	2025	86	\$1,057,267	-\$2,982

Assumptions:

- \$1,000,000 IRA
- 30% income tax bracket
- 6% pre-tax earnings
- 4.2% after-tax earnings

ACCELERATION IF NO DB

- If the participant dies before age 70 ½, all benefits must be paid within 5 years.
- If the participant dies after age 70 ½, benefits must be withdrawn based on the participant's "required minimum distributions."



DESIGNATED BENEFICIARY

- No entity (estate, charity, most trusts)
- Conduit Trusts
- Determined 9/30 of year following participant's death (disclaimers/ distributions)
- If more than one DB, apply life expectancy of the oldest
- Separate accounts by 12/31 of year following date of death to apply separate life expectancy tables



HYPOTHETICAL PERFORMANCE OF IRA AFTER REQUIRED MINIMUM DISTRIBUTION PARTICIPANT

Year	Age of Participant	Factors	%	Beg. Account Balance	RMD	Cumulative RMD	6% Earnings	End Account Balance
2009	70	27.4	3.65%	\$1,000,000	-\$36,496	-\$36,496	\$60,000	\$1,023,504
2010	71	26.4	3.79%	\$1,023,504	-\$38,769	-\$75,265	\$61,410	\$1,046,145
2011	72	25.4	3.94%	\$1,046,145	-\$41,187	-\$116,452	\$62,769	\$1,067,727
2012	73	24.4	4.10%	\$1,067,727	-\$43,759	-\$160,212	\$64,064	\$1,088,031
2013	74	23.4	4.27%	\$1,088,031	-\$46,497	-\$206,709	\$65,282	\$1,106,816
2014	75	22.4	4.46%	\$1,106,816	-\$49,411	-\$256,120	\$66,409	\$1,123,813
2015	76	21.4	4.67%	\$1,123,813	-\$52,515	-\$308,635	\$67,429	\$1,138,727
2016	77	20.4	4.90%	\$1,138,727	-\$55,820	-\$364,455	\$68,324	\$1,151,231
2017	78	19.4	5.15%	\$1,151,231	-\$59,342	-\$423,796	\$69,074	\$1,160,963
2018	79	18.4	5.43%	\$1,160,963	-\$63,096	-\$486,892	\$69,658	\$1,167,525
2019	80	17.4	5.75%	\$1,167,525	-\$67,099	-\$553,991	\$70,052	\$1,170,478
2020	81	16.4	6.10%	\$1,170,478	-\$71,371	-\$625,362	\$70,229	\$1,169,336
2021	82	15.4	6.49%	\$1,169,336	-\$75,931	-\$701,293	\$70,160	\$1,163,565
2022	83	14.4	6.94%	\$1,163,565	-\$80,803	-\$782,096	\$69,814	\$1,152,576
2023	84	13.4	7.46%	\$1,152,576	-\$86,013	-\$868,109	\$69,155	\$1,135,717
2024	85	12.4	8.06%	\$1,135,717	-\$91,590	-\$959,699	\$68,143	\$1,112,270
2025	86	11.4	8.77%	\$1,112,270	-\$97,568	-\$1,057,267	\$66,736	\$1,081,439
2026	87	10.4	9.62%	\$1,081,439	-\$103,984	-\$1,161,251	\$64,886	\$1,042,340
2027	88	9.4	10.64%	\$1,042,340	-\$110,887	-\$1,272,138	\$62,540	\$993,994
2028	89	8.4	11.90%	\$993,994	-\$118,333	-\$1,390,471	\$59,640	\$935,301
2029	90	7.4	13.51%	\$935,301	-\$126,392	-\$1,516,863	\$56,118	\$865,027
2030	91	6.4	15.63%	\$865,027	-\$135,160	-\$1,652,023	\$51,902	\$781,768
2031	92	5.4	18.52%	\$781,768	-\$144,772	-\$1,796,795	\$46,906	\$683,902
2032	93	4.4	22.73%	\$683,902	-\$155,432	-\$1,952,228	\$41,034	\$569,504
2033	94	3.4	29.41%	\$569,504	-\$167,501	-\$2,119,729	\$34,170	\$436,173
2034	95	2.4	41.67%	\$436,173	-\$181,739	-\$2,301,468	\$26,170	\$280,605
2035	96	1.4	71.43%	\$280,605	-\$200,432	-\$2,501,899	\$16,836	\$97,009

**HYPOTHETICAL PERFORMANCE OF IRA AFTER
REQUIRED MINIMUM DISTRIBUTION
PARTICIPANT/SPOUSE/CHILD**

Year	Age of Participant	Factors	%	Beg. Account Balance	RMD	Cumulative RMD	6% Earnings	End Account Balance
2009	70	27.4	3.65%	\$1,000,000	-\$36,496	-\$36,496	\$60,000	\$1,023,504
2010	71	26.4	3.79%	\$1,023,504	-\$38,769	-\$75,265	\$61,410	\$1,046,145
2011	72	25.4	3.94%	\$1,046,145	-\$41,187	-\$116,452	\$62,769	\$1,067,727
2012	73	24.4	4.10%	\$1,067,727	-\$43,759	-\$160,212	\$64,064	\$1,088,031
2013	74	23.4	4.27%	\$1,088,031	-\$46,497	-\$206,709	\$65,282	\$1,106,816
2014	75	22.4	4.46%	\$1,106,816	-\$49,411	-\$256,120	\$66,409	\$1,123,813

Husband dies/Spouse, age 67, is Designated Beneficiary and elects rollover

Year	Age of Spouse	Factors	%	Beg. Account Balance	RMD	Cumulative RMD	6% Earnings	End Account Balance
2015	67			\$1,123,813			\$67,429	\$1,191,242
2016	68			\$1,191,242			\$71,475	\$1,262,717
2017	69			\$1,262,717			\$75,763	\$1,338,480
2018	70	27.4	3.65%	\$1,338,480	-\$48,850	-\$48,850	\$80,309	\$1,369,939
2019	71	26.4	3.79%	\$1,369,939	-\$51,892	-\$100,741	\$82,196	\$1,400,244
2020	72	25.4	3.94%	\$1,400,244	-\$55,128	-\$155,869	\$84,015	\$1,429,130
2021	73	24.4	4.10%	\$1,429,130	-\$58,571	-\$214,440	\$85,748	\$1,456,307

**HYPOTHETICAL PERFORMANCE OF IRA AFTER REQUIRED MINIMUM DISTRIBUTION
PARTICIPANT/SPOUSE/CHILD**

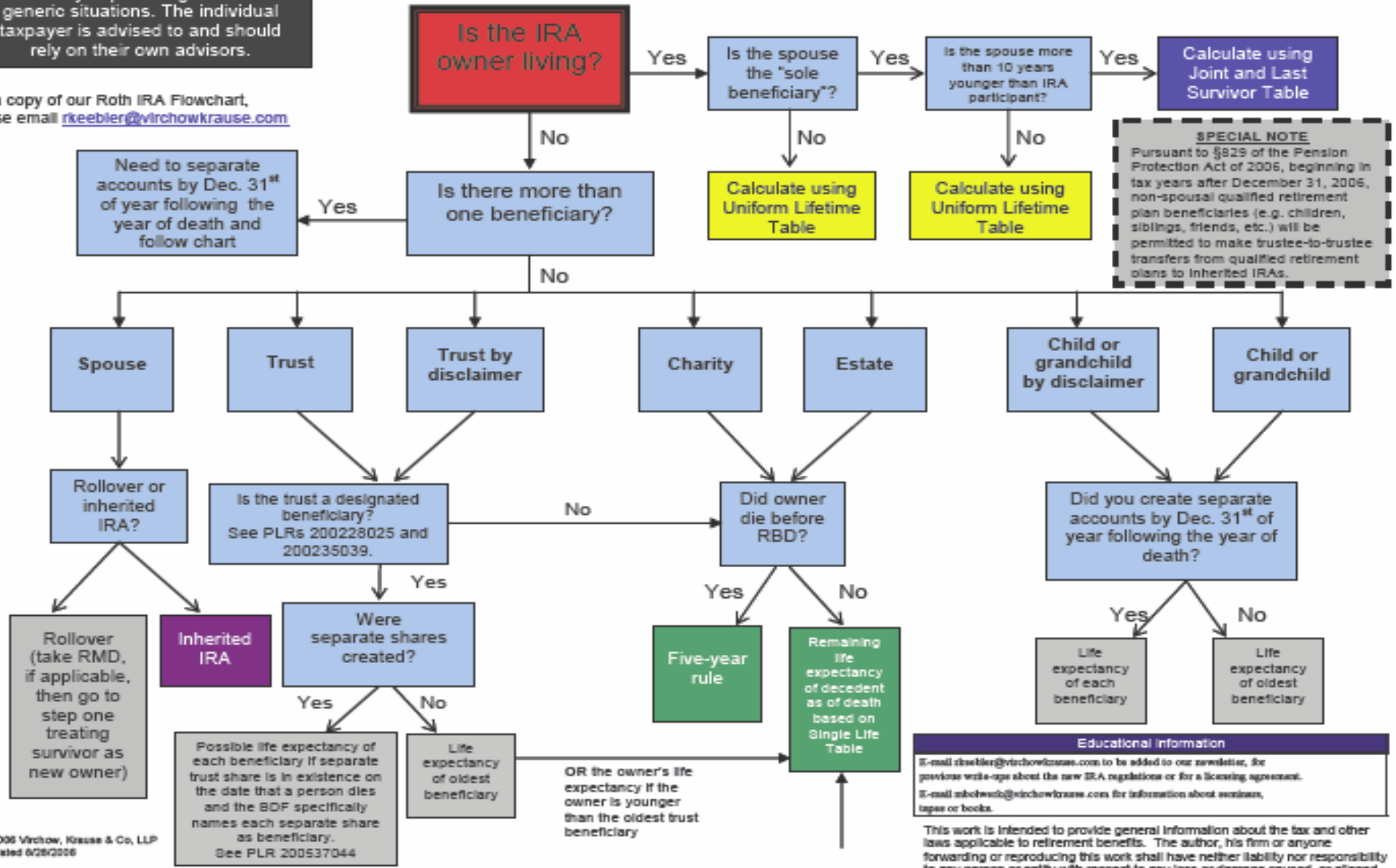
Wife dies/Child age 45 is Designated Beneficiary
--

Year	Age of Child	Factors	%	Beg. Account Balance	RMD	Cumulative RMD	6% Earnings	End Account Balance
2022	45	38.8	2.58%	\$1,456,307	-\$37,534	-\$251,974	\$87,378	\$1,506,152
2023	46	37.8	2.65%	\$1,506,152	-\$39,845	-\$291,819	\$90,369	\$1,556,676
2024	47	36.8	2.72%	\$1,556,676	-\$42,301	-\$334,120	\$93,401	\$1,607,775
2025	48	35.8	2.79%	\$1,607,775	-\$44,910	-\$379,030	\$96,467	\$1,659,332
2026	49	34.8	2.87%	\$1,659,332	-\$47,682	-\$426,712	\$99,560	\$1,711,210
2027	50	33.8	2.96%	\$1,711,210	-\$50,628	-\$477,339	\$102,673	\$1,763,255
2028	51	32.8	3.05%	\$1,763,255	-\$53,758	-\$531,097	\$105,795	\$1,815,293
2029	52	31.8	3.14%	\$1,815,293	-\$57,085	-\$588,182	\$108,918	\$1,867,126
2030	53	30.8	3.25%	\$1,867,126	-\$60,621	-\$648,803	\$112,028	\$1,918,532
2031	54	29.8	3.36%	\$1,918,532	-\$64,380	-\$713,183	\$115,112	\$1,969,264
2032	55	28.8	3.47%	\$1,969,264	-\$68,377	-\$781,560	\$118,156	\$2,019,042
2033	56	27.8	3.60%	\$2,019,042	-\$72,627	-\$854,188	\$121,143	\$2,067,558
2034	57	26.8	3.73%	\$2,067,558	-\$77,148	-\$931,335	\$124,053	\$2,114,463
2035	58	25.8	3.88%	\$2,114,463	-\$81,956	-\$1,013,291	\$126,868	\$2,159,375
2036	59	24.8	4.03%	\$2,159,375	-\$87,072	-\$1,100,363	\$129,563	\$2,201,866
2037	60	23.8	4.20%	\$2,201,866	-\$92,515	-\$1,192,878	\$132,112	\$2,241,463
2038	61	22.8	4.39%	\$2,241,463	-\$98,310	-\$1,291,188	\$134,488	\$2,277,641
2039	62	21.8	4.59%	\$2,277,641	-\$104,479	-\$1,395,667	\$136,658	\$2,309,820
2040	63	20.8	4.81%	\$2,309,820	-\$111,049	-\$1,506,716	\$138,589	\$2,337,360
2041	64	19.8	5.05%	\$2,337,360	-\$118,049	-\$1,624,764	\$140,242	\$2,359,553
2042	65	18.8	5.32%	\$2,359,553	-\$125,508	-\$1,750,273	\$141,573	\$2,375,619
2043	66	17.8	5.62%	\$2,375,619	-\$133,462	-\$1,883,734	\$142,537	\$2,384,694
2044	67	16.8	5.95%	\$2,384,694	-\$141,946	-\$2,025,680	\$143,082	\$2,385,829
2045	68	15.8	6.33%	\$2,385,829	-\$151,002	-\$2,176,682	\$143,150	\$2,377,977
2046	69	14.8	6.76%	\$2,377,977	-\$160,674	-\$2,337,356	\$142,679	\$2,359,982
2047	70	13.8	7.25%	\$2,359,982	-\$171,013	-\$2,508,370	\$141,599	\$2,330,568
2048	71	12.8	7.81%	\$2,330,568	-\$182,076	-\$2,690,445	\$139,834	\$2,288,326
2049	72	11.8	8.47%	\$2,288,326	-\$193,926	-\$2,884,371	\$137,300	\$2,231,700
2050	73	10.8	9.26%	\$2,231,700	-\$206,639	-\$3,091,010	\$133,902	\$2,158,963
2051	74	9.8	10.20%	\$2,158,963	-\$220,302	-\$3,311,312	\$129,538	\$2,068,198
2052	75	8.8	11.36%	\$2,068,198	-\$235,023	-\$3,546,335	\$124,092	\$1,957,268
2053	76	7.8	12.82%	\$1,957,268	-\$250,932	-\$3,797,266	\$117,436	\$1,823,772
2054	77	6.8	14.71%	\$1,823,772	-\$268,202	-\$4,065,468	\$109,426	\$1,664,996
2055	78	5.8	17.24%	\$1,664,996	-\$287,068	-\$4,352,537	\$99,900	\$1,477,828
2056	79	4.8	20.83%	\$1,477,828	-\$307,881	-\$4,660,417	\$88,670	\$1,258,617
2057	80	3.8	26.32%	\$1,258,617	-\$331,215	-\$4,991,632	\$75,517	\$1,002,919
2058	81	2.8	35.71%	\$1,002,919	-\$358,185	-\$5,349,818	\$60,175	\$704,909
2059	82	1.8	55.56%	\$704,909	-\$391,616	-\$5,741,434	\$42,295	\$355,587
2060	83	0.8	125.00%	\$355,587	-\$444,484	-\$6,185,918	\$21,335	-\$67,562

For discussion purposes only. This chart does not represent tax, accounting, or legal advice. It is meant only to provide guidelines on generic situations. The individual taxpayer is advised to and should rely on their own advisors.

LISI THANKS ROBERT S. KEEBLER, CPA, MST FOR HIS "TRADITIONAL IRA" DISTRIBUTION FLOWCHART

For a copy of our Roth IRA Flowchart, please email rkeebler@virchowkrause.com



SPECIAL NOTE
Pursuant to §829 of the Pension Protection Act of 2006, beginning in tax years after December 31, 2006, non-spousal qualified retirement plan beneficiaries (e.g. children, siblings, friends, etc.) will be permitted to make trustee-to-trustee transfers from qualified retirement plans to inherited IRAs.

Educational information
E-mail rkeebler@virchowkrause.com to be added to our newsletter, for previous write-ups about the new IRA regulations or for a licensing agreement.
E-mail rschweid@virchowkrause.com for information about seminars, tapes or books.

This work is intended to provide general information about the tax and other laws applicable to retirement benefits. The author, his firm or anyone forwarding or reproducing this work shall have neither liability nor responsibility to any person or entity with respect to any loss or damage caused, or alleged to be caused, directly or indirectly by the information contained in this work.





QUESTIONS?

The information contained herein should not be construed as legal advice or a legal opinion with respect to any specific facts or circumstances, and is not to be used as a substitute for the advice of counsel.