Planning For Multiple Beneficiaries in 5 Easy Steps

When do multiple beneficiaries exist? Multiple beneficiaries exist when an individual names more than one beneficiary for their IRA.

When should you name more than one beneficiary? When you want your IRA assets to go to more than one person or entity without having to incur additional fees or paperwork by maintaining separate accounts for each beneficiary.

1. **Due date for designated beneficiaries.** September 30 of the year following the year of the IRA owner's death is the date designated beneficiaries are determined for purposes of post-death stretch and/or 10-year payments.
2. **Due date for non-designated beneficiaries.** These beneficiaries should be cashed-out before the September 30 date mentioned above. These beneficiaries include charities, estates and non-qualifying trusts since they have no measurable life expectancies. If they are not cashed out in time, they could prevent Eligible Designated Beneficiaries from being able to stretch out distributions.
3. **Due date for separate inherited IRAs.** These should be established and funded for each designated beneficiary by December 31 of the year following the year of the account owner's death. These accounts must retain the decedent's name as part of their title and include language identifying them as "inherited" or "beneficiary" accounts, but they must use the beneficiary's social security number for reporting purposes.
4. **Maximize the stretch.** Each eligible designated beneficiary identified by September 30 can utilize his or her own single life expectancy to maximize the stretch IRA if a separate account is established and funded by December 31. The single life expectancy factor is determined in the year following the year of the account owner's death. Going forward, the factor is simply reduced by one each year (unless the sole beneficiary is the spouse, in which case he/she re-determines his/her life expectancy each year).
5. **What if you don't split the account in time?** By not splitting the account in time, eligible designated beneficiaries could lose the ability to stretch payments and could be saddled with a 10-year payout requirement.

AMERICA'S IRA EXPERTS

100 Merrick Road, Suite 200E, Rockville Centre, New York 11570

800-663-1340 toll-free • 516-536-8282 telephone

516-536-8852 fax • info@irahelp.com

For More IRA Expertise

website: irahelp.com
blog: irahelp.com/slottreport
twitter: @theslottreport
facebook: /AmericasIRAExperts