

## SIMPLIFIED TRADITIONAL AND ROTH DISTRIBUTION OPTIONS

(SEP and SIMPLE Follow Traditional IRA Guidelines)

Terms of the plan or IRA documents will specify distribution options, but generally the following will apply.

Beneficiary Type (As defined by the IRS)	TRADITIONAL IRA <b>BEFORE</b> RBD of RMD	TRADITIONAL IRA <b>ON or AFTER</b> RBD of RMD	ROTH (Death is assumed in all scenarios – No RMD Requirements)	Documents Needed*
 Eligible Designated Beneficiary (EDB) - Spouse	<ul style="list-style-type: none"> <li>Lump Sum</li> <li>Spousal Transfer</li> <li><b>10-Year Rule</b></li> <li>Life Expectancy</li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<ul style="list-style-type: none"> <li>Lump Sum</li> <li>Spousal Transfer</li> <li>Life Expectancy</li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<ul style="list-style-type: none"> <li>Spousal Transfer</li> <li><b>10-Year Rule</b></li> <li>Life Expectancy</li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<input type="checkbox"/> Decedent birth - certificate <input type="checkbox"/> Decedent death certificate <input type="checkbox"/> Other docs as requested by STRATA
 EDB – Non-Spouse	<ul style="list-style-type: none"> <li>Lump Sum</li> <li><b>10-Year Rule</b></li> <li>Life Expectancy</li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<ul style="list-style-type: none"> <li>Lump Sum</li> <li>Life Expectancy</li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<ul style="list-style-type: none"> <li>Lump Sum</li> <li><b>10-Year Rule</b></li> <li>Life Expectancy</li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<input type="checkbox"/> Decedent birth certificate <input type="checkbox"/> Decedent death certificate <input type="checkbox"/> Other docs as requested by STRATA
 Designated Beneficiary (DB)	<ul style="list-style-type: none"> <li>Lump Sum</li> <li><b>10-Year Rule</b></li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<ul style="list-style-type: none"> <li>Lump Sum</li> <li>Hybrid</li> <li><b>10-Year Rule</b></li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<ul style="list-style-type: none"> <li>Lump Sum</li> <li><b>10-Year Rule</b></li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<input type="checkbox"/> Decedent death certificate
 Non-Person Beneficiary (NPB)	<ul style="list-style-type: none"> <li>Lump Sum</li> <li><b>5-Year Rule</b></li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<ul style="list-style-type: none"> <li>Lump Sum</li> <li>Life Expectancy</li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<ul style="list-style-type: none"> <li>Lump Sum</li> <li><b>5-Year Rule</b></li> <li>Disclaim Part</li> <li>Disclaim All</li> </ul>	<input type="checkbox"/> Decedent death certificate <input type="checkbox"/> Letters <input type="checkbox"/> Testamentary <input type="checkbox"/> Copy of charity's 501(C)(3) form

\*Beneficiary identification information will be required when submitting paperwork to STRATA.

## DISTRIBUTION OPTION KEY TERMS

<b>10-Year or 5-Year Rules</b>	A designated beneficiary is required to liquidate the account by the end of the 10 <sup>th</sup> or 5 <sup>th</sup> year following the year of death of the IRA owner – whichever applies.
<b>Disclaim Part or All</b>	A beneficiary may disclaim a whole or partial interest in an IRA ( <a href="#">IRC Sec. 2518</a> ).
<b>Life Expectancy</b>	The minimum payment amount that must be taken by a beneficiary from an inherited IRA is based on the current owner's life expectancy as determined by the IRS <a href="#">Single Life Expectancy Table</a> .

STRATA Trust Company ("STRATA") performs the duties of a directed (passive) custodian, and as such does not provide due diligence to third parties regarding prospective investments, platforms, sponsors, dealers, or service providers. As a custodian, STRATA does not sponsor, endorse, or sell any investment and is not affiliated with any investment sponsor, issuer, or dealer. STRATA does not provide investment, legal, or tax advice. Individuals should consult with their investment, legal, or tax professionals for such services.





Investment Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value

## DISTRIBUTION OPTION KEY TERMS

<b>Lump Sum</b>	Single one-time payment of any remaining IRA holdings.
<b>Required Beginning Date (RBD)</b>	The date on which IRA accountholders must start taking their RMD. Typically, April 1 of the year after an accountholder reaches 72 (73 if you reach age 72 after Dec. 31, 2022).
<b>Required Minimum Distribution (RMD)</b>	The minimum amount IRA accountholders must withdraw every year once they reach the age of 72 (73 if you reach age 72 after Dec. 31, 2022).
<b>Spousal Transfer (or Treat as Own)</b>	A spouse EDB can treat the IRA as their own, designating themselves as the account owner.

## BENEFICIARY DEFINITIONS

(As defined by the IRS)

 <p><b>Eligible Designated Beneficiary (EDB)</b></p> 	<p><b>Spouse</b></p> <p>As defined by state and federal guidelines.</p> <p><b>Non-Spouse</b></p> <ul style="list-style-type: none"> <li>• Minor children of the decedent (&lt;21)</li> <li>• Individuals who are chronically ill</li> <li>• Individuals that are permanently disabled</li> <li>• Individuals 10 years younger or less than decedent</li> </ul>
 <p><b>Designated Beneficiary (DB)</b></p>	<p>Any person that is not considered an "Eligible" designated beneficiary, such as an adult child or family member.</p>
 <p><b>Non-Person Beneficiary (NPB)</b></p>	<p><b>Qualified</b></p> <p>A qualified trust is one that meets the requirements of <a href="#">Treasury Regulations. 1.401(a)(9)-4, Q&amp;A 5(b)</a>.</p> <ol style="list-style-type: none"> <li>1. The trust is valid under state law,</li> <li>2. The trust is irrevocable (either during the IRA owner or plan participant's life or becomes irrevocable at his/her death),</li> <li>3. The trust has identifiable beneficiaries, and</li> <li>4. The trustee of the trust provides the IRA or plan administrator with a copy of the trust instrument (or qualifying trust documentation) by October 31 of the year following the year of the IRA owner or plan participant's death.</li> </ol> <p><b>Non-Qualified</b></p> <ul style="list-style-type: none"> <li>• A tax-exempt charity under federal law</li> <li>• A non-qualified trust</li> <li>• The decedent's estate</li> </ul>

STRATA Trust Company ("STRATA") performs the duties of a directed (passive) custodian, and as such does not provide due diligence to third parties regarding prospective investments, platforms, sponsors, dealers, or service providers. As a custodian, STRATA does not sponsor, endorse, or sell any investment and is not affiliated with any investment sponsor, issuer, or dealer. STRATA does not provide investment, legal, or tax advice. Individuals should consult with their investment, legal, or tax professionals for such services.

**Investment Products: Not FDIC-Insured • No Bank Guarantee • May Lose Value**