UNIFORM LIFETIME TABLE

Age of IRA Owner or Plan Participant	Life Expectancy (in years)	% of Account Balance	Age of IRA Owner or Plan Participant	Life Expectancy (in years)	% of Account Balance
72	27.4	3.65%	96	8.4	11.90%
73	26.5	3.77%	97	7.8	12.82%
74	25.5	3.92%	98	7.3	13.70%
75	24.6	4.07%	99	6.8	14.71%
76	23.7	4.22%	100	6.4	15.63%
77	22.9	4.37%	101	6.0	16.67%
78	22.0	4.55%	102	5.6	17.86%
79	21.1	4.74%	103	5.2	19.23%
80	20.2	4.95%	104	4.9	20.41%
81	19.4	5.15%	105	4.6	21.74%
82	18.5	5.41%	106	4.3	23.26%
83	17.7	5.65%	107	4.1	24.39%
84	16.8	5.95%	108	3.9	25.64%
85	16.0	6.25%	109	3.7	27.03%
86	15.2	6.58%	110	3.5	28.57%
87	14.4	6.94%	111	3.4	29.41%
88	13.7	7.30%	112	3.3	30.30%
89	12.9	7.75%	113	3.1	32.26%
90	12.2	8.20%	114	3.0	33.33%
91	11.5	8.70%	115	2.9	34.48%
92	10.8	9.26%	116	2.8	35.71%
93	10.1	9.90%	117	2.7	37.04%
94	9.5	10.53%	118	2.5	40.00%
95	8.9	11.24%	119	2.3	43.48%
			120+	2.0	50.00%

This table is only used for lifetime required distributions. Most IRA owners will use this table, but there is one exception. If the spouse is the sole beneficiary for the entire year AND is more than 10 years younger than the IRA owner, do not use this Uniform Lifetime Table. Instead, use the actual ages of both spouses based on the Joint Life Table. This will result in a longer life expectancy and a smaller required distribution.

Single Life Expectancy Table (for Inherited IRAs)

(To be used for calculating post-death required distributions to beneficiaries)

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)	Age of IRA or Plan Beneficiary	Life Expectancy (in years)
0	84.6	31	54.4	61	26.2	91	5.3
1	83.7	32	53.4	62	25.4	92	4.9
2	82.8	33	52.5	63	24.5	93	4.6
3	81.8	34	51.5	64	23.7	94	4.3
4	80.8	35	50.5	65	22.9	95	4.0
5	79.8	36	49.6	66	22.0	96	3.7
6	78.8	37	48.6	67	21.2	97	3.4
7	77.9	38	47.7	68	20.4	98	3.2
8	76.9	39	46.7	69	19.6	99	3.0
9	75.9	40	45.7	70	18.8	100	2.8
10	74.9	41	44.8	71	18.0	101	2.6
11	73.9	42	43.8	72	17.2	102	2.5
12	72.9	43	42.9	73	16.4	103	2.3
13	71.9	44	41.9	74	15.6	104	2.2
14	70.9	45	41.0	75	14.8	105	2.1
15	69.9	46	40.0	76	14.1	106	2.1
16	69.0	47	39.0	77	13.3	107	2.1
17	68.0	48	38.1	78	12.6	108	2.0
18	67.0	49	37.1	79	11.9	109	2.0
19	66.0	50	36.2	80	11.2	110	2.0
20	65.0	51	35.3	81	10.5	111	2.0
21	64.1	52	34.3	82	9.9	112	2.0
22	63.1	53	33.4	83	9.3	113	1.9
23	62.1	54	32.5	84	8.7	114	1.9
24	61.1	55	31.6	85	8.1	115	1.8
25	60.2	56	30.6	86	7.6	116	1.8
26	59.2	57	29.8	87	7.1	117	1.6
27	58.2	58	28.9	88	6.6	118	1.4
28	57.3	59	28.0	89	6.1	119	1.1
29	56.3	60	27.1	90	5.7	120+	1.0
30	55.3						

This table is used to calculate RMDs for:

- Designated Beneficiaries (DBs) who inherited before 2020.
- DBs who inherit in 2020 or later when the account owner dies ON OR AFTER his RBD - for years 1-9 of the 10-year period.
- Eligible Designated Beneficiaries (EDBs).
- Non-Designated Beneficiaries when the account owner dies ON OR AFTER his RBD for "ghost rule" RMDs.

This table is NOT used by:

- DBs who inherit in 2020 or later when the account owner dies BEFORE the RBD.
- IRA owners to calculate lifetime RMDs.
- Roth IRA beneficiaries, who are not EDBs.

SECURE 2.0 EFFECTIVE DATES

Enacted December 29, 2022

Effective Date 1/26/2021 10% penalty exception: Federally declared disasters. Plans and IRAs. $22,000 maximum.

Effective 2023

- RMD age raised to 73.
- QLAC changes: no 25% limit; increased to $200,000 (indexed).
- Missed RMD penalty reduced from 50% to 25%. Reduced to 10% if corrected "timely."
- IRA annuity aggregation with other IRA assets for RMDs.
- One-time $50,000 QCD (indexed) to a CRUT, CRAT, or charitable gift annuity.
- Age 50 exception: Private sector firefighters and state and local government corrections workers added. Available under age 50 with 25 years of service.
- Form 5329 statute of limitations: 3 years for missed RMD; 6 years for excess contribution.
- 10% penalty exception: Terminal illness. Plans and IRAs. No maximum.
- 10% penalty exception: Net income attributable to excess contributions.
- Special needs trusts can have charity as remainder beneficiary.
- Roth allowed for SIMPLE and SEP plans.
- Roth employer match and nonelective contributions allowed.

Effective 2024

- IRA catch-up contributions indexed for inflation.
- QCD $100,000 limit increased for inflation.
- Matching plan contributions can be made on student loan payments.
- 10% penalty exception: Emergency expenses. For plans and IRAs. $1,000/year.
- 10% penalty exception: Employers can offer in-plan emergency savings accounts. $2,500 maximum deferral. Plans only.
- 10% penalty exception: Domestic abuse. For plans and IRAs. Limited to $10,000 (indexed).
- Higher SIMPLE plan limits for deferrals and catch-ups and nonelective contributions.
- 529-to-Roth IRA rollovers: $35,000 lifetime limit.
- No lifetime RMD on plan Roth accounts.
- Surviving spouse may elect to be treated as deceased spouse.
- Plan catch-ups must be Roth if wages greater than $145,000 (indexed) in prior year. ***Delayed until 2026.***

Effective 2025 or earlier Expansion of Employee Plans Compliance Resolution System (self-correction) to IRAs.

Effective 2025 Higher catch-up limits for ages 60-63 for plans and SIMPLEs.

Effective 2026

- ABLE program age requirement raised from 26 to 46 for disability onset.
- 10% penalty exception: Long-term care insurance premiums. Plans only. $2,500/year.

Effective 2027 Saver's Match: 50% of IRA or plan deferrals (up to $2,000) by low-income savers.

Effective 2033 RMD age raised to 75.

Which RMD age to use?

Age 72 (or 70 ½)	Born 1950 or earlier
Age 73	Born 1951 – 1959
Age 75	Born 1960 or later

898 N. Pacific Coast Hwy., Ste 740, El Segundo, CA 90245 310.643.7472 www.CRAdvisors.com

CALIFORNIA Retirement Advisors
Plan and invest wisely—live a better life.

ED SLOTT'S MASTER ELITE IRA ADVISOR GROUP℠

Retirement Account RMD Aggregation Chart

TYPE OF ACCOUNT	RMD AGGREGATION RULES
Note: RMDs may never be aggregated between different types of retirement accounts (different rows of this chart).	
IRAs (Including SEP and SIMPLE IRAs)	RMDs for each IRA account must be calculated separately, but the total RMD for all IRA accounts may be taken from one (or more) of the IRA accounts. There is no "still working" exception for SEP IRAs or SIMPLE IRAs, so even if a client is still actively at work for the company maintaining the plan and they are receiving/making annual contributions/deferrals, an RMD must be taken.
Roth IRAs	There are no RMDs for a Roth IRA owner during his/her lifetime.
Company Plans (Excluding 403(b) and IRA-based Plans)	RMDs for each company plan, — excluding 403(b) and IRA-based plans — must be calculated separately for each plan and taken separately from each plan. If an individual is 1) still working for the company sponsoring their plan, 2) does not own more than 5% of the company and 3) the plan contains a "still working" exception, an RMD may not be required for that plan until the year the participant retires.
403(b) Plans	RMDs for each 403(b) account must be calculated separately, but the total RMD for all 403(b) accounts may be taken from one (or more) of the 403(b) accounts. If an individual is still working for the institution sponsoring their 403(b) plan and the plan contains a "still working" exception, an RMD may not be required for that plan until the year the individual retires.

898 N. Pacific Coast Hwy., Ste 740, El Segundo, CA 90245 310.643.7472 www.CRAdvisors.com

Inherited Retirement Account RMD Aggregation Chart

TYPE OF ACCOUNT	RMD AGGREGATION RULES
Note: RMDs may never be aggregated between different types of retirement accounts (different rows of this chart).	
Inherited IRAs (Including Inherited SEP and Inherited SIMPLE IRAs)	RMDs for inherited IRAs of different decedents cannot be aggregated or combined in any way. RMDs for inherited IRA accounts of the same decedent must be calculated separately, but the total RMD for all inherited IRA accounts of the same decedent may be taken from one (or more) of the inherited IRA accounts of the same decedent.
Inherited Roth IRAs	RMDs for inherited Roth IRAs of different decedents cannot be aggregated or combined in any way. RMDs for inherited Roth IRA accounts of the same decedent must be calculated separately, but the total RMD for all inherited Roth IRA accounts of the same decedent may be taken from one (or more) of the inherited Roth IRA accounts of the same decedent.
Inherited Company Plans (Excluding 403(b) and IRA-based Plans)	RMDs for inherited company plans — excluding inherited 403 (b) and inherited IRA-based plans — of different decedents cannot be aggregated or combined for any reason. RMDs for each inherited company plan — excluding inherited 403(b) and inherited IRA-based plans — must be calculated separately and taken separately from each inherited company plan, excluding inherited 403(b) and inherited IRA-based plans.
Inherited 403(b) Plans	RMDs for inherited 403(b) plans of different decedents cannot be aggregated or combined in any way RMDs for inherited 403(b) plans of the same decedent must be calculated separately, but the total RMD for all inherited 403(b) plans of the same decedent may be taken from one (or more) of the inherited 403(b) plans of the same decedent.

SECURE Act
Retirement Plan Payouts to Beneficiaries Under the SECURE Act
(for deaths *after* 2019*)

***Extended Effective Dates**
The effective date for the elimination of the stretch and application of the 10-year rule is generally for deaths after December 31, 2019. But that effective date was extended for two years (for deaths after December 31, 2021) for governmental plans, including certain 403(b) and 457(b) plans, and the Thrift Savings Plan. It was also extended for as long as two years for collectively bargained plans, depending on the expiration date of the union contract.

Retirement Accounts Affected
The elimination of the stretch IRA and inclusion of the 10-year rule provisions apply to defined contributions plans, including 401(k), 403(b) and 457(b) plans, and traditional and Roth IRAs. They do not apply to defined benefit plans.

Under the SECURE Act, there are 3 kinds of retirement plan beneficiaries for determining post-death payouts after 2019:

1. Non-Designated Beneficiary (NDB)

2. Non-Eligible Designated Beneficiary (NEDB)

3. Eligible Designated Beneficiary (EDB)

1. Non-Designated Beneficiary (NDB)

These are not people. Examples: Estate, charity or non-qualifying trust (non-look-through trust)

Post-death Payout Rules for NDBs
Based on whether the IRA owner or plan participant dies before or after the owner's required beginning date (RBD). The RBD is generally April 1 after the year of the 73rd birthday.

If owner dies before the RBD, the account must be withdrawn by the end of the 5th year after the year of death – the 5-year rule. There are no annual RMDs during the 5-year window.

If owner dies on or after the RBD, RMDs must be taken over the deceased's remaining single life expectancy – "*ghost life rule.*" (Note: This can produce a post-death payout exceeding 10 years.)

2. Non-Eligible Designated Beneficiary (NEDB)

10-year rule
All designated beneficiaries who do not qualify as EDBs (see #3 below).
Examples: grandchildren, older children, some look-through trusts

Post-death Payout Rules for NEDBs - *Depends on whether death occurs before or after the required beginning date (RBD)*

- If owner dies ***before*** the RBD, there are no annual RMDs during the 10-year window.
- If owner dies ***on or after*** the RBD, annual (stretch IRA) RMDs must be taken for years 1-9.

Entire account must be emptied by the end of the 10th year after the year of death – the 10-year rule.

3. Eligible Designated Beneficiary (EDB)

Stretch applies
The SECURE Act exempts these beneficiaries from the 10-year rule. However, if the account owner dies before the RBD, an EDB can elect the 10-year rule.

EDBs must be designated beneficiaries.

5 Classes of Eligible Designated Beneficiaries
1. Surviving spouses
2. Minor children of the account owner, until age 21 - but *not* grandchildren
3. Disabled individuals – under the strict IRS rules
4. Chronically ill individuals
5. Individuals not more than 10 years younger than the IRA owner. (Those older than the IRA owner also qualify.)

Plus - Any designated beneficiary (including qualifying trusts) who inherited ***before*** 2020. These beneficiaries are grandfathered under the pre-2020 stretch IRA rules. In addition, trusts for the sole benefit of these EDBs should qualify as an EDB.

EDB status is determined at date of owner's (or plan participant's) death and cannot be changed.

Post-death Payout Rules for EDBs
Once an EDB no longer qualifies as an EDB, or dies, the 10-year rule is applied for them, or for their beneficiaries (i.e., successor beneficiaries.)

CALIFORNIA
Retirement Advisors
Plan and invest wisely—live a better life.

ROTH CONVERSIONS

Why the Opportunity Cost Argument is Invalid

Some people believe there is a lost opportunity cost by doing a Roth conversion—that the funds used to pay the conversion tax could have been otherwise invested, and that investment return opportunity is lost.

False: It's all about the tax rates

There is **NO** opportunity cost in terms of lost investment gains ***if the tax rates are the same*** both at conversion and later at distribution. Let's look at the math:

NO ROTH CONVERSION	WITH ROTH CONVERSION
\$100,000 Traditional IRA Balance	\$100,000 Traditional IRA Balance
X 2 (Doubles in value over lifetime)	**- \$30,000** (30% tax)
\$200,000	\$70,000
- \$60,000 (30% tax)	x 2 (Doubles in value over lifetime)
\$140,000 net	**\$140,000 net**

Whether taxes are paid now or later, it is the same net return, but *half* the amount of taxes are paid in the Roth conversion...

That is if tax rates stay the same historic low rates they are today throughout your lifetime.

898 N. Pacific Coast Hwy., Ste 740, El Segundo, CA 90245 310.643.7472 www.CaliforniaRetirementAdvisors.com