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JOINT AND LAST SURVIVOR TABLE
Effective 2013

SPOUSE (SOLE BENEFICIARY) AGE	IRA OWNER'S AGE							
	70	71	72	73	74	75	76	77
50	35.1	35.0	34.9	34.8	34.8	34.7	34.6	34.6
51	34.3	34.2	34.1	34.0	33.9	33.8	33.8	33.7
52	33.4	33.3	33.2	33.1	33.0	33.0	32.9	32.8
53	32.6	32.5	32.4	32.3	32.2	32.1	32.0	32.0
54	31.8	31.7	31.6	31.5	31.4	31.3	31.2	31.1
55	31.1	30.9	30.8	30.6	30.5	30.4	30.3	30.3
56	30.3	30.1	30.0	29.8	29.7	29.6	29.5	29.4
57	29.5	29.4	29.2	29.1	28.9	28.8	28.7	28.6
58	28.8	28.6	28.4	28.3	28.1	28.0	27.9	27.8
59	28.1	27.9	27.7	27.5	27.4	27.2	27.1	27.0
60	-	27.2	27.0	26.8	26.6	26.5	26.3	26.2
61	-	-	26.3	26.1	25.9	25.7	25.6	25.4
62	-	-	-	25.4	25.2	25.0	24.8	24.7
63	-	-	-	-	24.5	24.3	24.1	23.9
64	-	-	-	-	-	23.6	23.4	23.2
65	-	-	-	-	-	-	22.7	22.5
66	-	-	-	-	-	-	-	21.8

JOINT AND LAST SURVIVOR TABLE (CONT)
Effective 2013

SPOUSE (SOLE BENEFICIARY) AGE	IRA OWNER'S AGE							
	78	79	80	81	82	83	84	85
50	34.5	34.5	34.5	34.4	34.4	34.4	34.3	34.3
51	33.6	33.6	33.6	33.5	33.5	33.5	33.4	33.4
52	32.8	32.7	32.7	32.6	32.6	32.6	32.5	32.5
53	31.9	31.8	31.8	31.8	31.7	31.7	31.7	31.6
54	31.0	31.0	30.9	30.9	30.8	30.8	30.8	30.7
55	30.2	30.1	30.1	30.0	30.0	29.9	29.9	29.9
56	29.3	29.3	29.2	29.2	29.1	29.1	29.0	29.0
57	28.5	28.4	28.4	28.3	28.3	28.2	28.2	28.1
58	27.7	27.6	27.5	27.5	27.4	27.4	27.3	27.3
59	26.9	26.8	26.7	26.6	26.6	26.5	26.5	26.4
60	26.1	26.0	25.9	25.8	25.8	25.7	25.6	25.6
61	25.3	25.2	25.1	25.0	24.9	24.9	24.8	24.8
62	24.6	24.4	24.3	24.2	24.1	24.1	24.0	23.9
63	23.8	23.7	23.6	23.4	23.4	23.3	23.2	23.1
64	23.1	22.9	22.8	22.7	22.6	22.5	22.4	22.3
65	22.4	22.2	22.1	21.9	21.8	21.7	21.6	21.6
66	21.7	21.5	21.3	21.2	21.1	21.0	20.9	20.8
67	21.0	20.8	20.6	20.5	20.4	20.2	20.1	20.1
68	-	20.1	20.0	19.8	19.7	19.5	19.4	19.3
69	-	-	19.3	19.1	19.0	18.8	18.7	18.6
70	-	-	-	18.5	18.3	18.2	18.0	17.9
71	-	-	-	-	17.7	17.5	17.4	17.3
72	-	-	-	-	-	16.9	16.7	16.6
73	-	-	-	-	-	-	16.1	16.0
74	-	-	-	-	-	-	-	15.4

"

(2) The remaining life expectancy of the IRA beneficiary using the beneficiary's attained age in the year of death and subtracting one for each subsequent year after the date of death.

If there is more than one beneficiary, the beneficiaries' remaining life expectancy is determined using the oldest beneficiary's age as of their birthday in the calendar year immediately following the IRA owner's death OR for those accounts that were separated by the end of the year after the year after death, the age of each beneficiary. Where the beneficiaries include the spouse, account separation must be completed by Sept. 30 instead of year-end to take advantage of the spouse sole beneficiary provisions.

Five-Year Option: A beneficiary who is an individual may be able to elect to take the entire account by the end of the fifth year, following the year of the owner's death. If this election is made, no distribution is required for any year before that fifth year.

The above rules apply only to distributions where the beneficiaries are all individuals and occur after the IRA owner has begun or is required to begin minimum IRA distributions. For distribution options for nonindividual beneficiaries or for distribution options where the IRA owner dies prior to beginning the required minimum distributions, please call this office.

Planning Can Minimize the Tax

Advance planning can, in many cases, minimize or even avoid taxes on Traditional IRA distributions.

Often, situations will arise where a taxpayer's income is abnormally low due to losses, extraordinary deductions, etc., where taking more than the minimum in a year might be beneficial. This is true even for those who may not need to file a tax return but can increase their distributions and still avoid any tax.

The advice included in this article is not intended or written by this practitioner to be used, and it cannot be used by a practitioner or taxpayer, for the purpose of avoiding penalties that may be imposed on the practitioner or taxpayer.

Required Minimum IRA Distributions

Overview

The most recent IRS regulations substantially simplify rules for required minimum distributions (RMD) from IRAs.

- There are life expectancy tables that allow smaller distributions to be taken over a longer period.
- The calculation of the RMD has been simplified by eliminating certain variables.
- Rules regarding separate accounts with different beneficiaries have been clarified.
- Some flexibility is now available to change beneficiaries and split accounts, allowing the heirs to retain more of the tax-deferred income for a longer period of time.

Beginning Date Requirements

IRA owners must take at least a minimum amount from their IRA each year, starting with the year they reach age 701/2.

If a taxpayer fails to take a distribution in the year they reach 701/2 they can avoid a penalty by taking that distribution no later than April 1 of the following year. However, that means the IRA owner must take two distributions in the following year, one for the year in which they reached age 701/2 and one for the current year.

If an IRA owner dies after reaching age 701/2, but before April 1 of the next year, no minimum distribution is required because death occurred before the required beginning date.

Muliple IRA Accounts

For purposes of determining which account the minimum distribution is to be withdrawn from, all Traditional IRA accounts owned by an individual are treated as one, and the minimum distribution can be taken from one or any combination of the accounts. If the owner chooses not to take the minimum distribution from each account, it is not uncommon for IRA trustees to require written certification that the owner took the minimum distribution from other accounts.

Determining the Distribution

The minimum amount that must be withdrawn in a particular year is the value of the IRA account divided by the number of years the IRA owner is expected to live. If there are multiple IRA accounts, this calculation is done for each one and then the results are totaled to determine the RMD for the year. Then the total required distribution may be taken from one account or partly from each account or any combination.

- **Determining Value:** The value is what the account was worth at the end of the business day on Dec. 31 of the PRIOR year. Generally, IRA account trustees will provide this information on the year-end statements or on IRS Form 5498.

- **Determining the Distribution Period:** The IRS provides two tables for use in determining the IRA owner's life expectancy (referred to as "distribution period" by the IRS). Generally, IRA owners will use the "Uniform Lifetime Table" to determine their "distribution period." If the IRA owner's spouse is the sole beneficiary (on all the IRA accounts), the Joint and Last Survivor Table may be used. However, the Uniform Lifetime Table will always produce the smallest minimum distribution, unless the spouse is more than 10 years younger than the IRA account owner. Example: The IRA owner is 75 and from the "Uniform Lifetime Table," the owner's life expectancy is 22.9 years.

- **Determining Age:** Use the owner's oldest attained age for the year of the distribution.

Example: *Suppose an IRA owner takes a distribution in February, when the owner's age is 74, but later in November, he turns 75. For purposes of determining the owner's life expectancy, the oldest attained age for the year, 75, would be used in computing the minimum distribution. The same rule is used for the spouse beneficiary, if applicable.*

Example: *The IRA account owner is age 75 and the owner's spouse, who is the sole beneficiary of the accounts, is age 72. Since the spouse is less than 10 years younger than the IRA account owner, the Uniform Lifetime Table will produce the smallest required distribution. From the table, we determine the owner's life expectancy to be 22.9.The value of the IRA account at the end of the prior year is $87,000. The minimum distribution is $3,799 ($87,000 / 22.9).*

Timing of the Distribution

The minimum distribution computation determines the amount that must be withdrawn during the calendar year. The distributions can be taken all at once, sporadically, or in a series of installments (monthly, quarterly, etc.), as long as the total distributions for the year are at least the minimum required amount.

Amounts that must be distributed (required distributions) during a particular year are not eligible for rollover treatment.

Maximum Distribution

There is no maximum limit on distributions from a Traditional IRA, and as much can be withdrawn as the owner wishes. However, if more than the required distribution is taken in a particular year, the excess cannot be applied toward the minimum required amounts for future years.

Underdistribution Penalty

Distributions that are less than the required minimum distribution for the year are subject to a 50% excise tax (excess accumulation penalty) for that year on the amount not distributed as required.

Example: *The owner's required minimum distribution for the calendar year was $10,000, but the owner only withdrew $4,000. The excess accumulation penalty is $3,000, computed as follows: 50% of*

($10,000 - $4,000).

If the failure to withdraw the minimum amount or part of the minimum amount was due to reasonable error, and the owner has taken, or is taking, steps to remedy the insufficient distribution, the owner can request that the penalty be excused.

Not Required to File

Even though the IRA owner is not required to file a tax return, they are still subject to the minimum required distribution rules and could be liable for the underdistribution penalty even if no income tax would have been due on the underdistribution.

Dealth of the IRA Owner

If the IRA owner dies on or after the required distribution beginning date, a distribution must be made in the year of death, as if the IRA owner had lived the entire year. If the distribution is after the owner's death, the minimum amount must be distributed to a beneficiary.

Beneficiary Distributions

When an IRA owner dies after beginning the required distributions, and the beneficiary is an individual, the beneficiary must begin taking distributions the year after the IRA owner's death as follows:

Spouse as Sole Beneficiary: The IRS permits a sole beneficiary spouse far more options than it does other beneficiaries. When the spouse is the sole beneficiary, the spouse has the following options:

- Convert the IRA to his/her own account, thereby delaying additional distributions until he/she reaches age 701/2.
- Or, if already age 701/2, convert the IRA to his/her own account and begin taking RMD based on his/her attained age using the Uniform Distribution Table.
- Treat the IRA as if it were his/her own, frequently referred to as recharacterizing the IRA to a "Beneficial IRA" and naming new beneficiaries. The spouse must begin taking minimum distributions in the year following the owner's death based on his/her life expectancy using the Single Life Table. Distributions from Beneficial IRAs are not subject to the premature distribution penalties. Later, after no longer being subject to the premature distribution penalty, the spouse can convert the IRA to his/her own and then can choose to stop taking distributions until age 701/2.

The choice depends on the surviving spouse's financial needs and goals and in most cases requires careful planning.

Caution: *The sole beneficiary requirement is not met if the beneficiary is a trust, even if the spouse is the sole beneficiary of the trust.*

LIfe Expectancy Tables

The tables in this article are taken from the IRS regulations and are used to determine life expectancy for purposes of determining the Required Minimum Distribution from Traditional IRA accounts (Reg 1.401(a)(9)-5). All of the tables illustrated have been abbreviated to fit this article. For ages not shown, please consult this office.

Other Individual Beneficiaries: If the beneficiary or beneficiaries include individuals other than the spouse, then the first required distribution is the calendar year following the year of the IRA owner's death. Using the Single Life Table, the post-death distribution period used to determine the RMD is the longer of:

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67	21.0	20.8	20.6	20.5	20.4	20.2	20.1	20.1
68	-	20.1	20.0	19.8	19.7	19.5	19.4	19.3
69	-	-	19.3	19.1	19.0	18.8	18.7	18.6
70	-	-	-	18.5	18.3	18.2	18.0	17.9
71	-	-	-	-	17.7	17.5	17.4	17.3
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