

# IRA Beneficiary Claim

To claim the assets from a decedent's IRA, this form needs to be completed by the beneficiary. A separate form is required for each beneficiary. Before completing, read the important information on inheriting an IRA attached to this form. Do not use this form for Coverdell ESAs; use the ESA Request form.

**If you wish to Disclaim all assets**, complete the IRA Beneficiary Disclaimer Certification form. If you are claiming a portion of the assets and disclaiming a portion, you will need to **complete both this form and the IRA Beneficiary Disclaimer Certification form**. Disclaiming is Irrevocable and must be completed within nine months of the IRA owner's death. Once you disclaim, you cannot dictate who will inherit assets.

**Important note concerning international claims:** Please refer to the "International Claims" Section 3 below if this claim (1) is being submitted by a beneficiary who resides in a country outside of the United States, or (2) involves a decedent who resided outside of the United States at the time of their passing.

## Section 1 Deceased IRA Holder's Information

*All fields must be completed.*

Name \_\_\_\_\_

Account Number \_\_\_\_\_

At the time of passing, Deceased IRA Holder resided:

In the United States

Outside of the United States (See Section 3)

## Section 2 Beneficiary's Information

*All fields must be completed.*

Name of Individual/Trust/Estate/Charity \_\_\_\_\_

(If the beneficiary is a legal entity and subject to beneficial ownership requirements, an account must be opened for that beneficiary (corporations, non-profits, etc.))

SSN/TIN \_\_\_\_\_

Date of Birth \_\_\_\_\_

(mm/dd/yyyy)

Current Address \_\_\_\_\_

Email \_\_\_\_\_

City \_\_\_\_\_

State \_\_\_\_\_

ZIP Code \_\_\_\_\_

Country \_\_\_\_\_

Phone Number \_\_\_\_\_

Beneficiary resides:  In the United States

Outside the United States

Both

(See Section 3)

Relationship to Original Account Holder

Spouse

Non-Spouse

If Claiming an Inherited IRA, check here:

Successor Beneficiary

## Section 3 International Claims

**Additional Requirements:** In certain instances, if the decedent resided, or a beneficiary resides, outside of the United States, regardless of citizenship, the beneficiary may be required to: (1) provide additional documentation and undergo additional processing requirements; (2) establish an Inherited IRA account prior to distribution; and (3) submit to Wells Fargo Clearing Services, LLC (WFCS) a copy of IRS "Transfer Certificates" specifically referencing the decedent's WFCS IRA account before any transfer instructions from the decedent IRA will be accepted.

**IRS Transfer Certificates:** IRS Transfer Certificates are generally required when an IRA holder, *regardless of their citizenship*, passes away while residing outside of the United States and the decedent's total U.S. assets (held at WFCS and elsewhere) exceeded \$60,000 in value at the date of death. In instances where IRS Transfer Certificates are required, the Transfer

Account(s) carried by First Clearing. First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

Certificates **must be obtained by the beneficiary, the heirs or executor of the decedent and provided to WFCS before assets are transferred out of the decedent's IRA account.** Applying for IRS Transfer Certificates requires filing certain documents with the U.S. Internal Revenue Service and may have tax implications for the decedent's estate. Consequently, any beneficiary, heir, executor, or estate administrator/representative who is seeking to resolve the decedent's IRA account is advised to consult a professional tax advisor. Please note that for IRS Transfer Certificates to be acceptable they must specifically identify (i.e., by account number) and release the decedent's WFCS IRA account.

## Section 4 Instructions to Liquidate Asset(s) in the IRA:

**Important information about procedures for liquidating and requesting a lump sum distribution.** To help the government fight the funding of terrorism and money laundering activities, federal law requires all financial institutions to obtain, verify, and record information that identifies each person who is considered a client. What this means for you: When you sign the IRA Beneficiary Claim form we will ask for your name, address, date of birth, and other information that will allow us to identify you. We may also ask to see your driver's license or other identifying documents.

**Employee of WFA/WFAFN or Introducing Firm:**  Yes  No

**Large Trader:**  Yes  No (If Yes, the beneficiary will need to open an inherited IRA and will not be able to liquidate in the deceased account.) **Note:** Rule 13h-1 defines "large trader" as: a person whose transactions in NMS (National Market System) securities equal or exceed 2 million shares or \$20 million during any calendar day, or 20 million shares or \$200 million during any calendar month.

**Institutional Investor:**  Yes  No (Institutional Account definition: (1) A bank, savings and loan association, insurance company or registered investment company; (2) An investment adviser registered either with the SEC under Section 203 of the Investment Advisers Act or with a state securities commission (or any agency or office performing like functions); or (3) Any other person (whether a natural person, corporation, partnership, trust or otherwise) with total assets of at least \$50 million.)

**WFCS is instructed to liquidate the specific asset(s) in the decedent's IRA, and to payout the proceeds of the liquidation per your lump sum election in section 5.**

**Check the appropriate box below:**

**Full Liquidation:** I authorize WFCS to liquidate my entire portion of the IRA. This means your portion will be sold in its entirety and assets distributed to you, as you direct in Section 5.

*Partial Liquidations are only allowed for indivisible or non-transferrable securities.*

**Partial Liquidation:** I authorize WFCS to liquidate only the specific assets listed on the Partial Liquidation Specified Asset(s) List on page 4 of this form. This means only the assets you specify will be liquidated. All other assets will be transferred in kind.

FA must be properly registered where the beneficiary resides. If the beneficiary is a legal entity and subject to beneficial ownership requirements, an account must be opened for that beneficiary. Commissions and/or fees may apply to your liquidation. You may ask the Financial Advisor associated with the account any questions you have concerning commissions and fees.

## Section 5 Beneficiary Election Options (See attached information on inheriting an IRA)

**Beneficiary may only elect one option for their designated portion of the account.**

*Spouse Only selection.*

**Roll Over/Treat as My Own.** Transfer assets to account number \_\_\_\_\_.

You may want to move the assets to an Inherited IRA if you are under age 59½. Distributions from your own IRA before age 59½ may have an IRS 10% additional tax for early or pre-59½ distributions (10% additional tax). Inherited IRA distributions have no 10% IRS tax penalty. You will have no required minimum distributions (RMDs) due from a Traditional IRA until you are age 72 or older. There are no RMDs for Roth IRA owners. This is not an option if you are inheriting your spouse's Inherited IRA because you are a Successor Beneficiary.

*Spouse and Non-Spouse selections.*

**Inherited IRA.** Move assets to account number \_\_\_\_\_.

Please select your beneficiary category from one of the three below and read the information on *What to know when you inherit an IRA* to learn more.

**If you do not select one of the below options we cannot assist you with the time this account is allowed to remain open under current law.**

Beneficiary Type (Select Only One type from the below options)

1. Designated Beneficiary (DB)

- Non-spouse individual
- Qualified trust

2. Eligible Designated Beneficiary (EDB)

- Surviving spouse
- Disabled or chronically ill individuals
- Individuals less than 10 years younger than IRA owner, same age or older than
- Child of the account owner who has not reached age of majority
- Non-spouse beneficiary of IRA owners who died on or before 12/31/19
- Qualified trust beneficiary of IRA owners who died on or before 12/31/19

3. Non-Designated Beneficiary (NDB)

- Estate
- Non-qualified trust
- Charity

*Use Beneficiary Asset Worksheet (589387) to assist with uneven breakdowns.*

**Lump Sum.** This is a taxable, irrevocable event. *Once a non-spouse beneficiary chooses to take a lump-sum distribution, it cannot be rolled over into an Inherited IRA or his or her own IRA. In this situation, a spouse beneficiary would have 60 days to roll over the inherited assets into his or her own IRA if they meet the rollover requirements.* You will not have a 10% additional tax on the distribution. Taxable distribution included as part of all ordinary income. **Complete Payment Instructions section.**

**External Transfers:**

In order to transfer your assets, we will require the receiving institution’s transfer paperwork, which will include account number, delivery instructions, and letter of acceptance. All assets might not be transferable. Please work with receiving broker to determine if assets are transferable.

**IRA To IRA/Inherited IRA (non-taxable transfer)**

**IRA to Non-IRA account (taxable distribution)**

## Section 6 Payment Instructions

### Distribution Information

- Any RMD that should have been taken by the deceased in the year of death must be taken by the beneficiaries by December 31 of the year of death.
- A spouse who rolls over can satisfy the RMD from his or her own IRA. A spouse under 59½ may have a 10% additional tax if the RMD is taken from the spouse’s own IRA and not the Inherited IRA.

*Use Beneficiary Asset Worksheet (589387) to assist with uneven breakdowns.*

### Method

- Check**
- Payable to: \_\_\_\_\_
- Mail to Address of Record     Mail to above Recipient Address
- Hold for Pick-Up at Branch
- Mail to Address: \_\_\_\_\_
- Transfer** To Account Number \_\_\_\_\_ Account Name \_\_\_\_\_
- FedWire Funds.** This method requires completion of the wire instructions page.
- Deposit electronically via ACH/Money Transfer.** This method requires completion of the ACH/Money Transfer bank information below.

### ACH/Money Transfer Information

Name on Account \_\_\_\_\_

Name of Bank \_\_\_\_\_

Type of Account     Checking    or     Savings

Bank City \_\_\_\_\_ Bank State \_\_\_\_\_

ABA/Routing Number \_\_\_\_\_ Account Number to Credit \_\_\_\_\_



## Section 7 Tax Withholding Certifications and Elections

**Required if the Lump Sum option was selected in Section 5.**

Withholding elections are made by choosing one option in the federal taxes and one option in the state taxes section. **Important: If you are eligible to elect out of federal or state withholding and decide to do so, you will be liable for taxes due on the taxable portion of your distribution and potential penalties for underpayment of estimated taxes. You should consult with your tax advisor before making your elections.** After completing this form, to make a change to a federal and/or state withholding election, a new form and signature are required. The tax withholding election is for this distribution ONLY and does not revoke or change any separate distribution instructions that may be on file.

All IRA distributions are considered "non-periodic" payments.

### Federal Taxes *W-4R, OMB No.1545-0074*

For non-periodic payments, the default withholding rate is 10%. You can choose to have a different rate by entering a rate between 0% and 100% on Line 1. You can't choose less than 10% for payments to be delivered outside the United States and its possessions.

1. Complete this line if you would like a rate of withholding that is different from the default withholding rate. See the instructions and the Marginal Rate Tables below for additional information.

Enter the rate as a whole number (no decimal) \_\_\_\_\_%

### State Taxes

Withholding is required in some states if federal withholding applies, unless you specifically elect out. **Residents of CA or VT:** If you elect to withhold federal taxes, the state withholding minimum rate for CA is 10% of federal withholding, or for VT is 30% of federal withholding.

**Residents of MI:** If you elect out, you are certifying your distribution is not taxable because you were born before 1946 or you believe that you will not have a balance due on your MI-1040.

**Residents of CT:** If you've opted out of state tax withholding or elected an amount to withhold for partial or scheduled distributions, you are electing withholding code "E," as defined by Connecticut's form CT-W4P.

**Selection Required** (*choose one*) State taxes will be withheld based on the state listed on your account registration.

- Do NOT withhold state income tax from my IRA distribution. If this is a total distribution, for the state of CT or for Washington, D.C., you cannot opt out of withholding.
- Withhold state income tax of \_\_\_\_\_ % or \$ \_\_\_\_\_ from my IRA distribution. If this is a total distribution, for the state of CT or for Washington, D.C., you can only elect an amount greater than the state withholding minimum (CT is a 6.99% minimum, D.C. is a 8.95% minimum).

## Section 8 Client Signature and Acknowledgment

If liquidation instructions are included, I understand that:

- WFCS will take action only after WFCS has received and verified all required supporting claim documentation.
- WFCS may not enter trades necessary to facilitate the liquidation on the same business day that WFCS receives my instructions, due to administrative handling and processing time.
- WFCS will make every effort to process my liquidation promptly.
- The value of my assets at liquidation may differ from current market values.
- Commissions and/or fees may apply to the trades necessary to facilitate this liquidation.
- I agree to release and indemnify, defend and hold harmless WFCS, WFA, Introducing Firm and their respective affiliates and agents, officers, employees, successors and assigns (collectively, "Indemnitee") from any and all claims, liabilities, damages, losses, penalties, judgments and expenses, including without limitation, attorneys' fees and costs, of any kind or description that directly or indirectly arise out of or are related to the liquidation by WFCS of the specific asset(s) or the distribution of the proceeds thereof to me pursuant to this Acknowledgment and the WFCS IRA Disclosure Statement and Custodial Agreement.

By signing below, you:

- Certify the IRA holder is deceased, you are the beneficiary and the information provided is true and correct.
- Acknowledge that you have attached a copy of the Death Certificate to this form.
- Understand that you are responsible for calculating and taking the owner's RMD by December 31, if any is due.
- Assume full responsibility for any decisions regarding the inherited assets.
- Agree to consult with tax and legal professionals because WFCS has not given you any tax or legal advice.
- Have not relied on any information WFCS has provided to determine what action to take.
- Acknowledge that I received the beneficiary option pages and will retain for my records.

**Connecticut Perjury Declaration:** I declare under penalty of law that I have examined this certificate and, to the best of my knowledge and belief, it is true, complete, and correct. I understand the penalty for reporting false information is a fine of not more than \$5,000, imprisonment for not more than five years, or both (as defined by the state of Connecticut on the CT-W4P).

**Following are Signature(s) for Beneficiary, Executor/Executrix, Charity Representative, Trustee Representative, Conservator/Guardian, or POA attorney-in-fact (POA Document Required). Execution by more than one of the preceding parties may be required in certain instances.**

**SIGN HERE** 

<b>Signature 1</b>    <b>X</b>	<b>Print Name 1</b>    	<b>Date Signed 1</b>    
<b>Signature 2</b>    <b>X</b>	<b>Print Name 2</b>    	<b>Date Signed 2</b>    
<b>Signature 3</b>    <b>X</b>	<b>Print Name 3</b>    	<b>Date Signed 3</b>    
<b>Signature 4</b>    <b>X</b>	<b>Print Name 4</b>    	<b>Date Signed 4</b>    

## Federal Wire Funds Request *(Fee may apply)*

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Do not complete this section if requesting an international wire; instead complete the International Wire Funds Request from IRA form and submit with this Beneficiary Claim form.

Bank Name \_\_\_\_\_ ABA Routing Number \_\_\_\_\_

Bank Address \_\_\_\_\_ Bank City \_\_\_\_\_ Bank State \_\_\_\_\_

Name on Bank Account \_\_\_\_\_ Account Number \_\_\_\_\_

Account Type:  Check  Savings

Recipient Name \_\_\_\_\_ Phone Number \_\_\_\_\_

Local Routing Code (if applicable) \_\_\_\_\_

Recipient Address *(include City, State, Zip Code, and Country – No P.O. Box or APO)*

Special Instructions

Future Credit (if applicable)

Purpose of Wire

In consideration of WFCS accepting the instructions on page one of this document, I hereby release and discharge WFCS and its affiliates from any liability or claims in connection with the aforementioned instructions and agree to indemnify and hold WFCS harmless against any losses from any action, claim, or demand of any person based upon WFCS acting under these instructions.

It is my responsibility to verbally verify the legitimacy of the source and the accuracy of instructions provided by any third party. Examples of third parties include, but are not limited to, title companies, attorneys, accountants, and business associates.

**SUBMIT THIS PAGE ONLY IF REQUESTING A FEDERAL WIRE**

SR#
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## 2022 Marginal Rate Tables

You may use these tables to help you select the appropriate withholding rate for this payment or distribution. Add your income from all sources and use the column that matches your filing status to find the corresponding rate of withholding. **Please refer to the Form W4R instructions at [IRS.gov W-4R Form](https://www.irs.gov/W-4R-Form) for additional information regarding the form and how to use this table.**

**Important: The below Marginal Rate Table applies to the 2022 tax year.** Please visit, <https://www.irs.gov/pub/irs-pdf/fw4r.pdf> for the most recent Marginal Rate Table.

Single or Married filing separately		Married filing jointly or Qualifying widow(er)		Head of household	
<i>Total income over —</i>	<b>Tax rate for every dollar more</b>	<i>Total income over —</i>	<b>Tax rate for every dollar more</b>	<i>Total income over —</i>	<b>Tax rate for every dollar more</b>
\$0	<b>0%</b>	\$0	<b>0%</b>	\$0	<b>0%</b>
\$12,950	<b>10%</b>	\$25,900	<b>10%</b>	\$19,400	<b>10%</b>
\$23,225	<b>12%</b>	\$46,450	<b>12%</b>	\$34,050	<b>12%</b>
\$54,725	<b>22%</b>	\$109,450	<b>22%</b>	\$75,300	<b>22%</b>
\$102,025	<b>24%</b>	\$204,050	<b>24%</b>	\$108,450	<b>24%</b>
\$183,000	<b>32%</b>	\$366,000	<b>32%</b>	\$189,450	<b>32%</b>
\$228,900	<b>35%</b>	\$457,800	<b>35%</b>	\$235,350	<b>35%</b>
\$552,850*	<b>37%</b>	\$673,750	<b>37%</b>	\$559,300	<b>37%</b>

\* If married filing separately, use \$336,875 instead for this 37% rate.

# What to know when you inherit an IRA

When you inherit an IRA you will have many planning and distribution considerations. Your options will depend on if the IRA holder died before or after January 1, 2020. Some of your decisions will be based on your current needs, but your ultimate goal may be to maximize the value of the assets you received. We have prepared this information to help you be informed so that you can avoid common mistakes and make the most of this opportunity.

## Tax considerations

Managing the amount you will pay in taxes is a key consideration when you inherit a Traditional IRA. When you inherit a Roth IRA, you need to understand if you will owe taxes when taking distributions.

No matter your age, you will avoid the IRS 10% additional tax for early or pre-59½ distributions (10% additional tax) on distributions from the IRA you inherited. If you don't have an immediate need for the assets, it makes sense to have a plan to minimize distributions of the inherited assets so that you can preserve their tax-advantaged features.

## Distributions from Inherited Roth IRAs

Whether you will take a lump-sum distribution, disclaim, or open an Inherited IRA, you first should understand the two types of Roth IRA distributions: **qualified** and **non-qualified**.

- **Qualified distributions** from an Inherited Roth IRA are tax-free. Distributions are qualified if the Roth has been open for more than five years.
- **Non-qualified distributions** from Inherited Roth IRAs may be subject to tax, but not the 10% additional tax. When the Roth IRA owner died before the account had been funded for more than five years, distributions are **non-qualified**. The five-year clock will continue in the Inherited IRA and until that fifth year has been reached, the Roth ordering rules for distribution are followed. As long as your distributions are equal to or less than the total amount the IRA owner contributed and/or converted, you have no taxes due. Any earnings distributed before the account has been open for more than five years will be taxable.

## Distributions from Inherited Traditional IRA

Income tax will apply to taxable amounts when distributions are taken from an Inherited Traditional IRA. Larger dollar amounts can quickly put you into a higher tax bracket, whereas taking smaller distributions over time can help avoid a significant tax bill.

## Three categories of beneficiaries

The Setting Every Community Up for Retirement Enhancement (SECURE) Act has changed the distribution options for certain beneficiaries who inherit an IRA on or after January 1, 2020. Your beneficiary category will determine your options for distributing the money.

Below are the three categories of beneficiaries.

Non-Designated Beneficiary (NDB)	Designated Beneficiary (DB)	Eligible Designated Beneficiary (EDB)
<ul style="list-style-type: none"><li>• Estate</li><li>• Non-qualified trust</li><li>• Charity</li></ul>	<ul style="list-style-type: none"><li>• Non-spouse individual</li><li>• Qualified "look-through" trust</li></ul>	<ul style="list-style-type: none"><li>• Surviving spouses</li><li>• Disabled or chronically ill individuals</li><li>• Individuals not more than 10 years younger, the same age as, or older than IRA owner</li><li>• Child of the account owner who has not reached the age of 21</li></ul>

## Understanding your options

You have a few decisions to make if you have been named as the beneficiary of an IRA. It is important to understand each option because certain distribution methods preserve the account's tax-advantaged status while others do not. Keep in mind that after a distribution is taken from IRA assets you inherit, unless you are the spouse, you are not able to put it back.

*The following table summarizes the options you have depending on your beneficiary type.*

*Remember, you will need to take distributions whether you inherit a Roth or a Traditional IRA.*

## Beneficiary distribution options when an IRA holder dies on or after 1/1/2020

Designated Beneficiary	Life expectancy	Open an Inherited IRA Five-year rule	Ten-year rule
Non-spouse			X
Qualified trust			X

Eligible designated Beneficiary	Life expectancy	Open an Inherited IRA Five-year rule	Ten-year rule
Spouse	X		X <sup>1</sup>
Disabled or chronically ill individuals	X		X <sup>1</sup>
Individuals not more than 10 years younger, the same age as, or older than IRA owner	X		X <sup>1</sup>
Child of the account owner who has not reached age of 21	X		X <sup>1</sup>

Non-designated Beneficiary (Owner Died Before RBD)	Life expectancy	Open an Inherited IRA Five-year rule	Ten-year rule
Estate/non-qualified trust		X	
Charity		X	

Non-designated Beneficiary (Owner Died After RBD)	Life expectancy	Open an Inherited IRA Five-year rule	Ten-year rule
Estate/non-qualified trust	X <sup>2</sup>		
Charity	X <sup>2</sup>		

<sup>1</sup> May not be applicable if owner died after RBD.

<sup>2</sup> RMDs based on owner's age in year of death, divisor reduced by one each subsequent year.

### Designated beneficiary

Under the SECURE Act, these beneficiaries will now be subject to the 10-Year Rule.

**10-Year Rule** – This option is applicable Inherited Roth and Inherited Traditional IRAs. No distributions are required before end of the 10th year following the year the IRA owner's death. No distributions are required before the 10th year if the owner died before RBD. They may be required if the owner died after RBD. Depending on the size of the account, you may want to spread distributions over the entire 10-year period.

### Eligible designated beneficiary

This category has the most favorable distribution options. Beneficiaries can take distributions from their Inherited IRA based on their own life expectancies. The life expectancy option is often referred to as the stretch IRA strategy.

- Except for the minor child of the IRA owner, EDB options are the same as before the SECURE Act and are detailed on page 3.
- Minor children of the IRA owner can take RMDs based on their life expectancy until they reach the age of 21. Then they are subject to the 10-Year Rule.

*Please Note: If an IRA owner dies before January 1, 2020, a non-spouse or qualified trust beneficiary has most of the options as an EDB. The 10-year rule only applies to beneficiaries when the IRA owner died in 2020 and after.*

### Non-designated beneficiary

This category includes estates, charities, and non-qualified trusts. The options available to them are dependent on when the IRA owner died — either before or after their required beginning date (RBD), generally April 1 following the year they reached age 72. If the owner died after their RBD, RMDs are based on the IRA owner's age in year of death, divisor reduced by one each subsequent year. If the owner died before their RBD the 5-year rule is followed.

**5-Year Rule** – Empty the Inherited IRA by December 31 of the year containing the fifth anniversary of the owner's death.

### Inherited IRA distribution options when an IRA owner dies on or before 12/31/2019 and for EDB:

- **Life expectancy:** This option is available for Inherited Roth and Inherited Traditional IRAs. The Wells Fargo Clearing Services, (WFCS) LLC IRA Custodial Agreement default is the Life Expectancy option. You may be subject to an IRS 50% excise tax for every dollar under-distributed.

- **Non-spouse beneficiary:** You will take annual RMDs but you can always take more than that amount. RMDs are based on your life expectancy using a divisor from the IRS Single Life Table and the prior year-end IRA value, on a term-certain basis. Qualified trusts use the age of the oldest trust beneficiary. Term-certain means that one is subtracted from the original divisor in each subsequent year. These RMDs will begin the year following the death of the IRA owner.
- **Spouse beneficiary:** Establishing an Inherited IRA when you are under age 59½ allows you to avoid the 10% additional tax on distributions that you might have if the assets were taken from your own IRA. You always have the ability to transfer the Inherited IRA to your own IRA, even if you have been taking distributions. RMDs from this Inherited IRA will start:
  - Beginning the year your deceased spouse would have reached age 72, or
  - Beginning in the year following your spouse's death, if your spouse died on or after their RBD.

Annual RMD calculations are based on your life expectancy using a divisor from the IRS Single Life Table, the prior year-end IRA value, and utilizes the recalculation method. The recalculation method uses a new divisor from the table each year.

*Please note that the stretch IRA strategy is designed for investors who will not need the money in the account for their own retirement. There is no guarantee that there will be assets remaining in the account at the time of the IRA owner's death.*<sup>3</sup>

### Other options

These distributions choices are available to all beneficiaries no matter the IRA holder's year of death.

- **Disclaim:** If you do not need or want the asset, you can disclaim, or refuse, all or a portion of the assets generally, within nine months after the IRA owner's death. The person who disclaims is considered to have predeceased the IRA owner and cannot dictate who will inherit the assets. If the per stirpes option has been selected then the

<sup>3</sup> When deciding whether to initiate a stretch IRA strategy, an investor should consider such factors as possible changes to tax laws, the impact of inflation, and other risks. Please note that designating a beneficiary two or more generations below the IRA owner may result in additional taxes when the distribution is made (exemptions may apply). Please consult with your tax advisor for more information.

*Please Note: This material has been prepared for informational purposes only and is not a solicitation or an offer to buy any security or instrument or to participate in any trading or distribution strategy. The accuracy and completeness of the information is not guaranteed and is subject to change. It is based on current tax information and legislation as of March 2022. Since each investor's situation is unique, you need to review your specific investment objectives, risk tolerance, and liquidity needs with your financial professional(s) before an appropriate investment or distribution strategy can be selected. Also, since Wells Fargo Advisors does not provide tax or legal advice, investors need to consult with their own tax and legal advisors before taking any action that may have tax or legal consequences.*

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disclaimed assets will go to that beneficiary's lineal descendants. If not, then the IRA passes to any other named primary beneficiaries or, if none, then to the named contingent beneficiary(ies). The IRA default beneficiaries may be used if there are no valid beneficiaries on file.

### The beneficiary defaults on a WFCS IRA are:

- First, a surviving spouse
- Second, surviving children (as defined under state law)
- Third, the IRA holder's estate
- **Lump-sum:** This strategy will exhaust the entire account in one distribution, with retirement assets losing their tax-advantaged status. Taxes will be due on the taxable portion of the distribution in the year received and may place you in a higher tax bracket. Once a non-spouse beneficiary chooses to take a lump-sum distribution, it cannot be undone. In this situation, a spouse beneficiary would have 60 days to roll over the inherited assets into his or her own IRA if they meet the roll over requirements.
- **Successor beneficiary of an EDB:** If you inherit an Inherited IRA from an EDB, you are a "successor" beneficiary and will have an Inherited/Inherited IRA. It is important to note that the Internal Revenue Code (IRC) does not let you start over and stretch inherited assets out over your own lifetime. Instead, you will use the 10-Year Rule.
- **Successor beneficiary of an DB:** If you inherit an Inherited IRA from a DB, you are a "successor" beneficiary and will have an Inherited/Inherited IRA. If the DB dies before the end of the 10th year and the account is still funded, you will have the remaining years of the DB's 10-Year Rule to empty the Inherited IRA.

## Review your choices

Our firm understands your desire to maximize the benefits you can receive from your IRA inheritance. Please investigate all the options you have in regard to these assets with your tax and legal advisors before enacting a strategy. We look forward to helping you and your family with your financial goals and objectives.