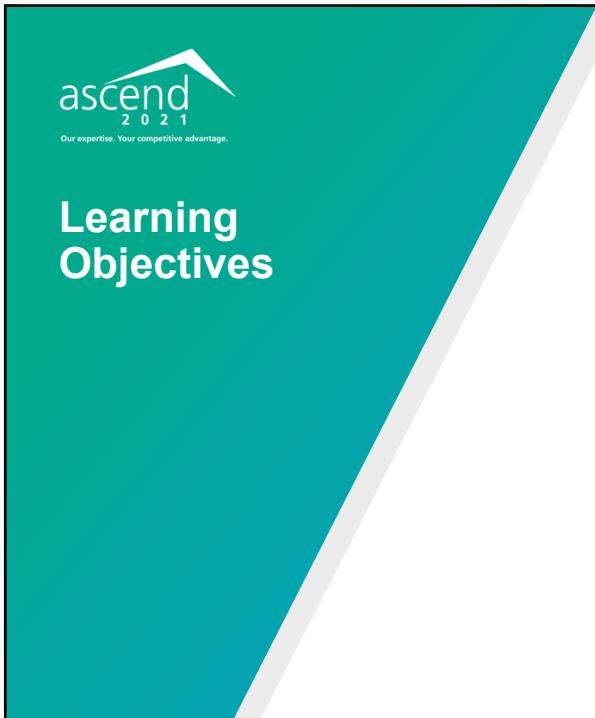


A photograph of a smiling senior couple jogging outdoors in a park. The man is on the left, wearing a grey hoodie and black pants. The woman is on the right, wearing a grey top and dark pants with a blue belt. They are both smiling and appear to be in motion. The background shows blurred trees and foliage.

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## Advanced Beneficiary Topics for IRAs and QRPs

1

A teal diagonal bar on the left side of the slide, extending from the bottom-left corner to the top-left corner.

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## Learning Objectives

- Identify special issues that arise in processing death claims
- Explain the procedures for handling special issues

2

1

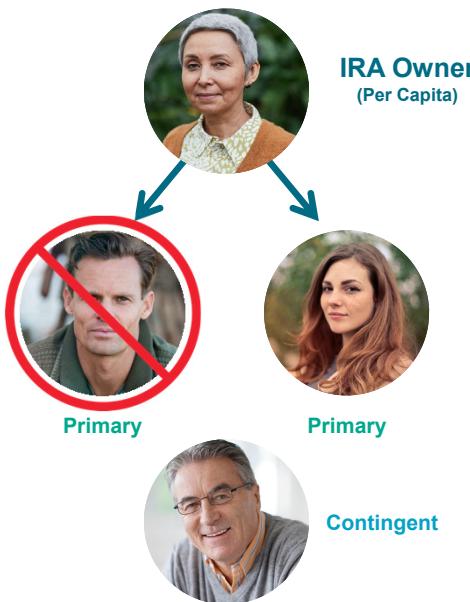
## Naming a Beneficiary

3

3

### Per Capita vs. Per Stirpes

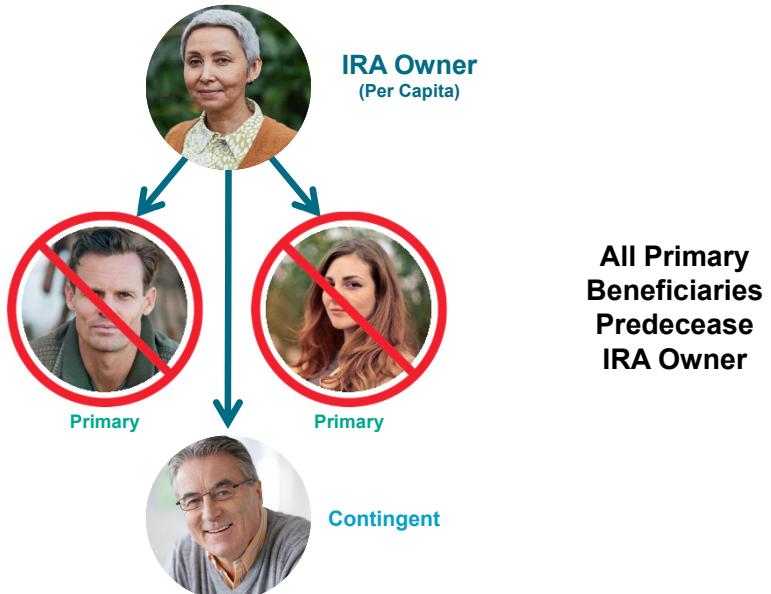
One Primary  
Beneficiary  
Predeceases  
IRA Owner



4

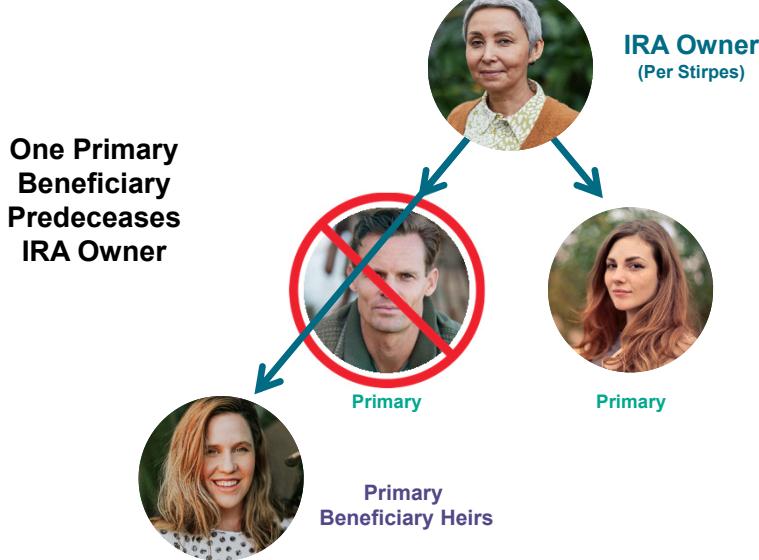
4

## Per Capita vs. Per Stirpes



5

## Per Capita vs. Per Stirpes



6

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## Per Capita

Marlise names her two kids, Sven and Annamaria, as equal primary beneficiaries.

If Sven predeceases Marlise, upon Marlise's death, his 50% share of the assets pass to Annamaria.

Annamaria will receive 100% of Marlise's IRA assets, leaving Sven's family with no share of the IRA assets.



7

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## Per Stirpes

Marlise names her two kids, Sven and Annamaria, as equal primary beneficiaries.

If Sven predeceases Marlise, upon Marlise's death, his 50% share of the assets will pass to his heirs.

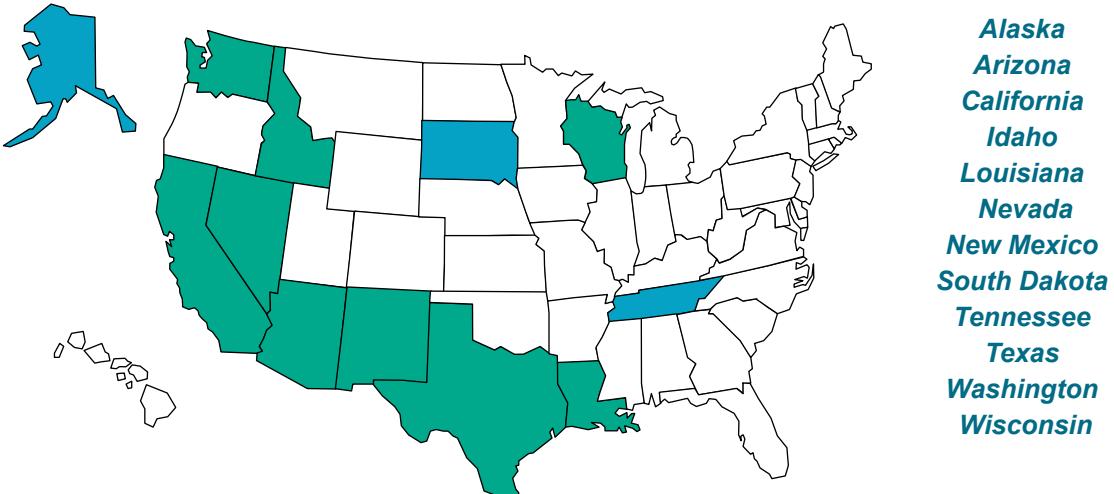
Annamaria will receive 50% of Marlise's IRA assets, and Sven's heirs will receive 50% of Marlise's IRA assets.



8

8

## Community/Marital Property



9

9

## No Community Property Issues to Consider



Not married



Signed consent  
of spouse



Did not live  
in community  
property state

10

10

## Community Property

Jack, a lifelong resident of Culdesac, Idaho, recently died.

Jack named his business partner, Chase, as his primary beneficiary.

Ling maintains that, as Jack's wife, she is entitled to the IRA assets.



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## Community Property

Is Ling entitled to any portion of the assets?

Because Jack has always lived in a community property state, his wife, Ling, may be entitled to the IRA assets.

The financial organization should work with its legal counsel to determine appropriate action.

The court will determine the proper recipient.



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## Minor Beneficiaries



Governed by  
state law



Age of majority



Pay to appointed  
parent or guardian

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## Organization or Charity as Beneficiary



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## Authority of an Agent to Designate Beneficiaries

15

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### Authority of an Agent to Designate Beneficiaries



Explain Default  
Beneficiaries



Verify Agent's  
Authority



Retain Original  
Designation

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## Divorce and Beneficiary Designations

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## Divorce and Beneficiary Designations



Former spouse  
may have  
rights to assets



Determine if  
Uniform Probate  
Code (UPC)  
applies



Consult legal  
counsel

18

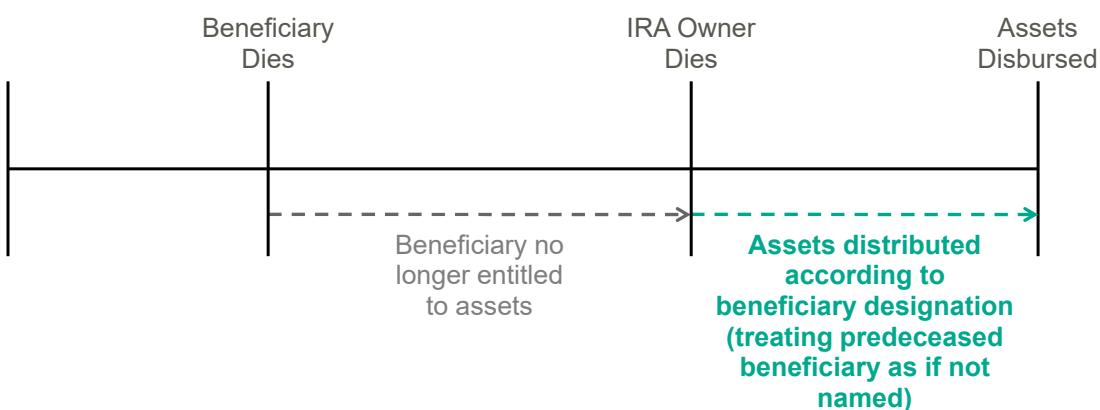
18

## Beneficiary Issues

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### Primary Beneficiary Dies Before the IRA Owner



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## Primary Beneficiary Dies After the IRA Owner

Account Owner's Year of Death	Primary Beneficiary's Year of Death	Successor Beneficiary's Payout
2019 or earlier	2019 or earlier	May not extend distribution method
2019 or earlier	2020 or later	Must distribute the entire interest by the end of the 10th calendar year after the original beneficiary's death
2020 or later	2020 or later; Eligible designated beneficiary*	Must distribute the entire interest by the end of the 10th calendar year after the original beneficiary's death
2020 or later	2020 or later; Not an eligible designated beneficiary	Is subject to the original beneficiary's 10-year rule**

\* An "eligible designated beneficiary" is a spouse, an account owner's minor child, a disabled individual, a chronically ill individual, and an individual who is not more than 10 years younger than the account owner.

\*\*The statute is not clear on whether a successor beneficiary continues with the 10-year rule; however, this would align with current rules.

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## Spouse Inherited and Died Before January 1, 2020 Before Payments Required to Begin

**Original IRA Owner**  
Died in 2019 or earlier before RBD



**Spouse Beneficiary Options**

- Own life expectancy
- 5-year rule
- Transfer
- Distribute and rollover

**Treated as IRA Owner**



**Beneficiary Options**

- Own life expectancy
- 5-year rule



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## Spouse Inherits and Dies On or After January 1, 2020 Before Payments Required to Begin

**Original IRA Owner**  
Died in 2020 or later  
before RBD



**Spouse Beneficiary Options**  
• Own life expectancy  
• 10-year rule  
• Transfer  
• Distribute and rollover

**Treated as IRA Owner**



**Beneficiary Option**  
• 10-year rule



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## Spouse Inherits and Dies Before Payments Required to Begin

Aubrey, age 50, died in 2021.

Claude, her husband, age 51, is the primary beneficiary.

Claude chooses life expectancy payments beginning in 2043.

Claude names Marcel as his successor beneficiary.

Claude dies in 2023.

Claude is treated as the IRA owner when determining Marcel's payment options.

Marcel must deplete the IRA within 10 years.



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**Notified of Death After December 31 of the Year After Death**

**Missed payments?**

**50% penalty tax?**

25

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**Assets Disbursed After the IRA Owner's Death**

 No IRS guidance

 Don't have to "undo"

 Actual recipient may dictate action

26

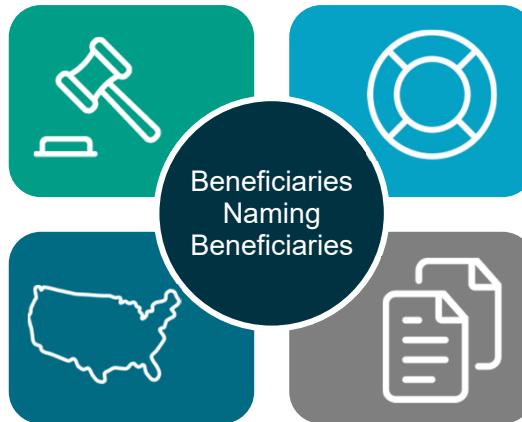
26

## Beneficiaries Naming Beneficiaries

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Does not violate  
federal laws



Cannot extend  
payments

Consider state  
trust laws

Review IRA  
documents

28

28

## Beneficiaries Naming Beneficiaries

2828		<input type="checkbox"/> VOID	<input type="checkbox"/> CORRECTED
TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code			
TRUSTEE'S or ISSUER'S TIN		PARTICIPANT'S TIN	
PARTICIPANT'S name <b>Successor beneficiary as beneficiary of original beneficiary</b>			
Street address (including apt. no.)			
City or town, state or province, country, and ZIP or foreign postal code			
Account number (see instructions)			
1 IRA contributions (other than amounts in boxes 2-4, 6-10, 13a, and 14a)		OMB No. 1545-0747	
\$			
2 Rollover contributions			
\$			
3 Roth IRA conversion amount		4 Recharacterized contributions	
\$		\$	
5 FMV of account		6 Life insurance cost included in box 1	
\$		\$	
7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>		8 SEP contributions <input type="checkbox"/> 9 SIMPLE contributions <input type="checkbox"/>	
\$		\$	
10 Roth IRA contributions		11 Check if RMD for 2022 <input type="checkbox"/>	
\$			
12a RMD date		12b RMD amount <input type="checkbox"/>	
\$		\$	
13a Postponed/late contrib.		13b Year	13c Code
\$			
14a Repayments		14b Code	
\$			
15a FMV of certain specified assets		15b Code(s)	
\$			

2021  
Form 5498  
IRA Contribution Information  
Copy A  
For Internal Revenue Service Center  
File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the 2021 General Instructions for Certain Information Returns.

Form 5498 Cat. No. 50010C www.irs.gov/Form5498 Department of the Treasury - Internal Revenue Service

**Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page**

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## Successor Beneficiary Example

Jessica Logan died in 2019 and named Patty Covington as her IRA beneficiary.

Patty's 2019 Form 5498 was titled, "[Patty Covington as beneficiary of Jessica Logan](#)."

Patty died in 2021 and named Matt Kelly as her successor beneficiary.

Matt's 2021 Form 5498 will be titled, "[Matt Kelly as beneficiary of Patty Covington](#)."

The final Form 5498 for Patty (generated for the year of death) read, "[Patty Covington as beneficiary of Jessica Logan](#)."



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## Contesting Beneficiary Designations

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## Contesting Beneficiary Designations



Governed by  
state law



Last document  
executed



More specific  
document



Refer to financial  
organization's  
attorney

Wait for court  
determination

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## Single Life Expectancy Table Changes Beginning in 2022

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### Single Life Expectancy Table Changes Beginning in 2022



**Nov. 12, 2020**

IRS published final  
regulations



**Jan. 1, 2022**

First date  
applicable



**Transition Rule**

Allows a  
beneficiary to use  
a “one-time reset”



**Reviewed**

IRS expects to  
review tables every  
10 years (or when  
new mortality  
studies are  
published)

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**Questions?**

35



Thank you for attending

**Advanced Beneficiary  
Topics for IRAs  
and QRPs**

**We Appreciate Your Opinion**  
Please complete the course survey at your convenience.

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