

# THE modernfamily CONUNDRUM

*Not to be confused with the popular ABC sitcom, this issue demonstrates the intricacies involved with spousal IRA beneficiary planning.*

## “Janice”

A woman in her early 40s

## “Roger”

“Janice’s” husband, a man approaching the magical IRA age of 70 ½

Roger passes away, leaving his IRA to his wife. Next year, when Roger would have turned age 70 ½, Janice is left with a choice.

### 1. Remain beneficiary of the account

- a. Would allow her to take penalty-free distributions before she reaches age 59 ½
- b. Would subject her to RMDs (required minimum distributions)
- c. Would subject her beneficiaries to using her life expectancy to calculate RMDs if she passed away

### 2. Do a spousal rollover

- a. Would **NOT** provide her with penalty-free distributions – subject to 10% penalty on all distributions before she reaches age 59 ½
- b. Would eliminate RMDs until she reaches age 70 ½
- c. Would allow her beneficiaries to use their own life expectancy to calculate RMDs when she passes away

Analyze your particular situation with an educated financial advisor.

