

IMPORTANT: Changes to the "Distribution Options for IRA Beneficiaries" Booklet

The **SECURE Act** changed beneficiary distribution options effective January 1, 2020. Please review this page before reading the distribution options booklet.

If...	Then...
Death was before 1/1/2020	<p>The options in the booklet apply, but the required beginning date (RBD) ages have changed. If the owner's date of birth was:</p> <ul style="list-style-type: none"> • Before 7/1/1949: RBD is April 1 of the year after reaching age 70½ • 7/1/1949-12/31/1950: RBD is April 1 of the year after reaching age 72 • 1951-1959: RBD is April 1 of the year after reaching age 73 • 1960 or later: RBD is April 1 of the year after reaching 75
Death was on or after 1/1/2020 and the beneficiary is an Eligible Designated Beneficiary¹ or an entity (trust, charity, estate, etc.)	<p>The options in the booklet apply, with the following changes:</p> <ul style="list-style-type: none"> • See revised RBD ages in the first box above. • For an Eligible Designated Beneficiary,¹ the "five-year rule" was extended to 10 years. • For a trust beneficiary, consult a tax advisor or the attorney who assisted with the creation of the trust to confirm the distribution options available. • Special rules apply if the beneficiary is the owner's minor child. Please call us to discuss the distribution options available.
Death was on or after 1/1/2020 and the beneficiary is a person who is NOT an Eligible Designated Beneficiary¹	<p>A new 10-year rule option is the only option available.</p> <ul style="list-style-type: none"> • Inherited assets must be withdrawn no later than December 31 of the 10th year after the year of death. • If the owner had reached their RBD, you are required to withdraw a required minimum distribution (RMD) each year during years 1-9. This is in addition to ensuring the account is depleted by December 31 of the 10th year. See RBD ages in the first box above; inherited Roth IRA assets are treated as if the owner died before reaching their RBD.

¹Eligible Designated Beneficiaries (EDBs): *Surviving spouse, owner's minor child (natural, adopted, stepchild or eligible foster child), a disabled or chronically ill person or a person older than or not more than 10 years younger than the owner. An owner's minor child is considered an EDB until they turn age 21, regardless of the age of majority in their state of residence.*

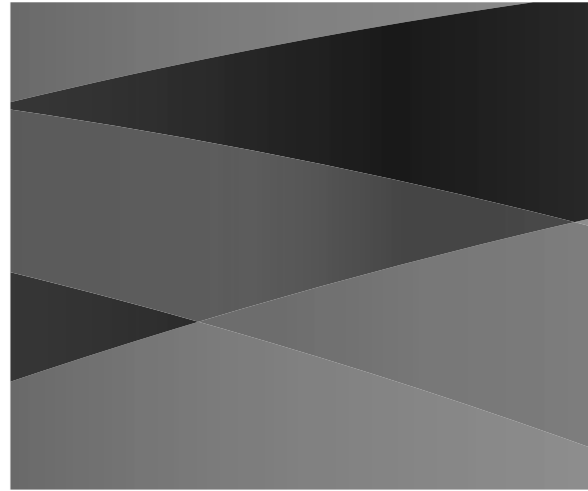
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Distribution Options for IRA Beneficiaries

Choose the option that's best for you



Let Us Help You Make An Informed Decision

Before you begin

It's important to understand your choices and the best options as the beneficiary of an IRA. The legacy you've been given provides you an opportunity to grow tax-deferred money.

The death of a loved one is a difficult time. We encourage you to make decisions in a timely manner as in many cases a withdrawal is required the year after death to avoid tax penalties.

Get started

1. Provide information and we'll transfer the assets

If you haven't already done so, please provide a copy of a certified death certificate or other acceptable proof of death. We may also require other documents. If you received an estate transfer packet, review the included checklist. If not, please call us with any questions you may have.

When we have received the document(s), we will transfer the assets to a beneficiary account(s), registered in your name and tax ID. This keeps your inherited assets separate from other assets, because special IRS rules apply.

2. Review options and provide your instructions

You have several choices for managing the assets you've inherited. Options are listed on the following pages and depend on your relationship to the decedent and the type of IRA he or she owned. Also consider:

- Your age.
- The original IRA owner's age and whether he or she was taking required minimum distributions (RMDs). RMDs are the minimum amounts the IRS requires IRA owners to withdraw each year. They do not apply to Roth IRAs for the original owner.
- How soon you intend to use the money.
- Your potential tax liability.

Whether you withdraw the money over time or take it all at one time, you will generally owe taxes when you begin withdrawals. You may need to include the withdrawals as taxable income on your tax return in the year you take them. See page 6 for more details.

When you have decided on an option, complete and return the appropriate instruction form.

3. Review your portfolio

After the assets are transferred to you, whether in a beneficiary account or your own IRA, they will remain invested in the same portfolio that the decedent had. We encourage you to review the portfolio to ensure it fits your own personal investing goals.

Please see page 6 for more details about IRS rules.

Identify your situation:

Find the IRA type first, then turn to the page that describes your beneficiary status.

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* If a trust qualifies as a pass through or bypass trust, the beneficiaries may have different options. Call us for details.

Our Estate Transfer Team is here to help answer questions about your options. Call a member of the team at 1-800-422-3301.

Options for Beneficiary Traditional, Rollover, SEP, SARSEP and SIMPLE IRAs

Determine the *required beginning date* for the decedent. This is the date the IRS requires the decedent to take minimum distributions (RMDs)—typically April 1 the year after he or she turns 70½. Use the appropriate column based on the decedent's required beginning date.

Spouse Beneficiary

		IRS Deadlines and Minimums for Distributions	
	Explanation	Owner died <u>before</u> required beginning date	Owner died <u>on or after</u> required beginning date
Spousal rollover	Inherited assets are rolled over to your own new or existing IRA, and you treat the assets as though you originally made the contributions. This is not a taxable event. If we do not receive rollover instructions with the death certificate, we will transfer your inherited assets to a Beneficiary IRA and close the decedent's IRA. You can still roll over the assets to your own IRA.	Deadline You may request a spousal rollover at any time. How much to withdraw each year If you delay rolling over the assets, you may be required to begin RMDs from your Beneficiary IRA in accordance with the life expectancy option until the rollover is completed. Refer to the life expectancy option for deadlines.	Deadline You may request a spousal rollover at any time. How much to withdraw each year The IRA owner was required to take RMDs, so if you delay rolling over the assets, you must take RMDs from your Beneficiary IRA in accordance with the life expectancy option until the rollover is completed.
Life expectancy	Inherited assets are placed in a Beneficiary IRA, and you withdraw a portion (RMDs) each year for as long as assets remain in the account.	Deadline <i>Sole beneficiary</i> – RMDs must begin no later than December 31 of the year in which the IRA owner would have turned 70½. However, you can begin withdrawals earlier. <i>More than one beneficiary</i> – RMDs must begin no later than December 31 of the year after the year of death. However, you can begin withdrawals earlier. How much to withdraw each year Determine the RMD amount by dividing the prior year's 12/31 balance of your Beneficiary IRA by your single life expectancy factor.* Your single life expectancy factor is recalculated each year.*	Deadline RMDs must begin no later than December 31 of the year after the year of death. How much to withdraw each year Determine the RMD amount by dividing the prior year's 12/31 balance of your Beneficiary IRA by the longer of: a) Your single life expectancy. Your single life expectancy factor is recalculated each year.* -OR- b) The remaining single life expectancy of the IRA owner. The life expectancy factor is reduced by one each year.*
Five-year rule	Inherited assets are placed in a Beneficiary IRA, and you have five years to withdraw all assets from the account.	Deadline All assets must be withdrawn no later than December 31 of the fifth year after the year of death. How much to withdraw each year No annual RMDs are required, but keep in mind that you must withdraw all assets by the deadline.	Not available

*The IRS Single Life Expectancy Table is available at [irs.gov](https://www.irs.gov) in *IRS Publication 590, Individual Retirement Arrangements (IRAs)*. See page 6 for details about the life expectancy factor.

Options for these account types are continued on page 3.

Options for Beneficiary Traditional, Rollover, SEP, SARSEP and SIMPLE IRAs

Determine the *required beginning date* for the decedent. This is the date the IRS requires the decedent to take minimum distributions (RMDs)—typically April 1 the year after he or she turns 70½. Use the appropriate column based on the decedent's required beginning date.

Non-Spouse Beneficiary

IRS Deadlines and Minimums for Distributions			
	Explanation	Owner died <u>before</u> required beginning date	Owner died <u>on or after</u> required beginning date
Life expectancy	Inherited assets are placed in a Beneficiary IRA, and you withdraw a portion of the Beneficiary IRA (RMDs) each year for as long as assets remain in the account.	<p>Deadline RMDs must begin no later than December 31 of the year after the year of death.</p> <p>How much to withdraw each year Determine the RMD amount by dividing the prior year's 12/31 balance of your Beneficiary IRA by your single life expectancy.</p> <p>Your single life expectancy is reduced by one each year.*</p>	<p>Deadline RMDs must begin no later than December 31 of the year after the year of death.</p> <p>How much to withdraw each year Determine the RMD amount by dividing the prior year's 12/31 balance of your Beneficiary IRA by the longer of:</p> <p>a) Your single life expectancy. Your single life expectancy factor is reduced by one each year.*</p> <p>-OR-</p> <p>b) The remaining single life expectancy of the IRA owner. The life expectancy factor is reduced by one each year.*</p>
Five-year rule	Inherited assets are placed in a Beneficiary IRA, and you have five years to withdraw all assets from the account.	<p>Deadline All assets must be withdrawn no later than December 31 of the fifth year after the year of death.</p> <p>How much to withdraw each year No annual RMDs are required, but keep in mind that you must withdraw all assets by the deadline.</p>	Not available

Non-Individual Beneficiary (charity, trust, estate, entity, etc.)

IRS Deadlines and Minimums for Distributions			
	Explanation	Owner died <u>before</u> required beginning date	Owner died <u>on or after</u> required beginning date
Life expectancy	Inherited assets are placed in a Beneficiary IRA, and you withdraw a portion each year for as long as assets remain in the account.	Not available	<p>Deadline RMD withdrawals must begin no later than December 31 of the year after the year of death.</p> <p>How much to withdraw each year Determine the RMD amount by dividing the prior year's 12/31 balance of your Beneficiary IRA by the remaining single life expectancy of the IRA owner. The life expectancy factor is reduced by one each year.*</p>
Five-year rule	Inherited assets are placed in a Beneficiary IRA, and you have five years to withdraw all assets from the account.	<p>Deadline All assets must be withdrawn no later than December 31 of the fifth year after the year of death.</p> <p>How much to withdraw each year No annual RMDs are required, but keep in mind that you must withdraw all assets by the deadline.</p>	Not available

*The IRS Single Life Expectancy Table is available at [irs.gov](https://www.irs.gov) in *IRS Publication 590, Individual Retirement Arrangements (IRAs)*. See page 6 for details about the life expectancy factor.

Options for Beneficiary Roth IRAs

After the death of a Roth IRA owner, certain minimum distribution rules that apply to Traditional IRAs also apply to Roth IRAs. Find the table that accurately describes your relationship to the decedent.

Spouse Beneficiary

Explanation		IRS Deadlines and Minimums for Distributions	
Spousal rollover	<p>Inherited assets are rolled over to your own new or existing Roth IRA, and you treat the assets as though you originally made the contributions.</p> <p>This is not a taxable event.</p> <p>If we do not receive rollover instructions with the death certificate, we will transfer your inherited assets to a Beneficiary Roth IRA and close the decedent's Roth IRA. You can still roll over the assets to your own Roth IRA.</p>	<p>Deadline</p> <p>You may request a spousal rollover at any time.</p>	<p>How much to withdraw each year</p> <p>If you delay rolling over the assets, you may be required to take RMDs from your Beneficiary Roth IRA in accordance with the life expectancy method until the rollover is completed. Refer to the life expectancy option for deadlines.</p>
Life expectancy	<p>Inherited assets are placed in a Beneficiary Roth IRA, and you withdraw a portion (RMDs) each year for as long as assets remain in the account.</p>	<p>Deadline</p> <p><i>Sole beneficiary</i> – RMDs must begin no later than December 31 of the year in which the Roth IRA owner would have turned 70½. However, you can always start earlier.</p> <p><i>More than one beneficiary</i> – RMDs must begin no later than December 31 of the year after the year of death.</p>	<p>How much to withdraw each year</p> <p>Determine the RMD amount by dividing the prior year's 12/31 balance of your Beneficiary Roth IRA by your single life expectancy factor.*</p> <p>Your single life expectancy factor is recalculated each year.*</p>
Five-year rule	<p>Inherited assets are placed in a Beneficiary Roth IRA, and you have five years to withdraw all assets from the account.</p>	<p>Deadline</p> <p>All assets must be withdrawn no later than December 31 of the fifth year after the year of death.</p>	<p>How much to withdraw each year</p> <p>No annual RMDs are required, but keep in mind that you must withdraw all assets by the deadline.</p>

*The IRS Single Life Expectancy Table is available at [irs.gov](https://www.irs.gov) in *IRS Publication 590, Individual Retirement Arrangements (IRAs)*. See page 6 for details about the life expectancy factor.

Options for these account types are continued on page 5.

Options for Beneficiary Roth IRAs

After the death of a Roth IRA owner, certain minimum distribution rules that apply to Traditional IRAs also apply to Roth IRAs. Find the table that accurately describes your relationship to the decedent.

Non-Spouse Beneficiary

Explanation		IRS Deadlines and Minimums for Distributions	
Life expectancy	Inherited assets are placed in a Beneficiary Roth IRA, and you withdraw a portion of the Beneficiary Roth IRA (RMDs) each year for as long as assets remain in the account.	Deadline RMD withdrawals must begin no later than December 31 of the year after the year of death.	How much to withdraw each year Determine the RMD amount by dividing the prior year's 12/31 balance of your Beneficiary Roth IRA by your single life expectancy.* Your single life expectancy is reduced by one each year.*
Five-year rule	Inherited assets are placed in a Beneficiary Roth IRA, and you have five years to withdraw all assets from the account.	Deadline All assets must be withdrawn no later than December 31 of the fifth year after the year of death.	How much to withdraw each year No annual RMDs are required, but keep in mind that you must withdraw all assets by the deadline.

Non-Individual Beneficiary (charity, trust, estate, entity, etc.)

Explanation		IRS Deadlines and Minimums for Distributions	
Five-year rule	Inherited assets are placed in a Beneficiary Roth IRA, and you have five years to withdraw all assets from the account.	Deadline All assets must be withdrawn no later than December 31 of the fifth year after the year of death.	How much to withdraw each year No annual RMDs are required, but keep in mind that you must withdraw all assets by the deadline.

*The IRS Single Life Expectancy Table is available at [irs.gov](https://www.irs.gov) in *IRS Publication 590, Individual Retirement Arrangements (IRAs)*. See page 6 for details about the life expectancy factor.

IRS Guidelines

Please review the following information about IRS rules regarding beneficiary accounts. You may want to talk to a tax advisor for some situations.

Required minimum distributions (RMDs)

A RMD is the amount that must be distributed, or withdrawn, each year from most retirement accounts, including beneficiary accounts.

- Although IRS rules require a minimum amount, you can take more than the minimum. However, you may not apply the extra amount to a future year's RMD.
- If the IRA original owner was required to take a RMD for the year of death and didn't take one, the beneficiary(ies) will need to withdraw it from the Beneficiary IRAs by December 31 of that year. If the IRA owner was required to take RMDs prior to the year of death and didn't do so, the missed RMDs must also be withdrawn.
- RMDs are not eligible for rollover.
- Missed annual RMDs may be subject to late-withdrawal penalties. If any RMDs are missed, you may wish to discuss potential penalties with a tax advisor.
- We will be glad to calculate the RMD amount for you. You can also set up an automatic withdrawal plan for RMDs to make sure you do not miss deadlines. Simply provide your request on the instruction form.

Important note about taxes

You generally will not owe taxes on the assets until you begin withdrawing the money. Note:

- You may need to report the withdrawal as income for the year in which it occurred, and it may be subject to income tax.
- The IRS may assess a 50% late-withdrawal (excess accumulation) penalty on missed or insufficient distributions.
- Unlike a regular IRA, withdrawals from a Beneficiary IRA are not subject to a 10% early-withdrawal penalty tax, even if you are under age 59½.

We suggest you discuss your circumstances with a tax advisor. The IRS website at [irs.gov](https://www.irs.gov) also contains helpful information in *IRS Publication 590, Individual Retirement Arrangements (IRAs)*.

Single life expectancy factor

The rules for determining the single life expectancy factor are explained in the *Required Minimum Distributions* section of *IRS Publication 590, Individual Retirement Arrangements (IRAs)*, available at [irs.gov](https://www.irs.gov). The IRS provides single life expectancy factors in the Single Life Expectancy Table, also found in *Publication 590*.

Depending on your situation, the factor may be recalculated each year, or the factor may be reduced by one each year. If the factor is recalculated, refer to the Single Life Expectancy Table each year to obtain the current factor. If the factor is reduced by one, refer to the Single Life Expectancy Table to obtain the factor for the first year, then for each subsequent year, subtract one (1) from the prior year's factor to obtain the current factor.

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