

Required Minimum Distributions: The 2002 “Final” Regulations

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I. Background

- a. IRS issued final regulations under Code § 401(a)(9) on April 16, 2002. The final regulations replace the regulations proposed in 1987 and 2001, as amended.
- b. Until December 31, 2002, a plan can rely on any set of the final or proposed regulations (although the plan must be timely amended in order to permit the use of the 2001 proposed or final regulations for 2002). After December 31, 2002, only the final 2002 regulations are applicable for determinations and distributions under § 401(a)(9).
- c. The 2001 proposed and 2002 final regulations represent a significant simplification of the minimum required distribution rules. For example, a participant is no longer required to determine beneficiaries by his or her required beginning date, to decide whether or not to recalculate life expectancy each year or to satisfy a separate incidental death benefit rule.
- d. This outline describes some of the general rules of Code § 401(a)(9) and highlights some of the significant changes implemented by the final 2002 regulations.

II. Minimum required distributions paid to participants

- a. The Code § 401(a)(9) rules with respect to minimum required distributions apply to all qualified plans (all pension, profit-sharing and stock bonus plans qualified under Code section 401(a)), Code § 403(b) plans, Code § 457 plans and IRAs. See Code §§ 401(a)(9), 408(a)(6), 408(b)(3), 457(d)(2). Under these rules, a participant must begin receiving distributions of his or her plan benefit no later than April 1 of the calendar year following the later of (1) the calendar year in which the participant attains age 70½ or (2) the calendar year during which the participant retires. Such date is known as the “required beginning date” or RBD.
 - i. For 5% owners (as defined in Code § 416) and IRA holders, the RBD is April 1 of the year following the year in which the participant attains age 70½, regardless of when the individual retires. The 5% owner determination is made during the plan year ending in the calendar year in which the individual attains age 70½. Once distributions have begun to a

participant who is considered a 5% owner, the participant will continue to be characterized as a 5% owner, even if the participant otherwise no longer fits within the definition of a 5% owner.

- ii. The plan documents governing a plan may mandate a required beginning date for all participants of April 1 after the calendar year in which the participant reaches age 70½ . Reg. § 1.401(a)(9)-2, A-2(e), A-6(b).
 - iii. Note: distributions from a Roth IRA are not required during the account holder's lifetime. Code § 408A(c)(5); Reg. § 1.408A-6, A-14.
 - iv. For purposes of this outline, the term "participant" includes IRA holders and 403(b) contract holders unless otherwise noted. This outline addresses the application of Section 401(a)(9) on defined contribution, IRA and other account plans. The outline does not specifically address calculating requirement minimum distributions in defined benefit or other pension-type plans.
- b. As of the required beginning date, benefit distributions must be paid at least annually in an amount not less than the minimum required distribution amount due for such year.
- i. In general, for payments to participants, the MRD for a year is determined by dividing the participant's account balance as of December 31 of the calendar year preceding the distribution calendar year by the applicable distribution period, determined using the age the participant attained (or would have attained) during the year to which the distribution relates. Reg. § 1.401(a)(9)-5, A-1(a).
 - 1. For purposes of determining the value of a participant's account, distributions after the end of the calendar year are disregarded and contributions after the end of the year may be disregarded. Reg. § 1.401(a)(9)-5, A-3.
 - 2. Example: John is not married and turns age 73 on his birthday in 2003. The applicable distribution period for age 73 is 24.7. On December 31, 2002, the value of John's IRA is \$750,000. $\$750,000/24.7$ is \$30,364.37. Therefore, John's minimum required distribution for 2003 is \$30,365.37, regardless of the designated beneficiary, if any, and must be paid on or before December 31, 2003.
 - ii. If a participant in an account plan is not fully vested in his or her benefit on the last day of a distribution calendar year, the MRD is calculated in the normal manner and payment will be made from the vested portion of the account.

1. If the vested portion is less than the MRD amount, only the vested portion will be paid, but the excess, unpaid MRD must be carried forward for distribution in the next year(s). Reg. § 1.401(a)(9)-5, A-9.
 2. Contrast the individual account plan approach to the approach to partial vesting in the defined benefit plan context. See Reg. § 1.401(a)(9)-6T, A-6.
- c. Notice that two MRD annual amounts will be paid to the participant in the first distribution year. (See also Example at end of outline).
 - i. The first must be made by April 1, and is attributable to the payment that was due for the year in which the participant attained age 70½. In effect, the April 1 deadline reflects a statutory grace period for the first MRD payment from the normal due date of December 31. To calculate the first MRD, use the age of the participant on his or her birthday occurring in the year the participant attained age 70½ (*i.e.*, 70 or 71 as applicable) (the “distribution year”), and the participant’s account balance as of December 31 of the calendar year preceding the year in which the participant attained age 70½ (the “valuation year”).
 - ii. The second payment must be made by December 31 of the same year (the year following the year in which the participant attained age 70½), and is attributable to the payment due for that year. Use participant’s age as of his or her birthday during the distribution year and account balance as of December 31 of the year in which the participant attained age 70½ (the valuation year).
- d. Most amounts distributed from the account during the year will offset the MRD due by December 31.
 - i. For example, final regulations confirm that non-taxable distributions (such as net unrealized appreciation on distributions of employer securities) count toward the MRD requirement. Reg. § 1.401(a)(9)-5, A-9.
- e. Governing documents control
 - i. Code § 401(a)(9) provides the minimum amount that must be paid out each year as of a participant’s required beginning date. The documents governing a plan may require larger payments each year, or indeed, for administrative convenience may force the entire account balance to be distributed each year § 401(a)(9) applies.

1. For participants and spouse beneficiaries, amounts distributed that exceed the minimum required amount may be rolled over tax free to an IRA in accordance with Code § 401(a)(31). (Of course, the MRD rules will apply to the IRA, as well. See, *e.g.*, Reg. § 1.401(a)(9)-7, A-2, A-3, A-4).

f. Penalties associated with noncompliance

- i. If less than the required amount is distributed for a year, an excise tax is applied pursuant to Code § 4974. The excise tax is equal to 50% of the difference between the amount distributed and the amount required to be distributed, and is owed by the participant.
 1. The tax may be waived for reasonable cause.
- ii. For qualified plans and 403(b) plans, Code section 401(a)(9) failures may be corrected through the Employee Plans Compliance Resolution System (“EPCRS”). See Rev. Proc. 2001-17.

III. Participant’s death before the required beginning date

- a. If the spouse is a designated beneficiary, spouse may wait to commence distributions until December 31 of the later of (1) the calendar year immediately following the participant’s death; and (2) the calendar year the participant would have attained age 70½. Reg. § 1.401(a)(9)-3, A-3(a). Distributions are made using the spouse’s life expectancy, determined under the single life table of Reg. § 1.401(a)(9)-9, A-1. Reg. § 1.401(a)(9)-5, A-5(c)(2).
 - i. If the spouse dies before distributions are required to begin, the spouse is treated as the participant, and distributions to the other beneficiaries will be made as if they are beneficiaries of the spouse, as participant. This special rule does not, however, extend to the surviving spouse of the deceased participant’s surviving spouse.
 - ii. Once the spouse dies, the remaining applicable distribution period is the spouse’s life expectancy in the calendar year of his or her death, reduced by one for each calendar year that has elapsed after the calendar year of death. Reg. § 1.401(a)(9)-5, A-5(c)(2).
 - iii. A spouse beneficiary, whether the sole beneficiary or one of many, and whether the participant dies before or after his or her required beginning date, may roll over the benefits payable to him or her tax-free to an IRA in the spouse’s name (or, in the case of an IRA, treat the decedent’s IRA as his or her own IRA). Code § 402(c)(9); Reg. § 1.408(a)-8, A-5(a). Of course, Code § 401(a)(9) applies to the spouse’s IRA, as well.

- b. For designated beneficiaries other than spouse, distributions must commence not later than December 31 of the year following the year of death. The distribution period is determined based on the oldest beneficiary's age (unless separate accounts are established, see below), using the single life table of Reg. § 1.401(a)(9)-9, A-1, and is reduced by one for each year thereafter. Reg. § 1.401(a)(9)-5, A-6. See "Calculating the Distribution Period".
 - c. If there are no designated beneficiaries, the 5-year rule applies. See "Designated Beneficiary Issues", below.
 - i. Note that the 5-year rule was the default rule under the 1987 proposed regulations unless the spouse was the participant's designated beneficiary.
 - d. A spouse beneficiary, whether the sole beneficiary or one of many, and whether the participant dies before or after his or her required beginning date, may roll over the benefits payable to him or her tax-free to an IRA in the spouse's name.
 - e. While the Code's default distributions are described above, a plan or other governing documentation for an account may provide for a specific, faster distribution procedure, or allow beneficiaries to elect to apply the life expectancy method or the 5-year rule to the distributions. Reg. § 1.401(a)(9)-3, A-4(c).
 - f. Note that if the sole designated beneficiary fails to take MRDs in any of the first four calendar years following the calendar year of the participant's death, the regulations provide an automatic waiver of the 50% excise tax if the designated beneficiary receives the entire remaining benefit (i.e., account balance) by the end of the fifth calendar year following the calendar year of the participant's death. Reg. § 54.4974-2, A-7(b).
- IV. Participant's death after MRD have begun (generally after the required beginning date)
 - a. If there is a designated beneficiary, the same rules apply for distributions after the employee's death, regardless of whether death occurs before or after the employee's RBD (see previous section). However, life expectancy is determined to be the longer of the designated beneficiary's life expectancy (determined in the year following the calendar year of the participant's death) or the participant's remaining life expectancy (determined in the year of the participant's death). Reg. § 1.401(a)(9)-5, A-5(a)(1), (c)(1), (c)(3).
 - b. If there is no designated beneficiary, the distribution period is equal to the participant's life expectancy, determined in the year of death and reduced by one year for each year thereafter. Reg. § 1.401(a)(9)-5, A(a)(2), (c)(3).
- V. Calculating the distribution period
 - a. New life expectancy tables reflect longer life expectancies.

- i. “Uniform Lifetime Table” (attached at end of this outline; Reg. § 1.401(a)(9)-9, A-2) replaces the 2001 regulations’ “Uniform Table”. Under the Uniform Lifetime Table, age is redetermined annually, so the account will never go down to zero (assuming only the minimum amount is distributed and positive investment results).
- ii. The Uniform Lifetime Table is used for all purposes under the final regulations for payments to participants expect where a participant survives to his or her required beginning date and his or her spouse is both the sole beneficiary and more than 10 years younger than the participant. Reg. § 1.401(a)(9)-5, A-4.
- iii. Notes on recent changes.
 1. The 1987 proposed regulations incorporated at least 7 different computation methods to determine life expectancy, depending on whether the participant was married as of the required beginning date and the specific beneficiary involved. The final regulations represent a significant simplification of the 1987 rules, and in general, the final regulation Uniform Lifetime Table reflects longer life expectancies than the 2001 proposed regulations.
 2. The use of a single life expectancy table for all purposes other than lifetime distributions where the designated beneficiaries is a much younger spouse simplifies estate planning, because participants can appoint charities and older beneficiaries without penalty with respect to lifetime MRD payments.
- b. Lifetime MRDs will be determined using the joint life expectancy of participant and spouse (table set forth in Reg. § 1.401(a)(9)-9, A-3) if spouse is the participant’s *sole* designated beneficiary (of the entire account or of a separate share thereof) for the entire distribution year and is more than 10 years younger than participant. Reg. § 1.401(a)(9)-5-, A-4(b).
 - i. Spouse is considered “spouse” for the entire year if participant and spouse were married to each other on January 1.
 - ii. Spouse is considered “sole beneficiary” if she is sole beneficiary on January 1 and participant does not change his beneficiary prior to the end of the year (or the death of spouse, if earlier).
 1. Divorce or death does not affect MRDs until the distribution year following the death or divorce. Reg. § 1.401(a)(9)-5, A-4(b)(2).
 - iii. The appropriate life expectancy table used from year to year may change. Payments to a participant with a sole beneficiary spouse more than 10

years younger will be made using the joint and last survivor table. However, if the couple divorces, the spouse dies or the participant appoints a new beneficiary, the Uniform Lifetime Table will apply for later payments.

- c. If participant dies after her required beginning date, the applicable distribution period is the remaining life expectancy of the participant or of the designated beneficiary, whichever is longer. Reg. § 1.401(a)(9)-5, A-5(a)(1).
- d. The final regulations provide that the minimum distribution incidental benefit requirement of Code § 401(a)(9)(G) will be satisfied by calculating distributions are made in accordance with Reg. § 1.401(a)(9)-5 (that is, using the Uniform Lifetime Table or the joint and last survivor table, as appropriate). Reg. § 1.401(a)(9)-5, A-1(d).
 - i. Under the prior regulations, two separate life expectancy calculations were required to ensure compliance with the MDIB rule.
- e. See chart at end of outline entitled “Determining Applicable Distribution Period” for an abbreviated summary of the distribution period analysis.

VI. Designated Beneficiary Issues

- a. Need a “designated beneficiary” in order for required distributions to be paid based on life expectancy.
 - i. If a participant dies after his required beginning date and there is determined to be “no designated beneficiary”, the applicable distribution period for the remaining account balance is the life expectancy of the participant, determined using the age of the participant on his or her birthday in the year of death.
 - ii. If the participant dies before his RBD and there is no designated beneficiary, the 5-year rule applies. Under the 5-year rule, a participant’s interest must be completely distributed by the end of the calendar year that contains the 5th anniversary of the participant’s death. Distributions may be made, but are not required to be made, prior to the end of the 5-year period.
- b. Designated beneficiary may be designated under the documents governing the account or, if provided by the documents, by election of the participant. A participant’s choice of beneficiary is subject to the requirements of Code §§ 401(a)(11), 414(p) and 417 (the spousal consent rules).
 - i. An individual who becomes entitled to the benefit under applicable state law is not a designated beneficiary. Reg. § 1.401(a)(9)-4, A-1.

- c. **ONLY INDIVIDUALS WILL BE CONSIDERED DESIGNATED BENEFICIARIES.** Reg. § 1.401(a)(9)-4, A-1. If the employee's estate, a charity or other entity is named as beneficiary, there will be no designated beneficiary for the account for purposes of determining the payout period.
 - i. An individual beneficiary of a trust may be treated as a designated beneficiary if the trust meets the four requirements described below under "Trust Rules". Reg. § 1.401(a)(9)-4, A-5.
- d. A participant's beneficiaries are determined on the date of death. Designated beneficiaries, if any, are determined on September 30 of the year following the year of the participant's death (the "Designation Date"). **ALL DESIGNATED BENEFICIARIES MUST BE BENEFICIARIES ON THE DATE OF DEATH.** While beneficiaries may be eliminated through qualified disclaimer or complete payout before the Designation Date, no new beneficiaries may be added after the participant's death. Reg. § 1.401(a)(9)-4, A-4(a).
 - i. Final regulations shorten the interim period between death and "Designation Date" proposed in the 2001 regulations and narrow the post-mortem planning actions that can be taken during this period
 - 1. Under the 1987 proposed regulations, the designated beneficiaries were determined at the participant's required beginning date, requiring much planning and often skewing the payout period for later-named beneficiaries. The new regulations avoid this layer of complexity by determining beneficiaries at the time of death (as described in this Section III).
 - ii. "Designation Date" moved up from December 31 in the 2001 proposed regulations to September 30 of year following year of death
 - 1. Trust instruments and beneficiary designations that specifically refer to the December 31 date must be reviewed.
 - iii. Trustee/executor cannot be given power to choose beneficiary after the employee dies.
 - iv. Distributing a retirement plan out of an estate or trust to the individual beneficiaries of the estate or trust does not change the designated beneficiary to the individuals, because that would be "adding" a new beneficiary. (*See Separate Accounts Rule, paragraph c, below*).
 - v. A beneficiary who is a beneficiary as of the date of a participant's death, but then dies prior to the Designation Date, does not lose his or her status as a designated beneficiary. Reg. § 1.401(a)(9)-4, A-4(c).

- e. If there are two or more beneficiaries at the Designation Date, only the oldest beneficiary will be treated as a designated beneficiary unless each beneficiary is entitled to a separate share or separate account. Reg. § 1.401(a)(9)-5, A-7(a)(2). See following section on separate accounts.
 - i. If a beneficiary's entitlement to a participant's benefit is contingent on an event other than the participant's death or the death of another beneficiary, the contingent beneficiary is considered in determining which designated beneficiary has the shortest life expectancy and whether any beneficiary is not an individual. Reg. § 1.401(a)(9)-5, A-7(b).

VII. Clarification of Separate Accounts Rule

- a. New regulation addressing separate accounts for purposes of required distributions adds complexity while clarifying rules
- b. In order for separate accounts to be recognized for any purpose, the beneficiaries must have separate *interests* as of the date of the participant's death (for example, equal shares to A and B)
 - i. Between the date of death and the date separate accounts are established, gains and losses must be allocated pro rata to all the accounts and distributions must be charged to the account of the beneficiary who receives the distribution. Reg. § 1.401(a)(9)-8, A-3.
 - 1. A pecuniary bequest cannot qualify as a separate account unless it will share in profits and losses post-death
- c. Separate accounts rule is applicable only at the IRA or plan account level. Reg. § 1.401(a)(9)-4, A-5(c).
 - i. Example: An IRA names a trust as beneficiary, and the trust has three equal beneficiaries. The trust beneficiaries do not have separate accounts or separate interests in the IRA. Instead, the IRA should establish separate accounts at the IRA level, designating benefits "in equal share to the trust for A, the trust for B and the trust for C".
- d. Separate accounts for different beneficiaries can be established "at any time", but the deadline by which separation must occur varies depending on the purpose for which separation is made.
 - i. For determining who is the designated beneficiary, the separate accounts must be established by the Designation Date (*i.e.*, September 30 of the calendar year following the calendar year of the participant's death, as described above).

1. Example: if an IRA is left half to a child and half to charity, both the child and charity will be considered the beneficiaries of the account and there will be considered “no designated beneficiary” of the account. However, if separate accounts for the child and charity are established on or before September 30, the payments from the child’s account can be determined based on the child’s life expectancy
- ii. For determining the applicable distribution period, the separate accounts must be established by December 31 of the year after the year of participant’s death.
 1. Example: if an IRA is left equally to three children, payments to all three children will be made based on the oldest child’s life expectancy unless separate accounts are established on or before December 31 of the year following the year of the IRA holder’s death. (Note that if the accounts are established after September 30 of that year, required distributions for the first year for all three children will still have to be made based on the oldest child’s life expectancy, but distributions for later years to each beneficiary will be based on that individual’s life expectancy.)
 - iii. For purposes of the special distribution rules applicable to the surviving spouse of a participant who dies before his required beginning date, a separate account payable solely to the spouse must be established on or before December 31 of the year following the year of the participant’s death.
 - iv. For purposes of allocating investment gains and losses separately and all other purposes of determining annual minimum required distributions, separate accounts can be established at any time.
 1. If an account is left equally to two children and accounts are separated in the sixth year following the participants death, RMDs are computed for those 6 years based on the total account value and the oldest child’s life expectancy. In the seventh year, because the accounts were separated in the prior year, MRDs will be computed for each child based on his or her separate account balance (but still using the oldest child’s life expectancy, since the accounts were not separated by December 31 of the year following the year of the participant’s death).

VIII. Trust Rules

- a. The final regulations do not change the four requirements that a trust must satisfy in order to have the oldest individual beneficiary of the trust treated as a

participant's designated beneficiary, but provide new time limits (described above under the designated beneficiary section) and clarify when a spouse will be treated as the sole beneficiary of a trust. Reg. § 1.401(a)(9)-4, A-5.

- i. Trust Rule #1: The trust must be a valid trust or would be a valid trust under state law if it had a corpus.
- ii. Trust Rule #2: The beneficiaries of the trust entitled to the benefits must be identifiable.
- iii. Trust Rule #3: The trust must be either irrevocable or, by its terms, will become irrevocable at the participant's death.
- iv. Trust Rule #4: certain documentation requirements must be satisfied.
 1. The trustee must provide a copy of the trust to the plan administrator by October 31 of the year after the year of the participant's death (or, if later, October 31, 2003). Reg. § 1.401(a)(9)-1, A-2(c). In the October 31 certification, the trustee certifies who the beneficiaries of the trust are on the September 30 Designation Date (including contingent and remainder beneficiaries and the conditions on their entitlement).
 2. IRS issued Notice 2002-27 at the same time as final 2002 regulations were issued, dealing with the reporting requirements for trustees, custodians, and issuers of IRAs.
 3. The new trust documentation requirements and reporting requirements are considered by some commentators to be overly broad and burdensome.
- b. If any beneficiaries of the trust entitled to the benefits do not qualify as designated beneficiaries for purposes of calculating MRDs, such as charities or creditors (e.g., funeral expenses), the participant may be treated as not having a designated beneficiary. PLR 9820021.
 - i. It appears a non-individual contingent remainder beneficiary of a trust could cause a determination that there is "no designated beneficiary" for purposes of determining required distributions, no matter how remote the circumstances for the contingent remainder beneficiary to take.

IX. Planning Opportunities: 2002 Year-end and Beyond

- a. For 2002, distributions can be determined using the final regulations or the proposed regulations issued in 1987 or 2001. Because the 2001 proposed regulations are more liberal with respect to the post-death cleanup period, this

could provide some planning opportunities for beneficiaries of 2001 decedents, if action is taken by December 31, 2002.

- i. In the case of a participant who died before 2003, the designated beneficiary must be determined under the final regulations for determining MRDs after 2002.
 - ii. If a plan has not adopted the 2001 proposed regulations or the final regulations for distributions in 2002, distributions for 2002 must be based on the 1987 proposed regulations
 - 1. However, a participant or spouse of a participant may roll over any excess of the amount distributed in 2002 based on the 1987 or 2001 proposed regulations, over the required distribution under the final regulations to his or her IRA.
- b. Limited window for beneficiaries to switch back from the 5-year rule to the life expectancy payout method by 12/31/03. Available for beneficiaries of any decedent who died in the years 1997-2001 before the required beginning date.
- c. New life expectancy tables can be used with any of the three methods described in IRS Notice 89-25 (1989-1 C.B. 662), A-12, for purposes of determining payments under any future “series of substantially equal period payments” (“SOSEPP”) as a way of avoiding the 10% penalty on premature distributions (§ 72(t)). Anyone *already* taking a SOSEPP using the “minimum distributions method” of Notice 89-25 can switch to using the new life expectancy tables and the change will not be considered a modification of the SOSEPP.
 - i. No authority is granted for switching to the new tables for existing SOSEPP not using the minimum distributions method.

EXAMPLE: Initial Distribution Year MRD payments

Bob was born October 1, 1932 and turned 70 ½ in 2003. He is single, not a 5% Owner and retired in 1998. He participates in a calendar year profit sharing plan of his former employer. Bob's RBD is April 1, 2004. For purposes of calculating the amount to be distributed by April 1, 2004, the distribution year is 2003 and the valuation year is 2002. Bob's account balance as of December 31, 2002, \$26,500, is used to make the first calculation. His applicable distribution period is determined, using the Uniform Lifetime Table, as of his birthday in the distribution calendar year (Bob turned 71 on October 1, 2003). The minimum distribution, for the 2003 calendar year, is $\$265,000/26.5$, or \$1,000 and must be paid no later than April 1, 2004.

Bob's next required distribution, for calendar year 2004, must be made by December 31, 2004. The valuation year is 2003 and his account balance, as of the December 31, 2003 valuation date, is \$27,300. The account balance is reduced by the amount of the required distribution for the prior calendar year (including the distribution made by April 1, 2004). Consequently, the benefit for purposes of determining the 2004 required distribution is \$26,300 ($\$27,300 - \$1,000$).

If, instead, \$20,000 is distributed to Bob on April 1, 2004, the account balance as of December 31, 2003 is still only reduced by \$1,000 for the 2004 calendar year distribution. However, the amount of the distribution that exceeded the required minimum, \$19,000, may be applied toward the required minimum for 2004. The 2004 required minimum is \$1,027.34 ($\$26,300/25.6$), so that no additional payment need be made by December 31. The remaining \$17,972.66 ($\$19,000 - \$1,027.34$) may not be used to satisfy the minimum distribution requirements for 2005 or later years. Nonetheless, by using the prior year's account balance for calculating the required minimum distributions, distribution of an amount in excess of the MRD for a year has the effect of reducing future required minimum distributions.

DETERMINING APPLICABLE DISTRIBUTION PERIOD*

Designated Beneficiary	Applicable Distribution Period at RBD	Applicable Distribution Period if P dies before RBD	Applicable Distribution Period if P dies after RBD
P's Spouse is not P's sole DB	Table 1	DB's LE, determined in the year following the year of P's death, reduced by 1 for each year thereafter 2	The longer of the period determined in box 2 or 9 3
P's sole DB is P's Spouse	Table, or, if S is more than 10 years younger than P, J&S redetermined each year (if Spouse no longer P's sole DB at end of a calendar year, use the Table instead unless the spouse died or there was a divorce and P did not name a new beneficiary before the end of that year) 4	S's LE, beginning in the year P would have reached age 70 ½, Redetermined each year until S's death, when it becomes S's L EX in the year of death, reduced by 1 for each year that elapses after the year of S's death (consider spousal rollover) 5	S's LE, redetermined Each year until S's death, when it becomes S's LE in the year of death, reduced by 1 for each year that elapses after the year of S's death (consider spousal rollover) 6
No DB	Table 7	By the end of the 5 th calendar year following the calendar year of P's death 8	P's LE determined in the year of P's death, reduced by 1 for each year thereafter 9

RBD = Required beginning date, which for all account holders of IRAs and participants in qualified retirement plans who own more than 5% of the sponsoring employee is April 1 following the year in which the Participant reaches age 70 ½. For participants in qualified retirement plans who do not own more than 5% of the sponsoring employer, unless the plan applies the rule in the first sentence to all employees, the RBD is April 1 of the calendar year following the later of the calendar year in which the Participant retires or reaches age 70 ½.

Table = The uniform lifetime table.

P = Participant, which includes a participant in a qualified retirement plan or an account holder in an IRA.

S = Spouse of the Participant, who, depending upon the context, may be the Participant's surviving spouse. Note, that unless the Spouse is the Participant's sole Designated Beneficiary, the Spouse is treated as any other Designated Beneficiary. The Spouse will be the Participant's sole Designated Beneficiary to the extent that he or she is the outright beneficiary of some or all of the Participant's plan benefit or IRA. If the Spouse is one of two or more Designated Beneficiaries, he or she will not be treated as the Participant's sole Designated Beneficiary unless by September 30 of the calendar year following the calendar year of the Participant's death a separate account is created for S's portion of the plan benefit or IRA, the other Designated Beneficiary disclaims his or her interest, or the other Designated Beneficiary's portion is distributed to him or her. If the beneficiary is a trust and the Spouse is the oldest beneficiary of the trust, he or she will be treated as the Participant's sole Designated Beneficiary only if all distributions from the plan or IRA paid to the trust during his or her lifetime are required to be redistributed to him or her. In addition, to the extent the Spouse has the right to the plan benefit or IRA either as the outright beneficiary or a beneficiary of a trust who has the right to withdraw the right to receive the plan benefit or IRA, the Spouse may have the Participant's plan benefit (if permitted under the plan) or IRA rolled over or transferred to his or her own IRA or, if named as the outright beneficiary, may elect to treat the Participant's IRA as his or her own IRA, in which case, the required minimum distribution rules will now apply treating the Spouse as the Participant.

DB = Designated Beneficiary, which, in most cases, must be established by September 30 of the year following the year of the Participant's death, except when the Participant names his or her Spouse as his or her sole Designated Beneficiary, and the Spouse is more than 10 years younger than the Participant. In this case, the identity of the Designated Beneficiary is relevant at the Participant's RBD. Note that an individual beneficiary of a trust named as the Participant's beneficiary may be treated as the Participant's Designated Beneficiary if the trust satisfies four requirements by September 30 (or October 31 in the case of the documentation requirements) of the calendar year following the

calendar year of the Participant's death (or, if the Participant's Spouse is the Participant's sole Designated Beneficiary and is more than 10 years younger than the Participant, at the beginning of the calendar year).

J&S = Joint & survivor expectancy of the Participant and Spouse redetermined ("recalculated") each year, which can only be the applicable distribution period if both the Participant and the Spouse are alive, the Spouse is more than 10 years younger than the Participant, and the Participant has named the Spouse as his or her sole Designated Beneficiary.

LE = Life expectancy of the Designated Beneficiary, which may include a Spouse.

Note, except in the case of P's death before the RBD when S is the sole Designated Beneficiary, distributions to the DB after P's death must commence by December 31 of the calendar year following the calendar year of P's death.

*This chart was originally produced by Louis A. Mezzullo, Mezzullo & Guare, PLC, Richmond, VA, as presented in his materials entitled "Final Minimum Distribution Rules" distributed in connection with the American Bar Association teleconference entitled "Minimum Distribution -- The Final Rules from the Treasury Department and the IRS" presented on October 24, 2002.

Uniform Lifetime Table

Age of Employee	Distribution Period	Age of Employee	Distribution Period
70	27.4	93	9.6
71	26.5	94	9.1
72	25.6	95	8.6
73	24.7	96	8.1
74	23.8	97	7.6
75	22.9	98	7.1
76	22.0	99	6.7
77	21.2	100	6.3
78	20.3	101	5.9
79	19.5	102	5.5
80	18.7	103	5.2
81	17.9	104	4.9
82	17.1	105	4.5
83	16.3	106	4.2
84	15.5	107	3.9
85	14.8	108	3.7
86	14.1	109	3.4
87	13.4	110	3.1
88	12.7	111	2.9
89	12.0	112	2.6
90	11.4	113	2.4
91	10.8	114	2.1
92	10.2	115+	1.9

Treas. Reg. § 1.401(a)(9)-9, A-2.

Single Life Table

Age	Life Expectancy	Age	Life Expectancy
0	82.4	44	39.8
1	81.6	45	38.8
2	80.6	46	37.9
3	79.7	47	37.0
4	78.7	48	36.0
5	77.7	49	35.1
6	76.7	50	34.2
7	75.8	51	33.3
8	74.8	52	32.3
9	73.8	53	31.4
10	72.8	54	30.5
11	71.8	55	29.6
12	70.8	56	28.7
13	69.9	57	27.9
14	68.9	58	27.0
15	67.9	59	26.1
16	66.9	60	25.2
17	66.0	61	24.4
18	65.0	62	23.5
19	64.0	63	22.7
20	63.0	64	21.8
21	62.1	65	21.0
22	61.1	66	20.2
23	60.1	67	19.4
24	59.1	68	18.6
25	58.2	69	17.8
26	57.2	70	17.0
27	56.2	71	16.3
28	55.3	72	15.5
29	54.3	73	14.8
30	53.3	74	14.1
31	52.4	75	13.4
32	51.4	76	12.7
33	50.4	77	12.1
34	49.4	78	11.4
35	48.5	79	10.8
36	47.5	80	10.2
37	46.5	81	9.7
38	45.6	82	9.1
39	44.6	83	8.6
40	43.6	84	8.1
41	42.7	85	7.6
42	41.7	86	7.1
43	40.7		

Treas. Reg. § 1.401(a)(9)-9, A-1.