NASSAU

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IRA BENEFICIARY SETTLEMENT OPTIONS

When an IRA owner dies, the Internal Revenue Code ("IRC') requires that the beneficiary of the IRA take distributions from the inherited contract; there are a number of different ways that this requirement can be met. The specific options available to any particular beneficiary may depend on a number of factors, including age of the original IRA owner at date of death, whether the beneficiary and the IRA owner were spouses, and whether the beneficiary is a natural person. In all cases, a beneficiary can surrender the contract entirely; under other options, the IRC allows withdrawals to be made over time. Once IRA funds are withdrawn, they are fully taxable to the beneficiary.

Below is a summary of the current requirements; more information is available from Internal Revenue Service Publication 590-B, available at http://www.irs.gov. We are not providing legal advice to any beneficiary; all beneficiaries should consult with their own tax or financial advisor before making any final decision. Please note that tax laws change from time to time; the information below is current as of December 2022.

1) If the sole beneficiary was the surviving spouse of the deceased IRA owner:
   a) The surviving spouse can become the owner of the IRA in his or her own name. Required withdrawals are then based on the age of the surviving spouse and no withdrawals are required until the spouse reaches the spouse's Required Beginning Date, generally meaning April 1 of the year after the year the spouse turns 72 if you were born prior to January 1, 1950, or 73 if you were born on or after January 1, 1950.
      i) However, if the spouse is under age 59½, any withdrawals from the IRA prior to the spouse's attaining age 59½ will be subject to the 10% early withdrawal penalty unless one of the other exceptions applies.
   b) The spouse can remain a beneficiary of the decedent's IRA. No withdrawals are required until the year the deceased IRA owner would have attained age 72 if you were born prior to January 1, 1950, or 73 if you were born on or after January 1, 1950.
2) If the beneficiary is a natural person who is a designated beneficiary:
   a) A non-spouse designated beneficiary can wait 10 years to take any distributions from the account. All amounts under the contract must be distributed by December 31 of the 10th year after death.
   b) If the beneficiary is an "eligible designated beneficiary" the beneficiary may elect to take payments over the beneficiary's life expectancy, based on the specific IRS table. To be eligible for the life expectancy payout method, payments must begin December 31 of the year after the year of the death.
      i) Eligible designated beneficiaries include spouses, disabled and chronically ill individuals, individuals who are ten or less years younger than the deceased owner, and children who have not reached age of majority.
3) If the beneficiary is not a natural person (designated as a beneficiary) or a trust for the benefit of a natural person:
   a) All amounts must be distributed by December 31 of the 5th year after death.

	Spouse	Non-spouse	Non-natural person
Beneficiary treat IRA as his or her own	YES	NO	NO
Required distributions over life or life expectancy based on the age of beneficiary	YES	Only Eligible Designated Beneficiaries	YES
Defer distributions for up to ten years	YES	YES	NO
Immediate Withdrawal	YES	YES	YES