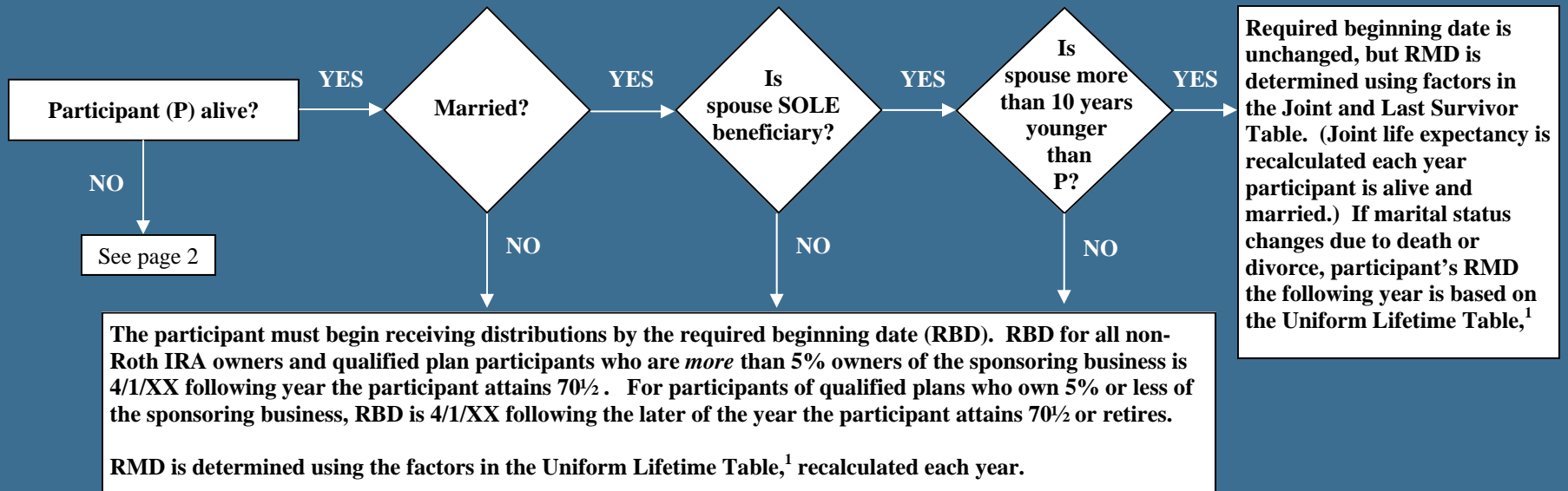


## Required Minimum Distributions During Participant's Lifetime



The Prudential Insurance Company of America

### Participant's Lifetime

During his or her lifetime, each participant (P) (with one exception) must use the Uniform Lifetime Table (recalculated each year) to calculate required minimum distributions (RMDs). The only exception is where P's spouse is more than 10 years younger, and the spouse is the sole beneficiary of the plan account. In this case the RMD is calculated using the Joint and Last Survivor Table.

To calculate a participant's RMD:

<b>Step 1:</b> Determine the value of the retirement plan account on the last day (or last valuation date) of the preceding year.	<i>Example:</i> Assume that on December 31 of the year immediately preceding the year P turned 70½, P's account value was \$274,000.
<b>Step 2:</b> Determine the distribution period factor in the Uniform Lifetime Table using the age that the participant will attain by the end of the applicable year.	If P was born January 1, 19xx, P's first distribution is due for the year in which P reaches age 70½. P's age will still be 70 at the end of the year. The factor for age 70 is 27.4. The first year distribution may be delayed until April 1 of the following year.
<b>Step 3:</b> Divide the account value in Step 1 by the factor in Step 2 for the RMD amount.	$\$274,000 \div 27.4 = \$10,000$ ; thus, the RMD for the first year is \$10,000.
<b>Step 4:</b> Repeat Steps 1 through 3 each year, using a new distribution factor for each year.	Assume the account balance at the end of the following year is \$285,000. The factor for age 71 is 26.5. The RMD for the second year would be $(\$285,000 \div 26.5)$ or \$10,755.

See footnotes on last page.

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# Required Minimum Distributions After Death

## Death Before Required Beginning Date (RBD)

## Death on or After Required Beginning Date (RBD)

### SPOUSE OPTIONS

- 1. Life Expectancy.** Distributions can be delayed until 12/31 of the year following the year of P's date of death (DOD) or, if later, 12/31 of the year P would have reached age 70½.<sup>2</sup> Distribution period is calculated using the factor in the Single Life Table for the surviving spouse's age on his or her birthday in the year following P's DOD and recalculated annually.<sup>3</sup>
- 2. Five Year.** Entire balance must be distributed by 12/31 of the year that contains the fifth anniversary of P's DOD. No distributions required before fifth year.
- 3. Spousal Rollover.** Spouse (if sole designated beneficiary) may roll over proceeds to own IRA and name own beneficiary or treat account as spouse's own and make additional contributions.<sup>4</sup> RMDs are delayed until 4/1 of the year after spouse reaches 70½, then determined using Uniform Lifetime Table (with surviving spouse as owner, and life expectancy recalculated annually). If spouse receives through a trust, see footnote 7.
- 4. Lump Sum.**

### NONSPOUSE OPTIONS

- 1. Life Expectancy.** Distributions must begin by 12/31 of the year following the year of P's DOD. Distribution period is calculated using Single Life Table factor for beneficiary's age on the birthday in year following P's DOD and reduced by one in each subsequent year. In plans that do not offer this option a nonspouse rollover to an inherited IRA may enable this option.
- 2. Five Year.** Beneficiary must take the entire balance by 12/31 of the year that contains the fifth anniversary of P's DOD. No distributions required before fifth year.
- Nonspousal Rollover.** Nonspouse beneficiary may authorize direct transfer of proceeds other than RMD amounts to inherited IRA in beneficiary's name. Payout requirements applicable under option 1 or 2 continue to apply.
- 3. Lump Sum.**

**NO DESIGNATED BENEFICIARY**  
(Charity<sup>6</sup> or Estate<sup>7</sup>)

Liquidate balance to Estate or Charity no later than 12/31 of the fifth year following the year of P's DOD.

### SPOUSE OPTIONS

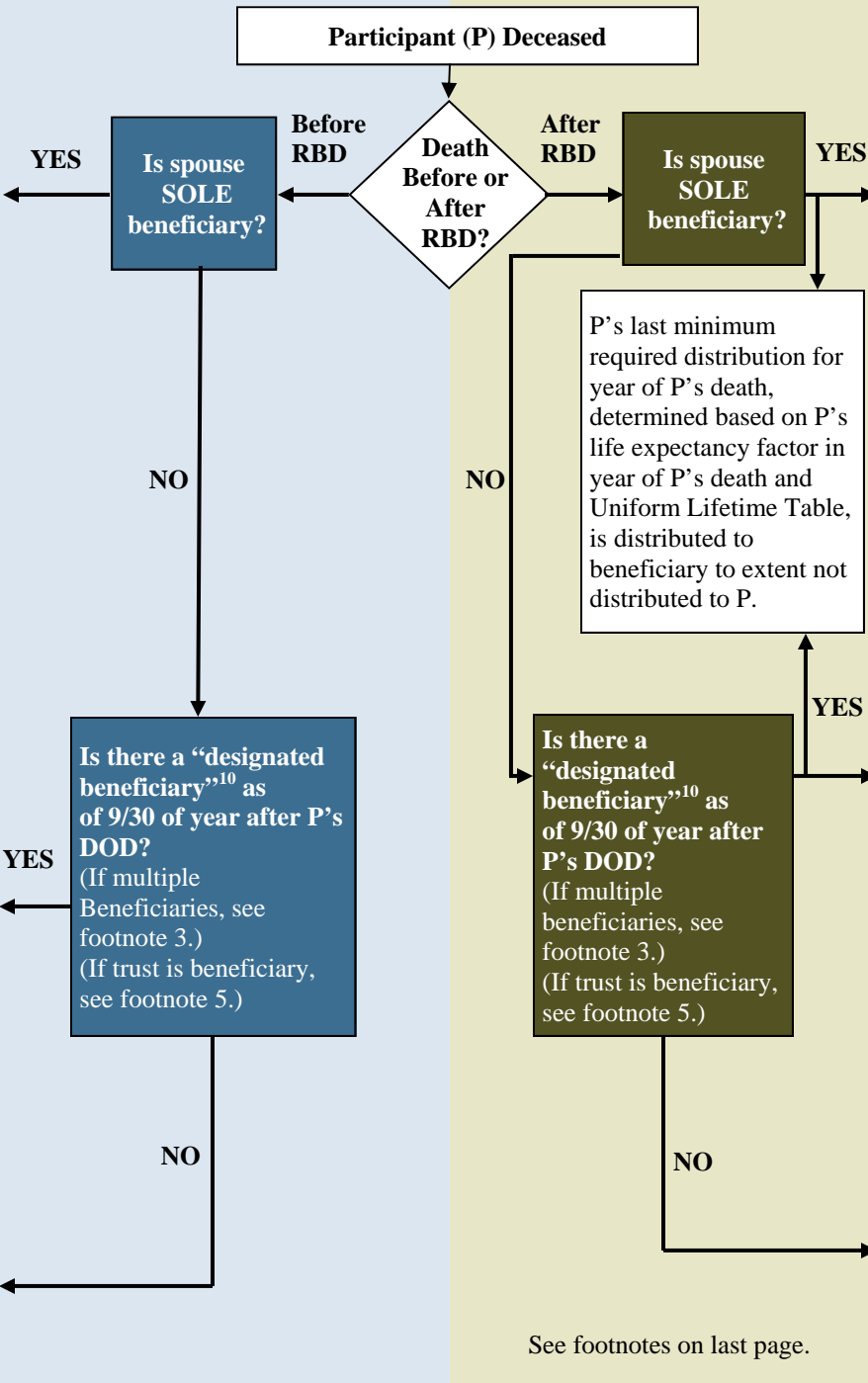
- 1. Life Expectancy.** Distributions must begin by 12/31 of the year following the year of P's date of death (DOD). The distribution period is the longer of (a) period determined using Surviving Spouse's life expectancy from Single Life Table using Surviving Spouse's age on his or her birthday in the year following P's DOD, recalculated annually or (b) the remaining life expectancy of P using Single Life Table and P's age as of P's birthday in the year of death, reduced by one each subsequent year.
- 2. Spousal Rollover.** If sole designated beneficiary, spouse may roll over proceeds to own IRA and name his/her own beneficiary or treat account as spouse's own and make additional contributions.<sup>4</sup> RMDs are delayed until 4/1 of the year after spouse reaches 70½, then determined using Uniform Lifetime Table (with surviving spouse as owner, life expectancy recalculated annually). If spouse receives through a trust, see footnote 7.
- 3. Lump Sum.**

### NONSPOUSE OPTIONS

- 1. Life Expectancy.** Distributions must begin by 12/31 of the year following the year of P's DOD. Distribution period is the longer of (a) P's remaining life expectancy determined using factor from Single Life Table for P's age as of birthday in the year of death, reduced by one each subsequent year or (b) beneficiary's life expectancy using factor from Single Life Table for beneficiary's age on his/her birthday in the year following P's DOD, reduced by one each subsequent year. Note that some plans do not offer this option.
- Nonspousal Rollover.** Nonspouse beneficiary may authorize direct transfer of proceeds other than RMD amounts to inherited IRA in beneficiary's name. Life expectancy payout same as above, at (1).
- 2. Lump Sum.**

**NO DESIGNATED BENEFICIARY**  
(Charity<sup>6</sup> or Estate<sup>7</sup>)

In year of P's death, RMD is based on P's age in year of death and factor in Uniform Lifetime Table. In succeeding years, P's life expectancy in year of death is determined using the Single Life Table. Factor reduced by one for each subsequent year.



## Required Minimum Distribution Tables

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

Single Life Table					
Age	Distribution Period	Age	Distribution Period	Age	Distribution Period
0	82.4	38	45.6	76	12.7
1	81.6	39	44.6	77	12.1
2	80.6	40	43.6	78	11.4
3	79.7	41	42.7	79	10.8
4	78.7	42	41.7	80	10.2
5	77.7	43	40.7	81	9.7
6	76.7	44	39.8	82	9.1
7	75.8	45	38.8	83	8.6
8	74.8	46	37.9	84	8.1
9	73.8	47	37.0	85	7.6
10	72.8	48	36.0	86	7.1
11	71.8	49	35.1	87	6.7
12	70.8	50	34.2	88	6.3
13	69.9	51	33.3	89	5.9
14	68.9	52	32.3	90	5.5
15	67.9	53	31.4	91	5.2
16	66.9	54	30.5	92	4.9
17	66.0	55	29.6	93	4.6
18	65.0	56	28.7	94	4.3
19	64.0	57	27.9	95	4.1
20	63.0	58	27.0	96	3.8
21	62.1	59	26.1	97	3.6
22	61.1	60	25.2	98	3.4
23	60.1	61	24.4	99	3.1
24	59.1	62	23.5	100	2.9
25	58.2	63	22.7	101	2.7
26	57.2	64	21.8	102	2.5
27	56.2	65	21.0	103	2.3
28	55.3	66	20.2	104	2.1
29	54.3	67	19.4	105	1.9
30	53.3	68	18.6	106	1.7
31	52.4	69	17.8	107	1.5
32	51.4	70	17.0	108	1.4
33	50.4	71	16.3	109	1.2
34	49.4	72	15.5	110	1.1
35	48.5	73	14.8	111+	1.0
36	47.5	74	14.1		
37	46.5	75	13.4		

See footnotes on last page.

## Footnotes:

<sup>1</sup>The life expectancy tables can be found at the following sources:

*Single Life Table* (see page 3): Treas. Reg. §1.401(a)(9)-9, A-1.

*Joint And Last Survivor Table*: Treas. Reg. §1.401(a)(9)-9, A-3.

*Uniform Lifetime Table* (see page 3): Treas. Reg. §1.401(a)(9)-9, A-2.

<sup>2</sup>Note that many qualified plans “default” to the 5-year rule if the beneficiary does not make an election by 12/31 of the year after death. If the surviving spouse dies following P but before distributions to spouse are required to begin, the spouse is treated as the owner. Spouse’s DOD is substituted for P’s DOD, and the beneficiary is determined on September 30 of the year following spouse’s death. Spouse’s beneficiary may follow the life expectancy rule or the 5-year rule. The distribution period is determined using the factor from the single life table, based on the beneficiary’s age on his or her birthday in the year following spouse’s death, reduced by one each year thereafter. For multiple beneficiaries, see footnote 5.

<sup>3</sup>After surviving spouse’s death, the distribution period is spouse’s life expectancy (determined from single life table, using age as of birthday in year of DOD) less one for each subsequent year.

<sup>4</sup>A surviving spouse may elect to treat P’s IRA as the spouse’s own IRA at any time after P’s death. Note that a surviving spouse is *deemed* to have made this election if (a) an amount in an inherited IRA required to be distributed to the surviving spouse under option 1 is not distributed within the required time frame (see chart) or (b) at any time any additional contributions are made to the IRA. Treas. Reg. §1.408-8, A-5.

<sup>5</sup>If there are multiple beneficiaries who are all individuals, they must either take distributions under the 5-year rule or begin taking distributions by 12/31 of the calendar year immediately following P’s DOD. Unless separate account rules apply, distributions must be based on the life expectancy of the oldest beneficiary, determined on his/her birthday in the year after the year in which P died, reduced by one in each subsequent year. Establishing separate accounts before the end of the year following the year of P’s death (payable to the various beneficiaries) will enable each beneficiary to use his/her own life expectancy rather than the life expectancy of the oldest beneficiary provided that none of the beneficiaries takes his/her share through a trust. If a trust has multiple beneficiaries, generally the age of the oldest beneficiary under the trust is used.

<sup>6</sup>If a charity and an individual are both named as beneficiaries, consider cashing out the charity before 9/30 of the year after P’s death to preserve the “designated beneficiary” status of the individual. Otherwise, the charity disqualifies the individual from being able to choose a life payout (“stretch”) option.

<sup>7</sup>The IRS has issued numerous private letter rulings allowing surviving spouses to roll over benefits left to an estate or trust where the spouse is sole beneficiary and has the right to demand payment. However, such a rollover essentially requires the widow to obtain a private letter ruling.

<sup>8</sup>The beneficiaries of a trust will be treated as designated beneficiaries if:

a. The trust is valid under applicable state law,

b. The trust is irrevocable or will become irrevocable at P’s death.

c. The beneficiaries are all individuals and identifiable from the trust document.

d. A copy of the trust or list of beneficiaries that is certified as correct and complete is delivered to the IRA custodian or plan administrator by 10/31 of the year following P’s DOD.

### Planning Points:

- The beneficiary designation form and trust provisions should be coordinated by P before his/her death. The beneficiary form and trust each should clearly define the share going to each beneficiary and P’s intention that required minimum distributions should be paid from the plan to the trustee as directed by the trustee for the specific beneficiary.
- Using separate IRAs with separate beneficiary designation forms or separate trusts for each beneficiary will most likely assure that each beneficiary will be permitted to use his/her own life expectancy as the payout period.
- The trustee of a personal trust should generally be given powers to order the custodian/trustee of the plan to transfer funds to an inherited IRA and to make required minimum distributions to the personal trust based on its beneficiary’s life expectancy as of 12/31 of year after P’s death, with such minimum distributions being passed through the trust to the beneficiary each year so the distributions are not taxed at the trust’s tax bracket.

<sup>9</sup>Where there is a primary beneficiary and a contingent beneficiary, a timely valid disclaimer by primary beneficiary under state law, made both within nine months of P’s death and before 9/30 of the year after P’s death, permits a contingent beneficiary to be the designated beneficiary and take distributions over the contingent beneficiary’s life expectancy beginning by 12/31 of year following P’s death.

<sup>10</sup>A designated beneficiary is an *individual* who is a beneficiary as of the date of P’s death and who remains a beneficiary as of 9/30 of the year following the year of P’s DOD. A person who acquires the right to receive plan benefits under state laws or as a beneficiary of P’s estate is not a designated beneficiary. Through post-death planning, beneficiaries may be eliminated through disclaimers (see footnote 9) but not added. If a beneficiary dies following P’s death but before the 9/30 determination date without disclaiming the benefit, that beneficiary is still treated as a designated beneficiary for purposes of calculating RMDs, even though the distributions are paid to a successor. If a charity or estate is named as one of several beneficiaries on the 9/30 determination finalization date, individuals will not qualify as “designated beneficiaries.” Trust beneficiaries can be “designated beneficiaries” if certain requirements met (see footnote 8).