

## Spouse Beneficiary Benefits from an Inherited Account in a Qualified Retirement Plan

The information below will help you understand a spouse's options to elect survivor benefits from a tax-deferred retirement account, such as a 401(k), 403(b), or governmental 457(b) plan for a participant who dies or after January 1, 2020 (January 1, 2022 for certain governmental and collectively bargained plans). These provisions are not applicable to participants in Puerto Rico only qualified plans under the Puerto Rico Internal Revenue Code.

<b>TYPE OF BENEFICIARY</b>
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Distribution options depend on certain factors, including: the date of the participant's death, the participant's age when they passed away, the beneficiary's age, the beneficiary's relationship to the deceased participant, and when distributions begin to the beneficiary. Status as a spouse beneficiary is also based on elections below and the required minimum distribution (RMD) rules, as prescribed by the Internal Revenue Service (IRS).

A spouse beneficiary will be characterized under ONE of the beneficiary types below.\*

**A. Spouse Treated as a Participant.** The default will be to treat a participant's surviving spouse, or a former spouse who is entitled to some or all of the participant's benefit pursuant to a qualified domestic relations order (QDRO), who is the sole beneficiary of the participant and whose initial RMD is required to commence in 2024 or later, as the participant for purposes of calculating RMDs. This option is only available if distributions to the spouse beneficiary commence by the later of December 31 of the year immediately following the calendar year of participant's death or the date the participant would have reached their applicable RMD age (generally age 73).

A spouse beneficiary will be permitted to:

- Delay initial RMD (and leave the funds in the plan) until December 31 of the year participant would have attained the applicable RMD age, generally age 73, with the amount of the annual distribution to be determined based on the spouse beneficiary's life expectancy,
- Receive a distribution based on the spouse beneficiary's life expectancy using the IRS Uniform Lifetime Table, and
- Treat the account as their own, rollover the money into an Individual Retirement Account (IRA) in their name or employer sponsored retirement plan (if permitted by the plan), and name beneficiaries on the account.

**B. Spouse as an Eligible Designated Beneficiary.** A participant's surviving spouse, or a former spouse who is entitled to some or all of the participant's benefit pursuant to a QDRO, who is the sole beneficiary of the participant may be treated as an Eligible Designated Beneficiary for RMD purposes if:

- The surviving spouse makes an election by September 30 of the year following the participant's death to receive life expectancy distribution based on the IRS Single Life Expectancy Table, or
- The initial RMD payable to the spouse beneficiary is required to commence prior to 2024.

The participant's surviving spouse will receive annual distributions based on their life expectancy using the IRS Single Lifetime Table and the first distribution will be made by December 31 of the year following the calendar year that the participant died. If the spouse beneficiary dies before the entire account is distributed, the remaining account balance must be completely distributed by December 31

of the calendar year of the tenth anniversary of their death.

**C. Spouse Treated as a Non-Eligible Designated Beneficiary.** A spouse who is the sole beneficiary of the participant who elects to be treated as a Non-Eligible Designated Beneficiary will receive a distribution of the participant’s vested account balance. The entire account balance must be distributed to the beneficiary by December 31 of the calendar year of the tenth anniversary of participant’s death. If the beneficiary dies before the end of the 10-year period, the original 10-year period that commenced with the participant’s death will continue to apply.

\* Any beneficiary who wishes to disclaim their right to receive a benefit in a plan account must follow the qualified disclaimer rules, as described under Internal Revenue Code § 2518.

<b>DISTRIBUTION OPTIONS</b>
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The table below generally reflects the options applicable to a spouse beneficiary based on the classifications above. All of them may not be available based on the terms of the plan. You may contact a Fidelity Phone Representative at [phone number] for more information. Please note the election deadlines that apply for some distribution options. You will need to carry over any election that you make if you later rollover the account balance to an IRA or another employer sponsored retirement plan.

**PARTICIPANT DIES BEFORE THE REQUIRED BEGINNING DATE FOR COMMENCING DISTRIBUTIONS**

Description	(A) Spouse Treated as a Participant	(B) Spouse as an Eligible Designated Beneficiary	(C) Spouse Treated as Non-Eligible Designated Beneficiary
(i) <b>Delay your distribution until the year the participant would have attained the applicable RMD age.</b> Distributions must begin the year that the participant would have reached the applicable RMD age, generally age 73. The amount is calculated based on applying the applicable life expectancy factor based on your age (using the IRS Uniform Lifetime Table) to your account balance. <b><i>This</i></b>	Available	Not Available	Not Available

Description	(A) Spouse Treated as a Participant	(B) Spouse as an Eligible Designated Beneficiary	(C) Spouse Treated as Non-Eligible Designated Beneficiary
<i>option is only available if your initial RMD is required to commence in 2024 or later.</i>			
<p><b>(ii) Life expectancy distribution.</b> Distributions will be calculated by applying the life expectancy factor (based on your age using the IRS Single Life Expectancy Table) to your account balance. To election this option, you must contact us by September 30 of the year following the year of the participant's death and receive your first RMD by December 31 of the same year. You cannot rollover the amount of this RMD into an IRA in your name or to an eligible retirement. However, you may rollover an amount in excess of your RMD.</p>	Not Available	<b>Available</b>	Not Available
<p><b>(iii) 10-year rule**:</b> No distributions are required until the end of the tenth year. The entire account balance will be distributed by December 31 of the calendar year of the tenth anniversary of participant's death. A rollover is not permitted in the tenth year.</p>	<b>Available</b>	<b>Available</b>	<b>Available</b>
<p><b>(iv) Lump sum distribution:</b> A complete distribution of your account balance.</p>	<b>Available</b>	<b>Available</b>	<b>Available</b>
<p><b>(v) Direct Rollover to your own IRA or to another eligible retirement plan***:</b> A rollover (or trustee-to-trustee transfer) of your account balance directly to an IRA in your name or to an eligible retirement plan. You will need to carry-over any election you made under the plan to your IRA or eligible retirement plan.</p>	<b>Available</b>	Not Available	Not Available

Description	(A) Spouse Treated as a Participant	(B) Spouse as an Eligible Designated Beneficiary	(C) Spouse Treated as Non-Eligible Designated Beneficiary
<p><b>(vi) Direct Rollover to an Inherited IRA:</b> A rollover of your account balance directly to an inherited IRA. If you elected the 10-year rule, then you will need to carry-over this election to the account balance that is rolled over (or transferred via trustee-to-trustee transfer) to your IRA or an inherited IRA. For example, if you rolled over your account balance to an IRA in year 3, then you have 7 years left in your IRA before year 10 when you <b>must</b> request a complete distribution of your entire account balance in the IRA.</p>	Not Available	Available	Available

\*\* If you request a rollover prior to the end of the 10-year period (after attaining the applicable RMD age, generally age 73) a portion of your distribution that represents a catch-up of a missed “hypothetical RMD” may be treated as an RMD and not eligible for rollover.

\*\*\* The taxable portion of any distribution from the IRA before you reach age 59 ½ will be subject to a 10% early withdrawal penalty unless you meet one of the statutory exceptions when you receive your distribution.

**Note:** If you die before the entire account is distributed then the remaining account balance will pass to your designated beneficiary(ies).

**PARTICIPANT DIES ON OR AFTER THE REQUIRED BEGINNING DATE FOR COMMENCING DISTRIBUTIONS**

Description	(A) Spouse Treated as a Participant	(B) Spouse as an Eligible Designated Beneficiary	(C) Spouse Treated as Non-Eligible Designated Beneficiary

<p><b>(i) Life expectancy distribution calculated using the Uniform Lifetime Table:</b> Annual distributions will continue to the you until the account is fully distributed, with the RMD generally calculated by applying the applicable life expectancy factor based on your age (using the IRS Uniform Lifetime Table) to your account balance. <b><i>This option is only available if your initial RMD is required to commence in 2024 or later</i></b></p>	<p><b>Available</b></p>	<p>Not Available</p>	<p>Not Available</p>
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Description	(A) Spouse Treated as a Participant	(B) Spouse as an Eligible Designated Beneficiary	(C) Spouse Treated as Non-Eligible Designated Beneficiary
<p><b>(ii) Life expectancy distribution calculated using the Single Life Expectancy Table:</b> To election this option, you must contact us by September 30 of the year following the year of the participant's death and receive your first RMD by December 31 of the same year. Annual distributions will continue to you until the account is fully distributed, with the RMD calculated by applying the applicable life expectancy factor (using the IRS Single Life Expectancy) to your account balance. You cannot rollover of the amount of this RMD into an IRA in your name or to an eligible retirement. However, you may rollover an amount in excess of your RMD.</p>	Not Available	<b>Available</b>	Not Available
<p><b>(iii) 10-year rule:</b> Annual distributions will continue to be made to you with the RMD calculated by applying the applicable life expectancy factor (using the IRS Single Life Expectancy) and your age to your account balance for the next nine years. The entire account balance will be distributed by December 31 of the calendar year of the tenth anniversary of participant's death. A rollover is not permitted in the tenth year. If you die before the entire account is distributed, the remaining account balance must be completely distributed by December 31 of the calendar year of the tenth anniversary of your death.</p>	Not Available	<b>Available</b>	<b>Available</b>
<p><b>(iv) Lump sum distribution:</b> A complete distribution of your account balance.</p>	<b>Available</b>	<b>Available</b>	<b>Available</b>

<b>(v) Direct Rollover to your own IRA or to another eligible retirement plan****:</b> A rollover of your account balance directly to an IRA in your name or to an eligible retirement plan.	<b>Available</b>	Not Available	Not Available
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Description	(A) Spouse Treated as a Participant	(B) Spouse as an Eligible Designated Beneficiary	(C) Spouse Treated as Non-Eligible Designated Beneficiary
<p><b>(vi) Direct Rollover to an Inherited IRA</b> A rollover of your account balance directly to an inherited IRA. Any outstanding RMD that was due to the participant will be distributed to you and is not eligible for rollover. That RMD will be distributed to you before you can rollover the remaining account balance to the inherited IRA. If you elected the 10-year rule, you will need to carry forward that distribution schedule and continue to apply it to the account balance that is rolled over to your inherited IRA. For example, if you rolled over your account balance to an inherited IRA in year 3, then you have 7 years left in your IRA before year 10 when you <b>must</b> request a complete distribution of your entire account balance in the IRA.</p>	Not Available	Available	Available

\*\*\*\* The taxable portion of any distribution from the IRA before you reach age 59 ½ will be subject to a 10% early withdrawal penalty unless you meet one of the statutory exceptions when you receive your distribution.

**Note 1:** If the participant was receiving RMDs and did not receive one during the year of death, then that RMD will be distributed to the beneficiary if the death occurred in the current or prior year.

**Note 2:** If you die before the entire account is distributed then the remaining account balance will pass to your beneficiary(ies).

### INCOME TAX WITHHOLDING

**Federal and State Income Tax Withholding:** Your distribution may be subject to Federal and State Income Tax. Please refer to the *Special Tax Notice Regarding Plan Payments* (at the end of this document) for information about distributions that are subject to income tax withholding. The Fidelity Phone Representative will identify the Federal and State (if applicable) withholding options that are available based on your election.

### Rollover Information

**(A) Rollovers:** Direct rollover to a/an:

- (1) Fidelity IRA Account Number (Roth amounts may not be rolled to a traditional IRA)
- (2) Fidelity Roth IRA Account Number
- (3) IRA at Another Financial Institution
- (4) Roth IRA at Another Financial Institution
- (5) Eligible Retirement Plan: Profit sharing, 401(k) plan, 403(b) plan or governmental 457(b) plan)
- (6) Inherited Roth IRA at Another Financial Institution

**Note: Checks payable to another financial institution will be mailed to you as the beneficiary. You will be responsible for sending it to the financial institution.**

- (B) Electronic Fund Transfer:** You can schedule periodic withdrawals to automatically receive your RMD when you want it. If you want to receive your RMD electronically, which may be faster and more convenient than a check, your electronic banking information must be on file and up to date.

*Fidelity does not provide legal or tax advice. The information herein is general and educational in nature and should not be considered legal or tax advice. Tax laws and regulations are complex and subject to change, which can materially impact investment results. Fidelity cannot guarantee that the information herein is accurate, complete, or timely. Fidelity makes no warranties with regard to such information or results obtained by its use and disclaims any liability arising out of your use of, or any tax position taken in reliance on, such information. Consult an attorney or tax professional regarding your specific situation.*

**YOU MUST CONTACT A FIDELITY PHONE REPRESENTATIVE TO MAKE YOUR ELECTIONS AT 1-800-343-0860 OR IF YOU HAVE QUESTIONS ABOUT YOUR PLAN ACCOUNT.**

## **Required Minimum Distributions Common Questions**

Below are some common questions and answers to assist you in understanding the RMD rules. You should consult with your tax advisor for assistance with your situation.

### **Q1. What is a required minimum distribution?**

A required minimum distribution (also called an RMD) is a yearly, mandatory withdrawal from a tax-deferred retirement account, like an IRA, 401(k), 403(b) plan, or governmental 457(b) plan which you must start taking when you reach the age defined by the Internal Revenue Service (IRS). A plan document may be more restrictive than the options identified in this summary or include special terms that may require a beneficiary to affirmatively elect a distribution option.

### **Q2. What is the “required beginning date” for commencing required minimum distributions?**

Internal Revenue Code § 401(a)(9) sets out the latest date a plan participant or IRA owner is permitted to leave funds in a retirement plan before distributions must commence. The “required beginning date” for an employee (participant) is April 1 of the calendar year following the later of: (1) the calendar year in which the participant attains age 73 if participant was born on or after January 1, 1952, age 72 (if born on or after July 1, 1949 and before January 1, 1951) or age 70½ (if born before July 1, 1949)) or (2) retires. For a participant who is a 5% owner of the employer, the RBD is April 1 of the calendar year that participant attains the applicable age, as stated above, regardless of employment status. After distribution of the initial RMD, subsequent RMDs are due annually by December 31 of each tax year.

The required beginning date for a beneficiary is based on the age of the participant at the time of their death and whether the participant had reached their required beginning date and had commenced receiving RMDs. If the participant died and did not take an RMD for a prior year, a beneficiary may be required to receive two RMDs as part of their initial distribution request.

### **Q3. Is a beneficiary of an inherited retirement account required to take an RMD?**

If you are the beneficiary of a retirement plan participant, you are required to withdraw the money from the account based on IRS rules and the terms of the plan. Additionally, your distribution options depend on your relationship to the original account owner, your age, and the year you inherited the account. RMDs may differ if the participant died before January 1, 2020 (January 1, 2022 for certain governmental or collectively bargained plans), the effective date of SECURE 2.0.

### **Q4. Are there penalties for failure to take a required minimum distribution?**

If you do not take an RMD by the annual deadline, it could result in an IRS excise tax equal to 25% of the amount that should have been distributed that year. (This amount may be reduced to 10% if you correct the shortfall within a two-year correction window.) Income taxes, federal and state (if applicable), will be paid on the taxable amount distributed in the year of distribution.

For example, assume that you are 74 years old, and your RMD for the year is \$15,000, but you only received \$7,000 by December 31, then you will pay income tax on \$7,000 that year and potential penalty of \$2,000 [25% IRS excise tax on \$8,000 (\$15,000 - \$7,000) that was not distributed. The following year, you will be required to take that year’s RMD amount and the \$8,000 that was not distributed in the previous year.

Additionally, if an amount that is attributable to an RMD is rolled over in error, it may be subject to a 6% excise tax if not removed from the receiving plan or IRA.

**Q5. If I have account balances in more than one retirement plan, including an inherited retirement account, do I have to take an RMD from each plan?**

If you have an account balance in more than one employer-sponsored retirement, a separate RMD must be taken from each plan. An RMD from an IRA is calculated separately from your employer-sponsored retirement plan. If you have a balance in more than one IRA, you are permitted to combine the account balances of your IRAs and take the RMD from only one IRA. Additionally, the IRS permits a participant to satisfy RMDs due from a 403(b) tax sheltered annuity account by taking the RMD from any one of such accounts of the same type.

**Q6. Can I take a distribution for more than the RMD that is due in a given year?**

If you chose to leave the money in the plan in an inherited account, you may take more than the RMD amount from your plan each year, but the excess amount will not be applied toward your RMD for any subsequent years. Any amount above the annual RMD calculated for you can be rolled over.

**[Special Tax Notice Regarding Plan Payments \(402\(f\) Notice\)](#)**