

# Beneficiary Claim Information\*

We understand how hard it is to lose a spouse, family member or friend. You're dealing with a lot, including financial matters. That's why we've put together this guide – to make things a little easier by explaining your options.

## Don't go it alone

A financial professional can help you evaluate your situation as you make decisions about the account you've inherited. In addition, a financial professional can help you:

- Understand the options available to you as a beneficiary.
- Review the potential tax implications of each option.
- Identify and complete the appropriate paperwork.
- Allocate your inherited assets to help you meet your long-term financial goals.

If you don't have a financial professional, we can help you find one in your area. You can learn more about American Funds at [www.capitalgroup.com](http://www.capitalgroup.com).

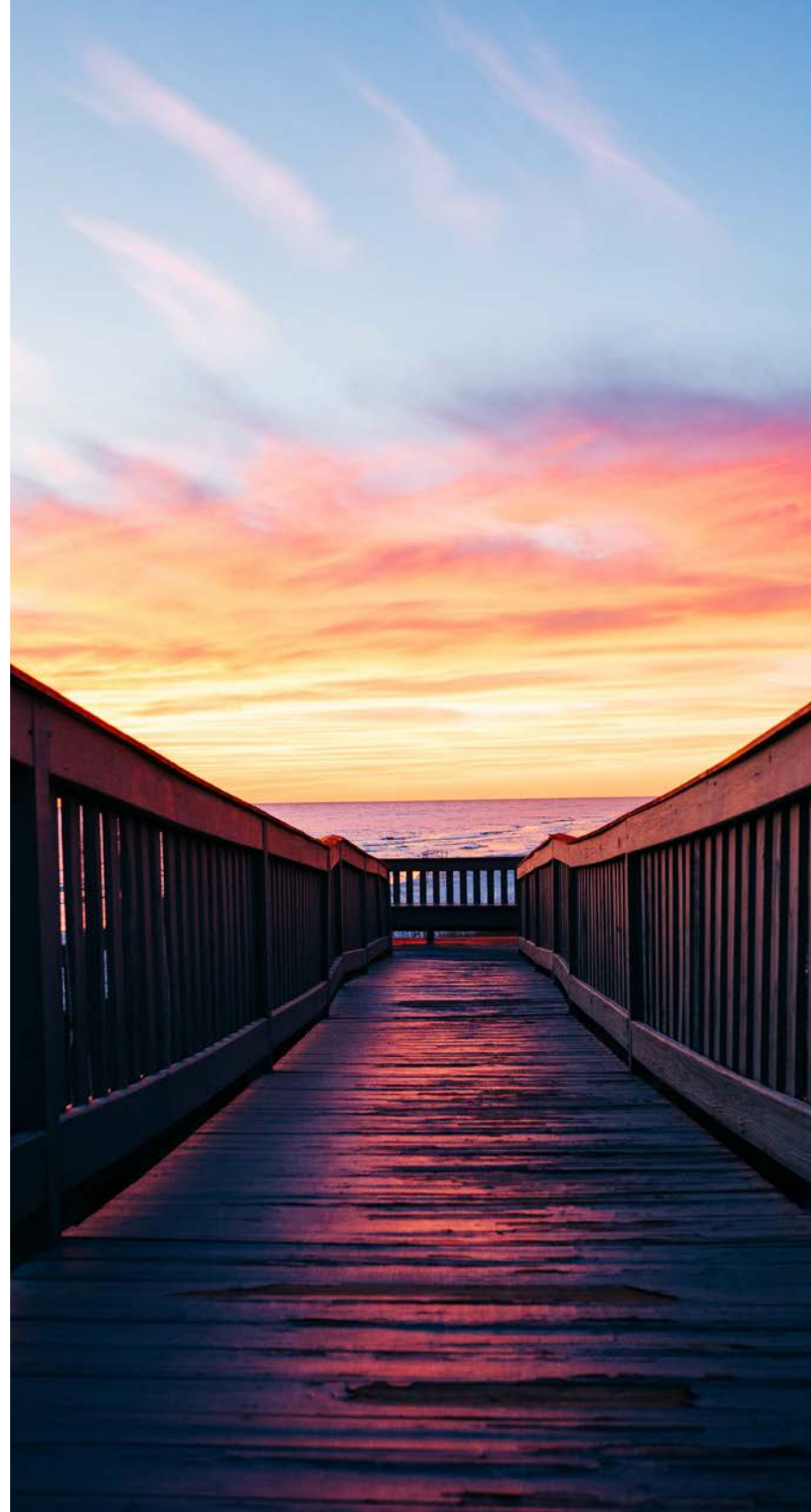
We also strongly suggest consulting a tax professional, estate attorney or accountant. The options discussed throughout this guide can have serious tax consequences. This material is not intended to provide tax advice.

## Contact us

During this difficult time, we're here to help you through the process of claiming the money you've inherited. If you have any questions, don't hesitate to call us at:

- **(800) 421-4225** for Capital Bank and Trust Company IRAs and retirement plan accounts
- **(800) 421-4120** for RecordkeeperDirect® retirement plan accounts

\* The information in this guide is based on rules mandated by the SECURE Act and applies to deaths on or after January 1, 2020. However, if you inherited a retirement plan account that is part of a governmental plan, such as a governmental 457(b) plan, a Texas ORP or a 403(b) plan for a public school district, the information in this guide applies to deaths on or after January 1, 2022.



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### General information

At some point, the IRS will require you to withdraw money from the IRA or retirement plan account you've inherited. You must take distributions on time to avoid tax penalties. You may be required to deplete the account within 5 or 10 years, and/or take annual required minimum distributions (RMDs).

The following factors impact the options available to you:

- Whether you are the spouse of the deceased account owner;
- Whether you are an eligible designated beneficiary or non-eligible designated beneficiary (see below for definitions);
- Whether the account owner passed away before or after their required beginning date (RBD) (see page 3 for definition);
- The payout options allowed per your retirement plan document; and
- Whether separate accounts are created (if there are multiple beneficiaries).

### Eligible and non-eligible designated beneficiaries

You qualify as an eligible designated beneficiary if you are one of the following: the spouse of the deceased account owner; a child (including stepchild, adopted child and foster child) of the deceased account owner who has not yet reached age 21 (minor child); an individual who is not more than 10 years younger than the deceased account owner (including an individual who is older than the deceased account owner); an individual who is disabled, as defined in IRC section 72(m)(7); or an individual who is chronically ill, as defined in IRC section 7702B(c)(2).

If you are an individual to whom none of the criteria listed above apply, then you are considered a non-eligible designated beneficiary.

### Multiple beneficiaries

If there are multiple beneficiaries, it is important to claim the account and create separate accounts by December 31 of the year following the date of death. Otherwise, the options available to you may be limited and may require a faster payout of the assets. The information in this guide assumes you are the only beneficiary listed on the account, or if you are one of multiple beneficiaries, separate accounts were created by December 31 of the year following the date of death.

### General information

#### Two options apply to all beneficiary types:

	Description	Benefits	Considerations
<b>Disclaim inheritance</b>	You may refuse to accept a portion or all of the IRA or retirement plan account that you've inherited. To disclaim, you must provide a valid written disclaimer no later than the end of the 9th month following the date of death and before you take possession of the assets.	Allows the inheritance to pass to other beneficiaries who may have greater need.	<ul style="list-style-type: none"> <li>You may consider this option if the total value of your estate exceeds tax exemption limits.</li> <li>You forfeit your right to the assets.</li> <li>You can't designate who inherits your portion, so be sure you understand who will receive the assets as a result of the disclaimer.</li> </ul>
<b>Total liquidation</b>	If you wish to withdraw all the money at once, or if the amount is insufficient for annual payments, you may request a single one-time payment of the entire amount.	The money is immediately available.	<ul style="list-style-type: none"> <li>You miss the opportunity to continue letting the money grow tax-deferred.</li> <li>You'll pay income taxes on the tax-deferred assets of the distribution, which may move you into a higher tax bracket.</li> </ul>

### Required minimum distributions (RMDs) and required beginning date (RBD)

Assets in IRAs and retirement plan accounts cannot grow tax-deferred indefinitely.

Traditional IRA owners and most retirement plan participants have to start taking **required minimum distributions (RMDs)** by April 1 of the year after they reach age 73. This is called the **required beginning date (RBD)**. Certain retirement plan participants can delay their first RMD. Employees who are still working, if their plan permits, can typically wait until April 1 of the year following their retirement to begin taking RMDs.

Roth IRA owners aren't subject to RMDs while they are living, but beneficiaries who inherit Roth IRAs must take distributions. Roth IRA owners are always treated as having been deceased prior to RBD, regardless of their age at death. For Roth IRA distribution rules, refer to the "Account owner death before RBD" sections.

If the deceased account owner reached their RBD prior to passing away, and did not take their RMD that year, then you must take an RMD for the year of the account owner's death or you may be subject to a 25% penalty on the missed amount. However, the penalty is automatically waived if the RMD is taken by the later of **1)** December 31 of the year following the date of death, or **2)** your tax filing deadline (including extensions) for the year of the account owner's death. If the RMD is not taken in the year of the account owner's death, it must be adjusted for earning or losses when it's taken. We recommend consulting a tax advisor for assistance.

### Eligible designated beneficiary

You are an eligible designated beneficiary if you meet any of the following criteria. You are:

- The spouse of the deceased account owner;
- A child (including stepchild, adopted child and foster child) of the deceased account owner who has not yet reached age 21 (minor child);
- An individual who is not more than 10 years younger than the deceased account owner (including an individual who is older than the deceased account owner);
- An individual who is disabled, as defined in IRC section 72(m)(7); or
- An individual who is chronically ill, as defined in IRC section 7702B(c)(2).

### Spouse

Account options	Distribution rules	Considerations
<p><b>Treat the account as your own</b></p> <p>You can move the inherited assets to your own existing or new IRA, or existing retirement plan account.</p> <p><b>Note:</b> Roth IRA assets cannot be rolled into a retirement plan account.</p>	<p>After you reach RMD age, you'll need to take annual payments based on your age and life expectancy.</p> <p><b>Note:</b> If you treat yourself as the beneficiary and later decide to treat the account as your own in a year after you have reached RMD age, you will need to first remove any RMDs that would have been required had life expectancy payments applied. We recommend consulting a tax advisor for assistance.</p>	<ul style="list-style-type: none"> <li>• If you are younger than your spouse, and have not reached RMD age, you are allowed to postpone withdrawals for a longer period. Money can continue to grow tax-deferred until you reach your RBD.</li> <li>• If you move the assets to your own IRA, you can access the money at any time. However, if you are younger than age 59½, you'll have to pay a 10% early withdrawal penalty unless you meet one of the IRS penalty exceptions.</li> <li>• If rolling to your own retirement plan account, the plan may restrict access to your assets.</li> <li>• Your existing retirement plan may not accept rollovers.</li> </ul>

Account options	Distribution rules		Considerations
<p><b>Treat yourself as the beneficiary</b></p> <p><b>IRA</b></p> <ul style="list-style-type: none"> <li>• Assets are moved to an inherited IRA in your spouse's name with you listed as the beneficiary.</li> </ul> <p><b>Retirement plan account</b></p> <ul style="list-style-type: none"> <li>• You can keep the assets in the current plan. Assets will be moved to an inherited account in your spouse's name with you listed as the beneficiary.</li> <li>• You can also roll the assets into an inherited IRA in your spouse's name with you listed as the beneficiary.</li> </ul>	<p><b>Account owner death before RBD</b></p> <p><b>Life expectancy payments</b></p> <ul style="list-style-type: none"> <li>• Annual RMDs are based on your age and life expectancy.</li> <li>• Distributions must begin by 12/31 of the year following the date of death, or 12/31 of the year your spouse would have reached RMD age, whichever occurs later.</li> </ul> <p><b>10-year rule</b></p> <ul style="list-style-type: none"> <li>• You may withdraw any amount at any time as long as the entire balance is distributed by 12/31 of the 10th year following the date of death.</li> </ul> <p><b>Note:</b> Retirement plans may offer one or both of these payout options. Check with the plan administrator.</p>	<p><b>Account owner death after RBD</b></p> <p><b>Life expectancy payments</b></p> <ul style="list-style-type: none"> <li>• Annual RMDs are based on your age and life expectancy or your spouse's age and life expectancy, whichever is longer.</li> <li>• Distributions must begin no later than 12/31 of the year following the date of death.</li> </ul>	<ul style="list-style-type: none"> <li>• If you are older than your spouse and your spouse passed away before reaching RMD age, you can postpone withdrawals until the year your spouse would have reached RMD age. This allows undistributed assets the opportunity to grow tax-deferred for a longer period.</li> <li>• If you are younger than age 59½, and would like to take payments immediately, you can avoid the 10% early withdrawal penalty.</li> </ul>



## Eligible designated beneficiary (continued)

### Minor child of account owner

Account options	Distribution rules	
<p><b>Treat the minor as the beneficiary</b></p> <p><b>IRA</b></p> <ul style="list-style-type: none"> <li>Assets are moved to an inherited IRA in the deceased account owner's name with the minor listed as the beneficiary.</li> </ul> <p><b>Retirement plan account</b></p> <ul style="list-style-type: none"> <li>You can keep the assets in the current plan. Assets will be moved to an inherited account in the deceased account owner's name with the minor listed as the beneficiary.</li> <li>You can also roll the assets into an inherited IRA in the deceased account owner's name with the minor listed as the beneficiary.</li> </ul>	<p><b>Account owner death before RBD</b></p> <p><b>Life expectancy payments</b></p> <ul style="list-style-type: none"> <li>Annual RMDs are based on the minor's age and life expectancy, but the entire balance must be distributed by 12/31 of the year the minor attains age 31.</li> <li>Distributions must begin no later than 12/31 of the year following the date of death.</li> </ul> <p><b>10-year rule</b></p> <ul style="list-style-type: none"> <li>You may withdraw any amount at any time as long as the entire balance is distributed by 12/31 of the 10th year following the date of death.</li> </ul> <p><b>Note:</b> Retirement plans may offer one or both of these payout options. Check with the plan administrator.</p>	<p><b>Account owner death after RBD</b></p> <p><b>Life expectancy payments</b></p> <ul style="list-style-type: none"> <li>Annual RMDs are based on the minor's age and life expectancy or the age and life expectancy of the deceased account owner, whichever is longer, but the entire balance must be distributed by 12/31 of the year the minor attains age 31.</li> <li>Distributions must begin no later than 12/31 of the year following the date of death.</li> </ul>

### Disabled or chronically ill individual, or not more than 10 years younger individual

Account options	Distribution rules	
<p><b>Treat yourself as the beneficiary</b></p> <p><b>IRA</b></p> <ul style="list-style-type: none"> <li>Assets are moved to an inherited IRA in the deceased account owner's name with you listed as the beneficiary.</li> </ul> <p><b>Retirement plan account*</b></p> <ul style="list-style-type: none"> <li>You can keep the assets in the current plan. Assets will be moved to an inherited account in the deceased account owner's name with you listed as the beneficiary.</li> <li>You can also roll the assets into an inherited IRA in the deceased account owner's name with you listed as the beneficiary.</li> </ul>	<p><b>Account owner death before RBD</b></p> <p><b>Life expectancy payments</b></p> <ul style="list-style-type: none"> <li>Annual RMDs are based on your age and life expectancy.</li> <li>Distributions must begin no later than 12/31 of the year following the date of death.</li> </ul> <p><b>10-year rule</b></p> <ul style="list-style-type: none"> <li>You may withdraw any amount at any time as long as the entire balance is distributed by 12/31 of the 10th year following the date of death.</li> </ul> <p><b>Note:</b> Retirement plans may offer one or both of these payout options. Check with the plan administrator.</p>	<p><b>Account owner death after RBD</b></p> <p><b>Life expectancy payments</b></p> <ul style="list-style-type: none"> <li>Annual RMDs are based on your age and life expectancy or the age and life expectancy of the deceased account owner, whichever is longer.</li> <li>Distributions must begin no later than 12/31 of the year following the date of death.</li> </ul>

\* For certain retirement plan accounts, if you are disabled or chronically ill, you must provide certification to the plan administrator by October 31 of the year following the date of death. Check with the plan administrator.

### Non-eligible designated beneficiary

This section pertains to individuals who do not meet the requirements to be considered eligible designated beneficiaries (see page 4 for definition).

Account options	Distribution rules	
<p><b>Treat yourself as the beneficiary</b></p> <p><b>IRA</b></p> <ul style="list-style-type: none"> <li>Assets are moved to an inherited IRA in the deceased account owner's name with you listed as the beneficiary.</li> </ul> <p><b>Retirement plan account</b></p> <ul style="list-style-type: none"> <li>You can keep the assets in the current plan. Assets will be moved to an inherited account in the deceased account owner's name with you listed as the beneficiary.</li> <li>You can also roll the assets into an inherited IRA in the deceased account owner's name with you listed as the beneficiary.</li> </ul>	<p><b>Account owner death before RBD</b></p> <p><b>10-year rule</b></p> <ul style="list-style-type: none"> <li>You may withdraw any amount at any time as long as the entire balance is distributed by 12/31 of the 10th year following the date of death.</li> </ul>	<p><b>Account owner death after RBD</b></p> <p><b>10-year rule with life expectancy payments*</b></p> <ul style="list-style-type: none"> <li>Annual RMDs are based on your age and life expectancy or the age and life expectancy of the deceased account owner, whichever is longer, but the entire balance must be distributed by 12/31 of the 10th year following the date of death.</li> <li>Distributions must begin no later than 12/31 of the year following the date of death.</li> </ul>

\* The IRS waived the penalty (excise tax) for missed 2021-2024 RMDs due during the 10-year rule. This may apply if the account owner passed away in 2020-2023.

### Entity (non-individual) beneficiary

This section pertains to entity beneficiaries, such as estates (including heirs), charities and trusts that do not qualify as see-through trusts.

Account options	Distribution rules	
<p><b>Treat the entity as the beneficiary</b></p> <p><b>IRA</b></p> <ul style="list-style-type: none"> <li>Assets are moved to an inherited IRA in the deceased account owner's name with the entity listed as the beneficiary.</li> </ul> <p><b>Retirement plan account</b></p> <ul style="list-style-type: none"> <li>Assets remain in the current plan. Assets will be moved to an inherited account in the deceased account owner's name with the entity listed as the beneficiary.</li> </ul>	<p><b>Account owner death before RBD</b></p> <p><b>5-year rule</b></p> <ul style="list-style-type: none"> <li>You may withdraw any amount at any time as long as the entire balance is distributed by 12/31 of the 5th year following the date of death.</li> </ul>	<p><b>Account owner death after RBD</b></p> <p><b>Life expectancy payments</b></p> <ul style="list-style-type: none"> <li>Annual RMDs are based on the age and life expectancy of the deceased account owner.</li> <li>Distributions must begin no later than 12/31 of the year following the date of death.</li> </ul>

### See-through trust beneficiary

IRS beneficiary rules make a sharp distinction between trusts that qualify as see-through trusts and trusts that do not. To qualify as a see-through trust, a trust must:

- Be valid under state law.
- Be irrevocable or become irrevocable upon the original account owner's death.
- Identify the beneficiaries and their interests.
- Provide certain documentation regarding the trust to the plan administrator no later than October 31 of the year following the date of death.

For see-through trusts, distribution rules depend on the number of underlying trust beneficiaries and their status as eligible designated, non-eligible designated or entity (non-individual) beneficiaries. (See page 2 for definitions of eligible and non-eligible designated beneficiaries.)

- If there is one underlying trust beneficiary who is an individual, distribution rules depend on whether they are considered an eligible or non-eligible designated beneficiary.
- If there are multiple underlying trust beneficiaries who are individuals, and all are considered non-eligible designated beneficiaries, non-eligible designated beneficiary distribution rules apply.
- If there are multiple underlying trust beneficiaries who are individuals, and they are all eligible designated beneficiaries or they are a mix of non-eligible and eligible designated beneficiaries, we recommend consulting a tax professional, estate attorney or accountant to determine distribution rules.
- If one or more underlying trust beneficiaries are not individuals, we recommend consulting a tax professional, estate attorney or accountant to determine distribution rules.

### See-through trust eligible designated beneficiary

- There is one underlying trust beneficiary who is an eligible designated beneficiary.

Account options	Distribution rules	
<p><b>Treat the trust as the beneficiary</b></p> <p><b>IRA</b></p> <ul style="list-style-type: none"> <li>• Assets are moved to an inherited IRA in the deceased account owner's name with the trust listed as the beneficiary.</li> </ul> <p><b>Retirement plan account</b></p> <ul style="list-style-type: none"> <li>• You can keep the assets in the current plan. Assets will be moved to an inherited account in the deceased account owner's name with the trust listed as the beneficiary.</li> <li>• You can also roll the assets into an inherited IRA in the deceased account owner's name with the trust listed as the beneficiary.</li> </ul>	<p><b>Account owner death before RBD</b></p> <p><b>Life expectancy payments</b></p> <ul style="list-style-type: none"> <li>• Annual RMDs are based on the trust beneficiary's age and life expectancy.</li> <li>• Distributions must begin no later than 12/31 of the year following the date of death.</li> <li>• If the trust beneficiary is a minor child of the deceased account owner, the entire balance must be distributed by 12/31 of the year the trust beneficiary attains age 31.</li> </ul> <p><b>10-year rule</b></p> <ul style="list-style-type: none"> <li>• You may withdraw any amount at any time as long as the entire balance is distributed by 12/31 of the 10th year following the date of death.</li> </ul> <p><b>Note:</b> Retirement plans may offer one or both of these payout options. Check with the plan administrator.</p>	<p><b>Account owner death after RBD</b></p> <p><b>Life expectancy payments</b></p> <ul style="list-style-type: none"> <li>• Annual RMDs are based on the trust beneficiary's age and life expectancy or the age and life expectancy of the deceased account owner, whichever is longer.</li> <li>• If the trust beneficiary is a minor child of the deceased account owner, the entire balance must be distributed by 12/31 of the year the trust beneficiary attains age 31.</li> <li>• Distributions must begin no later than 12/31 of the year following the date of death.</li> </ul>

### See-through trust non-eligible designated beneficiary

- There is one underlying trust beneficiary who is a non-eligible designated beneficiary.
- There are multiple underlying trust beneficiaries and they are **all** non-eligible designated beneficiaries.

Account options	Distribution rules	
<b>Treat the trust as the beneficiary</b> <b>IRA</b> <ul style="list-style-type: none"> <li>• Assets are moved to an inherited IRA in the deceased account owner's name with the trust listed as the beneficiary.</li> </ul> <b>Retirement plan account</b> <ul style="list-style-type: none"> <li>• You can keep the assets in the current plan. Assets will be moved to an inherited account in the deceased account owner's name with the trust listed as the beneficiary.</li> <li>• You can also roll the assets into an inherited IRA in the deceased account owner's name with the trust listed as the beneficiary.</li> </ul>	<b>Account owner death before RBD</b> <b>10-year rule</b> <ul style="list-style-type: none"> <li>• You may withdraw any amount at any time as long as the entire balance is distributed by 12/31 of the 10th year following the date of death.</li> </ul>	<b>Account owner death after RBD</b> <b>10-year rule with life expectancy payments*</b> <ul style="list-style-type: none"> <li>• Annual RMDs are based on the oldest<sup>†</sup> trust beneficiary's age and life expectancy or the age and life expectancy of the deceased account owner, whichever is longer, but the entire balance must be distributed by 12/31 of the 10th year following the date of death.</li> <li>• Distributions must begin no later than 12/31 of the year following the date of death.</li> </ul>

\* The IRS waived the penalty (excise tax) for missed 2021- 2024 RMDs due during the 10-year rule. This may apply if the account owner passed away in 2020-2023.

<sup>†</sup> If the terms of the trust provide that it is to be divided immediately upon the account owner's death into separate shares for each trust beneficiary and, once divided, the trust is terminated, special rules apply. Each trust beneficiary uses their **own** life expectancy or the age and life expectancy of the deceased account owner, whichever is longer, for annual RMDs.