

# IRA Beneficiary Claim

To claim the assets from a Decedent IRA, this form needs to be completed by the beneficiary. A separate form is required for each beneficiary. Before completing, read the important information on inheriting an IRA attached to this form. Do not use this form for Coverdell ESAs; use the ESA Request form.

**Important note concerning foreign claims:** If this claim involves a non-resident U.S. citizen decedent or a non-U.S. citizen as beneficiary, additional documentation and administrative time may be necessary to process your claim. Further, if your claim requires the submission of an IRS Transfer Certificate, you must provide a copy of the IRS Transfer Certificate or your claim and any related instructions will not be accepted.

## Section 1 Deceased IRA Holder's Information

*Decedent Name and Account Number required.*

Name \_\_\_\_\_

Account Number \_\_\_\_\_

## Section 2 Beneficiary's Information

*All fields must be completed.*

Name/Trust/Estate/Charity \_\_\_\_\_

SSN/TIN \_\_\_\_\_ Date of Birth \_\_\_\_\_ (mm/dd/yyyy)

Current Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP Code \_\_\_\_\_

Phone Number \_\_\_\_\_

Relationship to Original Account Holder  Spouse  Non-Spouse

If Claiming an Inherited IRA, check here:  Successor Beneficiary

**Disclaimer.** Do not complete this form if you are disclaiming **all** assets. Instead, complete the IRA Beneficiary Disclaimer Certification form. If you are claiming a portion of the assets and disclaiming a portion, you will need to complete both this form and the IRA Beneficiary Disclaimer Certification form.

**Irrevocable.** You must refuse all or a portion of the IRA within nine months of the owner's death. Once you disclaim, you cannot dictate who will inherit assets.

## Section 3 Beneficiary Election Options (See attached information on inheriting an IRA)

*Spouse Only selection.*

**Roll Over/Treat as My Own.** Transfer assets to account number \_\_\_\_\_.

You may want to move the assets to an Inherited IRA if you are under age 59½. Distributions from your own IRA before age 59½ may have a 10% IRS tax penalty. Inherited IRA distributions have no 10% IRS tax penalty. You will have no required minimum distributions (RMDs) due from a Traditional IRA until you are age 70½ or older. There are no RMDs for Roth IRA owners. This is not an option if you are inheriting your spouse's Inherited IRA because you are a Successor Beneficiary.

*Spouse and Non-Spouse selections.*

**Inherited IRA.** Move assets to account number \_\_\_\_\_.

Only a spouse does not need to take RMDs from an Inherited IRA until the deceased spouse would have become age 70½. Only a spouse can transfer assets, at any time, to an IRA in their own name. All beneficiaries avoid the 10% IRS tax penalty when taking distributions from an Inherited IRA.

Account(s) carried by First Clearing. First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

Use Beneficiary Asset Worksheet (589387) to assist with uneven breakdowns.

[ ] Lump Sum. This is a taxable, irrevocable event. Once a non-spouse beneficiary chooses to take a lump-sum distribution, it cannot be rolled over into an Inherited IRA or his or her own IRA. In this situation, a spouse beneficiary would have 60 days to roll over the inherited assets into his or her own IRA. You will not have a 10% IRS penalty on the distribution. Taxable distribution included as part of all ordinary income. Complete Section 5, Payment Instructions.

External Transfers:

[ ] IRA To IRA/Inherited IRA (non-taxable transfer): In order to transfer your assets, we will require the receiving institution's transfer paperwork, which will include account number, delivery instructions, and letter of acceptance. All assets might not be transferable. Please work with receiving broker to determine if assets are transferable.

[ ] IRA to Non-IRA account (taxable distribution): You will need to complete the lump sum section of this form.

Section 4 Instructions to Liquidate Asset(s) in the IRA:

Wells Fargo Clearing Services, LLC (WFCS) is instructed to liquidate the specific asset(s) in the decedent's IRA, and to deposit the proceeds of the liquidations per your election in Section 3 above.

Check the appropriate box below:

[ ] Full Liquidation: I authorize WFCS to liquidate my entire portion of the IRA. This means your portion will be sold in its entirety and assets distributed to you, as you direct in Section 3.

OR

[ ] Partial Liquidation: I authorize WFCS to liquidate only the specific assets listed on the Partial Liquidation Specified Asset(s) List on page 5 on this form. This means only the assets you specify will be liquidated. All other assets will be transferred in kind, as you direct in Section 3.

Section 5 Payment Instructions

For multiple/partial payouts, enter an amount below and select a method.

Multiple payouts can be selected by checking multiple instructions.

Use Beneficiary Asset Worksheet (589387) to assist with uneven breakdowns.

Distribution Information

- Any RMD that should have been taken by the deceased in the year of death must be taken by the beneficiaries by December 31 of the year of death.
A spouse who rolls over can satisfy the RMD from his or her own IRA. A spouse under 59 1/2 may have a 10% penalty if the RMD is taken from the spouse's own IRA and not the Inherited IRA.
As a "successor" beneficiary you inherit an Inherited IRA, so you will continue taking RMDs over the original beneficiary's life expectancy rather than using your own life expectancy.
The Wells Fargo Clearing Services, LLC IRA Custodial Agreement default is the Life Expectancy option. Beneficiaries may always take more than the RMD.

Method

Amount (\$) (for multiple/partial payouts)

- Check: Payable to, Mail to Address of Record, Mail to above Recipient Address, Hold for Pick-Up at Branch, Mail to Address.
Transfer: To Account Number, Account Name

**FedWire Funds.** This method requires completion of the wire instructions on page 6.

**Deposit electronically via ACH.** This method requires completion of the ACH bank information below.

**ACH BANK INFORMATION**

Name on Account \_\_\_\_\_ Name of Bank \_\_\_\_\_

Type of Account  Checking or  Savings

Bank City \_\_\_\_\_ Bank State \_\_\_\_\_

ABA/Routing Number \_\_\_\_\_ Account Number to Credit \_\_\_\_\_

**Section 6 Tax Withholding Certifications and Elections**

*Required if the Lump Sum option was selected in Section 3.*

Withholding elections are made by choosing one option in the federal taxes and one option in the state taxes section. **If you are eligible to elect out of federal or state withholding and decide to do so, you will be liable for taxes due on the taxable portion of your distribution and potential penalties for underpayment of estimated taxes. You should consult with your tax advisor before making your elections.** After completing this form, to make a change to a federal and/or state withholding election, a new form and signature are required.

**Federal Taxes** *W-4P, OMB No.1547-0074*

You cannot elect out of the 10% mandatory withholding if you have not supplied Wells Fargo Clearing Services, LLC with your correct SSN or TIN and a "residence address" within the United States. **If no election is made, we are required to withhold federal income taxes at a rate of 10% of the gross distribution amount.** If you elect to withhold a percentage or a dollar amount, the value must be equal to or greater than 10% of the gross distribution amount.

**Selection Required** (choose one)

Do NOT withhold federal income tax from my IRA distribution.

Withhold federal income tax of \_\_\_\_\_ % or \$ \_\_\_\_\_ from my IRA distribution.

**State Taxes**

Withholding is required in some states if federal withholding applies, unless you specifically elect out. **Residents of CA or VT:** The withholding rate applies to the federal withholding amount and not the gross distribution amount. **Residents of MI:** If you elect out, you are certifying your distribution is not taxable because you were born before 1946 or you believe that you will not have a balance due on your MI-1040. **Residents of Washington, D.C.:** Taxes will be withheld at the rate of 8.95% on total distributions with no option to elect out.

**Selection Required** (choose one) State taxes will be withheld based on the state listed on your account registration.

Do NOT withhold state income tax from my IRA distribution.

Withhold state income tax of \_\_\_\_\_ % or \$ \_\_\_\_\_ from my IRA distribution.

## Section 7 Client Signature and Acknowledgement

I hereby certify that the above-named individual is deceased and that I am the beneficiary of said individual. A copy of the Death Certificate for the above individual is attached to this form. I certify that the information provided above is true and correct. I acknowledge that I am responsible for calculating and taking the owner's RMD if any is due. Due to the important tax implications of this transaction, I agree to consult a tax professional for advice and I have not relied on information provided by WFCS to determine what action I should take at this time. I agree to indemnify and hold WFCS harmless from any resulting liabilities. WFCS has not provided me with any tax or legal advice and I assume full responsibility. Furthermore, I acknowledge that I received the beneficiary option information pages that accompany this form and will retain them for my records.

If liquidation instructions are included in Section 4, I understand that WFCS will take action only after WFCS has received and verified all required supporting claim documentation. I acknowledge that WFCS may not enter trades necessary to facilitate the liquidation on the same business day that WFCS receives my instructions, due to administrative handling and processing time. I understand that WFCS will make every effort to process my liquidation promptly. I accept that the value of my assets at liquidation may differ from current market values. I acknowledge that I understand that WFCS will not liquidate an indivisible asset(s) in the decedent's IRA unless all designated beneficiaries provide instructions on separate IRA Beneficiary Claim forms. I agree to release and indemnify, defend and hold harmless WFCS, WFA, Introducing Firm and their respective affiliates and agents, officers, employees, successors and assigns (collectively, "Indemnatee") from any and all claims, liabilities, damages, losses, penalties, judgments and expenses, including without limitation, attorneys' fees and costs, of any kind or description that directly or indirectly arise out of or are related to the liquidation by WFCS of the specific asset(s) or the distribution of the proceeds thereof to me pursuant to this Acknowledgement and the WFCS IRA Disclosure Statement and Custodial Agreement.

**Following are Signature(s) for Beneficiary, Executor/Executrix, Charity Representative, Trustee Representative, Conservator/Guardian, or POA attorney-in-fact (POA Document Required)**

**SIGN HERE**

<input checked="" type="checkbox"/>	<hr/>	<b>Print Name</b>	<b>Date</b> (mm/dd/yyyy)
		<hr/>	<hr/>
<input checked="" type="checkbox"/>	<hr/>	<b>Print Name</b>	<b>Date</b> (mm/dd/yyyy)
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<input checked="" type="checkbox"/>	<hr/>	<b>Print Name</b>	<b>Date</b> (mm/dd/yyyy)
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## **Federal Wire Funds Request** *(Fee may apply)*

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Do not complete this section if requesting an international wire; instead complete the International Wire Funds Request from IRA form and submit with this Beneficiary Claim form.

Bank Name \_\_\_\_\_ ABA Routing Number \_\_\_\_\_

Bank Address \_\_\_\_\_ Bank City \_\_\_\_\_ Bank State \_\_\_\_\_

Name on Bank Account \_\_\_\_\_ Account Number \_\_\_\_\_

Account Type:  Check  Savings

Recipient Name \_\_\_\_\_ Phone Number \_\_\_\_\_

Local Routing Code (if applicable) \_\_\_\_\_

Recipient Address *(include City, State, Zip Code, and Country – No P.O. Box or APO)*

Special Instructions

Future Credit (if applicable)

Purpose of Wire

In consideration of WFCS accepting the instructions on page one of this document, I hereby release and discharge WFCS and its affiliates from any liability or claims in connection with the aforementioned instructions and agree to indemnify and hold WFCS harmless against any losses from any action, claim, or demand of any person based upon WFCS acting under these instructions.

It is my responsibility to verbally verify the legitimacy of the source and the accuracy of instructions provided by any third party. Examples of third parties include, but are not limited to, title companies, attorneys, accountants, and business associates.

**SUBMIT THIS PAGE ONLY IF REQUESTING A FEDERAL WIRE**

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# What to Know When You Inherit an IRA

## Keep in Mind

- No matter your age, you will avoid the 10% IRS tax penalty on distributions from the IRA you inherited or your Inherited IRA.
- A “successor” beneficiary is someone who has inherited an Inherited IRA. As a successor beneficiary you can take a lump sum, disclaim, or continue taking RMDs over the original beneficiary’s life expectancy. The IRS does not let a successor beneficiary start over and stretch inherited assets out over his or her own lifetime.

When you inherit an IRA, you will have many planning and distribution considerations. Some of your decisions will be based on your current needs, but your ultimate goal is to maximize the value of the assets you received. Because it is important to be informed, so that you can make the most of this opportunity and avoid common mistakes, we have prepared this information to help you.

## Tax Considerations

Managing the amount you will pay in taxes for distributions from a Traditional IRA you inherit or an Inherited Traditional IRA and understanding if you will owe any tax on distributions from a Roth IRA you inherit or an Inherited Roth IRA is a key consideration when deciding how to best take money from the IRA you inherit.

- Qualified distributions from an Inherited Roth IRA are tax-free. Distributions from Inherited IRAs are qualified if the account has been open for more than five years. If the Roth IRA owner died before the account had been open for more than five years, you would have a *non-qualified* distribution. Non-qualified distributions from Inherited Roth IRAs may be subject to taxes, but no 10% IRS tax penalty. The five-year clock will continue in the Inherited IRA and until that fifth year has been reached. Until that time, as long as your distributions are equal to or less than the total amount the IRA owner contributed and/or converted, you have no taxes due. After you take all contribution and conversion amounts, any earnings distributed before the five-year clock ends will be taxable.
- Income tax will apply to taxable amounts when distributions are taken from an Inherited Traditional IRA. Larger dollar amounts can quickly put you into a higher tax bracket, whereas taking smaller distributions over time can help avoid a significant tax bill.

No matter your age, you will avoid the 10% IRS tax penalty on distributions from the IRA you inherited or your Inherited IRA. If you don’t have an immediate need for the assets, it makes sense to minimize distribution of the inherited assets so that you can preserve their tax-advantaged features.

## Investment and Insurance Products:

▶ NOT FDIC Insured ▶ NO Bank Guarantee ▶ MAY Lose Value

## Understanding Your Options

You have a few decisions to make if you have been named as the beneficiary of an IRA. It is important to understand the features and things to keep in mind of each option. Certain distribution methods preserve the account's tax-advantaged status while others do not. Keep in mind that after a distribution is taken from IRA assets you inherit, unless you are the spouse, you are not able to put it back.

- **Rollover/Transfer to own IRA:** If you are a spouse, you can always roll over or transfer the funds into an IRA in your own name, as this keeps the funds growing tax-advantaged and defers income taxes until distributions are taken. IRA distribution rules will apply based on your age—meaning no Required Minimum Distributions (RMDs) from your Traditional IRA until you reach age 70½ and no RMDs from your Roth IRA. However, it may make sense for you to open an Inherited IRA because distributions prior to age 59½ may incur the 10% IRS tax penalty. You can always transfer the assets from the Inherited IRA into your own IRA at any time, and once you obtain age 59½ it may be your best option. A non-spouse beneficiary does not have this option.
- **Open an Inherited IRA:** An Inherited IRA allows beneficiaries a way to keep the funds growing tax-advantaged while taking distributions. The account titling will always refer to the deceased IRA owner, with you listed as the beneficiary. Remember, once a distribution is taken you will not be able to put it back in your Inherited IRA within 60 days, because rollovers and contributions are not allowed in these accounts. Unless you are the spouse, you cannot roll this money into your own IRA. The benefit of this arrangement is that you have the option to distribute the funds over a longer period of time and are taxed only on that amount.

Inherited IRA distribution options:

- **Life expectancy:** This option is available for Inherited Roth and Inherited Traditional IRAs and is often referred to as the stretch IRA strategy<sup>1</sup>.
- **Non-spouse beneficiary:** You will take annual RMDs based on your life expectancy using a divisor from the IRS Single Life Table and the year-end IRA value, on a term-certain basis. Term-certain means that instead of using a new divisor from the table, one is subtracted from the original divisor in each subsequent year. These RMDs will begin the year following the death of the IRA owner. Beneficiaries may always take more than the RMD, but by taking no more than the RMD, the remainder of the money invested remains tax advantaged over a longer time frame.
- **Spouse beneficiary:** Establishing an Inherited IRA when you are under age 59½ allows you to avoid the 10% IRS tax penalty on distributions that you might have if the assets were taken from your own IRA. You always have the ability to transfer the Inherited IRA to your own IRA, even if you have been taking distributions.

You do not need to take RMDs from the Inherited IRA until:

- Your deceased spouse would have become age 70½.

1. Stretching an IRA simply refers to the ability to take RMDs over the beneficiary's single life expectancy (using the term-certain calculation method) rather than over the life expectancy of the original IRA owner.

2. When deciding whether to initiate a stretch IRA strategy, an investor should consider such factors as possible changes to tax laws, the impact of inflation, and other risks. Please note that designating a beneficiary two or more generations below the IRA owner may result in additional taxes when the distribution is made (exemptions may apply). Please consult with your tax advisor for more information.

- If your spouse was already age 70½ or older, you would have to begin RMDs the year following their death.
- If you are older than your deceased spouse, you may delay any RMDs until your deceased spouse would have turned age 70½.

Annual RMD calculations are based on your life expectancy using a divisor from the IRS Single Life Table, the year-end IRA value, and the recalculation method. The recalculation method uses a new divisor from the table each year.

*Please note that the stretch IRA strategy is designed for investors who will not need the money in the account for their own retirement. There is no guarantee that there will be assets remaining in the account at the time of the IRA owner's death.<sup>2</sup>*

- **Five-year rule:** This option is available for Inherited Roth IRAs. It is also available for Inherited Traditional IRAs if the owner died before meeting their required beginning date (RBD), generally April 1 following the year they turned age 70½. With this option, the entire account must be depleted during a five-year period that begins on December 31 in the year the IRA owner died. The entire account must be distributed by December 31 of the year containing the fifth anniversary of the owner's death. The beneficiary is allowed, but not required, to take distributions prior to that date. The five-year rule never applies if the owner died on or after his or her RBD. This can help avoid having to pay taxes on the entire amount in the first year, but requires larger distributions over a shorter time.
- **Lump-sum:** This strategy will exhaust the entire account in one distribution, with retirement assets losing their tax-advantaged status. Taxes will be due on the taxable portion of the distribution in the year received and may place you in a higher tax bracket. Once a non-spouse beneficiary chooses to take a lump-sum distribution, it cannot be undone. In this situation, a spouse beneficiary would have 60 days to roll over the inherited assets into his or her own IRA.
- **Disclaimer:** If you do not need or want the asset, you can disclaim, or refuse, all or a portion of the assets within nine months after the IRA owner's death. The person who disclaims is considered to have predeceased the IRA owner and cannot dictate who will inherit the assets as the IRA generally passes to any other named primary beneficiaries or if none, then to the named contingent beneficiaries. The IRA default beneficiaries may be used if there are no valid beneficiaries on file.

**The defaults on a Wells Fargo Clearing Services IRA are:**

- First, a surviving spouse
- Second, surviving children (as defined under state law)
- Third, the estate

## If You Inherit an Inherited IRA

A “successor” beneficiary is someone who has inherited an Inherited IRA. As a successor beneficiary you can take a lump sum, disclaim, or continue taking RMDs over the original beneficiary's life expectancy. Of course, you can always take more than the RMD. It is important to note that the IRS does not let a successor beneficiary start over and stretch inherited assets out over his or her own lifetime. Additionally, if you are a spouse and are the beneficiary of your deceased spouse's Inherited IRA, you are not able to roll these assets into an IRA in your name.

The following table summarizes the options you have if the IRA owner has passed away either before or after their RBD. Remember, you will need to take distributions whether you inherit a Roth or a Traditional IRA.

Beneficiary distribution options	Rollover/ Transfer to own IRA	Lump-sum	Disclaim	Open Inherited IRA	
				Life- expectancy	Five-year rule
Spouse beneficiary — Owner dies <i>before</i> RBD	✓	✓	✓	✓	✓
Spouse beneficiary — Owner dies <i>on or after</i> RBD	✓	✓	✓	✓	
Non-spouse beneficiary — Owner dies <i>before</i> RBD		✓	✓	✓	✓
Non-spouse beneficiary — Owner dies <i>on or after</i> RBD		✓	✓	✓	
Qualified “Look through” trust beneficiary — Owner dies <i>before</i> RBD		✓	✓ <sup>3</sup>	✓	✓
Qualified “Look through” trust beneficiary — Owner dies <i>on or after</i> RBD		✓	✓ <sup>3</sup>	✓	
Estate/nonqualified trust beneficiary — Owner dies <i>before</i> RBD		✓	✓ <sup>3</sup>		✓
Estate/nonqualified trust beneficiary — Owner dies <i>on or after</i> RBD		✓	✓ <sup>3</sup>	✓ <sup>4</sup>	
Charity — Owner dies <i>before</i> RBD		✓	✓		✓
Charity — Owner dies <i>on or after</i> RBD		✓	✓	✓ <sup>4</sup>	

3. In some instances for a trust and estate beneficiary.

4. RMDs based on owner’s age in year of death, divisor reduced by one each subsequent year.

Please Note: This material has been prepared for informational purposes only and is not a solicitation or an offer to buy any security or instrument or to participate in any trading or distribution strategy. The accuracy and completeness of the information is not guaranteed and is subject to change. It is based on current tax information and legislation as of November 2017. Since each investor’s situation is unique, you need to review your specific investment objectives, risk tolerance, and liquidity needs with your financial professional(s) before a suitable investment or distribution strategy can be selected. Also, since our firm does not provide tax or legal advice, investors need to consult with their own tax and legal advisors before taking any action that may have tax or legal consequences.

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