

Minimum Distributions Calculator

v. 8.01

Case 1: Minimum Distributions

What happens under my current beneficiary designation?

Assume that a client (the Plan Owner) born on January 1, 1950 has named his spouse, who was born on January 1, 1953, as his beneficiary. The Plan Balance is \$100,000; expected growth is 5%.

Results:

The Plan Owner must begin his **Required Minimum Distributions** in the year 2020. If the plan grows at the rate of 5% annually, it will have a balance of \$197,993.17 and a first required distribution being \$7,226.03. The life expectancy (divisor) for this calculation is from the new Uniform Lifetime Table and is 27.4.

Year	Age	Balance	Life Exp.	Distribution	Total Distributed
2006	56	\$100,000.00	28.7	\$0.00	\$0.00
2007	57	\$105,000.00	27.9	\$0.00	\$0.00
2008	58	\$110,250.00	27.0	\$0.00	\$0.00
2009	59	\$115,762.50	26.1	\$0.00	\$0.00
2010	60	\$121,550.63	25.2	\$0.00	\$0.00
2011	61	\$127,628.16	24.4	\$0.00	\$0.00
2012	62	\$134,009.57	23.5	\$0.00	\$0.00
2013	63	\$140,710.05	22.7	\$0.00	\$0.00
2014	64	\$147,745.55	21.8	\$0.00	\$0.00
2015	65	\$155,132.83	21.0	\$0.00	\$0.00
2016	66	\$162,889.47	20.2	\$0.00	\$0.00
2017	67	\$171,033.94	19.4	\$0.00	\$0.00
2018	68	\$179,585.64	18.6	\$0.00	\$0.00
2019	69	\$188,564.92	17.8	\$0.00	\$0.00
2020	70	\$197,993.17	27.4	\$7,226.03	\$7,226.03
2021	71	\$200,305.50	26.5	\$7,558.70	\$14,784.73
2022	72	\$202,384.14	25.6	\$7,905.63	\$22,690.36
2023	73	\$204,202.44	24.7	\$8,267.31	\$30,957.67
2024	74	\$205,731.89	23.8	\$8,644.20	\$39,601.87
2025	75	\$206,942.07	22.9	\$9,036.77	\$48,638.64
2026	76	\$207,800.57	22.0	\$9,445.48	\$58,084.12

Case 2: Stretch IRA Spousal Rollover then Spouse Names Beneficiary

The Plan Owner would like to know what options are available to provide for his wife and then his beneficiary upon his death.

Using the same steps as in Case 1, click on "Assume Death Occurs" to see this pop-up screen.

Assume Owner Dies? Yes, Check "Use Life Expectancy" (2033)

Assume Beneficiary Dies? Yes, Check "Use Joint Life Expectancy" (2041)

Assume Spouse Rollover? Yes, Check at "Owner's Death"

Does Spouse Name a Beneficiary? Yes, Birth Year? 1980

Beneficiary Information

Death Assumptions

Assume Owner Dies?: Yes No Year of Death: 2033 (Use Life Expectancy)

Assume Beneficiary Dies?: Yes No Year of Death: 2041 (Use Jt. Life Expectancy)

Assume Spouse Rollover?: Yes No Rollover Year: 2033 (At Owner's Death)

Does the Spouse Name a Beneficiary?: Yes No Birth Year: 1980

OK Cancel

Results:

The Plan Owner begins Required Minimum Distributions in 2020. The Plan Balance is \$197,993.17. The Required Minimum Distribution in year 2020 (assuming the plan grows at 5%) is \$7,226.03.

The Plan Owner's Death occurs in 2033. The Plan Balance is \$201,826.15. The Required Minimum Distribution is \$12,381.97 (indicated in red on the Summary Report).

The Plan is "rolled over to the Spouse" in year 2034. The Plan Balance is \$198,916.39. The Divisor is now her life expectancy of 17.9. Her first Required Minimum Distribution is \$11,112.65.

The spouse's death occurs in 2041. The Plan Balance is \$175,140.14. The 2041 Required Minimum Distribution is \$13,790.56.

The distribution for the Spouse's Beneficiary is calculated using the Beneficiary's attained age in the year following the death of the spouse and is from the Single Life Tables.

Note: With a projected 5% annual growth rate, the plan distributes a total of \$545,598.94.

NOTE: Pension Distribution Planner handles up to five beneficiaries. You may upgrade by contacting Brentmark at 1-800-879-6665.

Case 3: Inherited IRA

How do I Use the Minimum Distributions Planner to calculate the distributions for an Inherited IRA when the Beneficiary is NOT the Spouse?

To calculate the distribution for an inherited IRA, perform five simple steps:

- 1) Enter the original (now deceased) Owner's and Beneficiary's birth dates (1/1/50 and 1/1/77) on the main input screen.
- 2) Check the check box labeled Assume Death Occurs.
- 3) Click the button labeled Benef. Info.
- 4) Assume Plan Owner Dies? Yes, uncheck "Use Life Expectancy", then type in the year death occurs, (2006)
- 5) Assume Beneficiary Dies? Yes, check "Use Jt. Life Expectancy" (2059)

First Year of Analysis: 2006
Type of Plan: Normal
Year of First Required Distrib: 2006
12/31/2005 Plan Balance: \$100,000.00
Expected Plan Growth: 5.0000%
Is there a Designated Benef.?: Yes
Owner's Birth Date: 1/1/1950
Beneficiary's Birth Date: 1/1/1977
Beneficiary is Spouse?: No
 Assume Death Occurs

Beneficiary Information
Death Assumptions
Assume Owner Dies?: Yes → Year of Death: 2006 (Use Life Expectancy)
Assume Beneficiary Dies?: Yes → Year of Death: 2059 (Use Jt. Life Expectancy)

Click OK to close the Beneficiary Information window.

The distributions for an inherited IRA are dependent on the year the owner passed away. Therefore, it's important to enter the information for the original owner and when that owner died.

Inherited IRAs Calculations

For Nonspousal Beneficiaries, Inherited IRAs are distributed over a fixed period of years. This term (often called a "term certain") is calculated based on the life expectancy of the Beneficiary in the year after the Owner died.

Results:

Because the Plan Owner was only 56 at his death, there were no Required Minimum Distributions being taken from the account.

Sample Summary Report:

Year	Age	Balance	Life Exp.	Distribution	Total Distributed
2006	56	\$100,000.00	28.7	\$0.00	\$0.00
2007	30	\$105,000.00	53.3	\$1,969.98	\$1,969.98
2008	31	\$108,181.52	52.3	\$2,068.48	\$4,038.46
2009	32	\$111,418.69	51.3	\$2,171.90	\$6,210.36
2010	33	\$114,709.13	50.3	\$2,280.50	\$8,490.86
2011	34	\$118,050.06	49.3	\$2,394.52	\$10,885.38
2012	35	\$121,438.32	48.3	\$2,514.25	\$13,399.63
2013	36	\$124,870.27	47.3	\$2,639.96	\$16,039.59
2014	37	\$128,341.83	46.3	\$2,771.96	\$18,811.55
2015	38	\$131,848.36	45.3	\$2,910.56	\$21,722.11
2016	39	\$135,384.69	44.3	\$3,056.09	\$24,778.20

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