

Distribution Needed to Avoid the 10% Penalty

Case 5: Switch to Minimum Distributions Method for Pre-59 1/2 Distributions

First Distribution:	1/2003
Distribution Year:	2006
Owner's Birth Date:	1/1/1950
Pre-59½ Distributions Based on Owner Only	
Revenue Ruling 2002-62 Used?:	Yes
Minimum Distributions Method Used	
Life Expectancy Table Used:	Single Life Table
Balance Used to Determine 2006 Distribution:	\$100,000.00

Required Distribution for 2006: \$3,484.32

Although this calculation method has been used in a prior IRS Letter Ruling, such rulings cannot be cited as technical authority. Until the IRS issues formal approval of this calculation method, only a new Letter Ruling can guarantee its applicability.

Summary of Distributions

Case 5: Switch to Minimum Distributions Method for Pre-59 1/2 Distributions

Calculating Minimum Distributions for Qualified Plan or IRA
 Current Year: 2006
 Year of First Required Distribution: 2020
 First Required Distribution After Rollover: 2034
 12/31/2005 Plan Balance: \$100,000.00
 Expected Plan Growth: 5.0000%
 Distributions Taken at Beginning of Each Year
 Is there a Designated Beneficiary?: Yes
 Owner's Birth Date: 1/1/1950
 Beneficiary's Birth Date: 1/1/1953
 Beneficiary is Spouse?: Yes
 Beneficiary's Birth Year: 1977
 Assumed Death of Owner: 2033
 Assumed Death of Beneficiary: 2041
 Spouse Rolls Over Plan in: 2033

<u>Year</u>	<u>Age</u>	<u>Balance</u>	<u>Life Exp.</u>	<u>Distribution</u>	<u>Total Distributed</u>
2006	56	\$100,000.00	28.7	\$3,484.32	\$3,484.32
2007	57	\$101,341.46	27.9	\$3,632.31	\$7,116.63
2008	58	\$102,594.61	27.0	\$3,799.80	\$10,916.43
2009	59	\$103,734.55	26.1	\$3,974.50	\$14,890.93
2010	60	\$104,748.05	25.2	\$0.00	\$14,890.93
2011	61	\$109,985.45	24.4	\$0.00	\$14,890.93
2012	62	\$115,484.72	23.5	\$0.00	\$14,890.93
2013	63	\$121,258.96	22.7	\$0.00	\$14,890.93
2014	64	\$127,321.91	21.8	\$0.00	\$14,890.93
2015	65	\$133,688.01	21.0	\$0.00	\$14,890.93
2016	66	\$140,372.41	20.2	\$0.00	\$14,890.93
2017	67	\$147,391.03	19.4	\$0.00	\$14,890.93
2018	68	\$154,760.58	18.6	\$0.00	\$14,890.93
2019	69	\$162,498.61	17.8	\$0.00	\$14,890.93
2020	70	\$170,623.54	27.4	\$6,227.14	\$21,118.07
2021	71	\$172,616.22	26.5	\$6,513.82	\$27,631.89
2022	72	\$174,407.52	25.6	\$6,812.79	\$34,444.68
2023	73	\$175,974.47	24.7	\$7,124.47	\$41,569.15
2024	74	\$177,292.50	23.8	\$7,449.26	\$49,018.41
2025	75	\$178,335.40	22.9	\$7,787.57	\$56,805.98
2026	76	\$179,075.22	22.0	\$8,139.78	\$64,945.76
2027	77	\$179,482.21	21.2	\$8,466.14	\$73,411.90
2028	78	\$179,566.87	20.3	\$8,845.66	\$82,257.56
2029	79	\$179,257.27	19.5	\$9,192.68	\$91,450.24
2030	80	\$178,567.82	18.7	\$9,549.08	\$100,999.32
2031	81	\$177,469.68	17.9	\$9,914.51	\$110,913.83
2032	82	\$175,932.93	17.1	\$10,288.48	\$121,202.31
2033	83	\$173,926.67	16.3	\$10,670.35	\$131,872.66
2034	81	\$171,419.14	17.9	\$9,576.49	\$141,449.15
2035	82	\$169,934.78	17.1	\$9,937.71	\$151,386.86
2036	83	\$167,996.92	16.3	\$10,306.56	\$161,693.42

Summary of Distributions

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<u>Year</u>	<u>Age</u>	<u>Balance</u>	<u>Life Exp.</u>	<u>Distribution</u>	<u>Total Distributed</u>
2037	84	\$165,574.88	15.5	\$10,682.25	\$172,375.67
2038	85	\$162,637.26	14.8	\$10,989.00	\$183,364.67
2039	86	\$159,230.67	14.1	\$11,292.96	\$194,657.63
2040	87	\$155,334.60	13.4	\$11,592.13	\$206,249.76
2041	88	\$150,929.59	12.7	\$11,884.22	\$218,133.98
2042	65	\$145,997.64	21.0	\$6,952.27	\$225,086.25
2043	66	\$145,997.64	20.0	\$7,299.88	\$232,386.13
2044	67	\$145,632.65	19.0	\$7,664.88	\$240,051.01
2045	68	\$144,866.16	18.0	\$8,048.12	\$248,099.13
2046	69	\$143,658.94	17.0	\$8,450.53	\$256,549.66
2047	70	\$141,968.83	16.0	\$8,873.05	\$265,422.71
2048	71	\$139,750.57	15.0	\$9,316.70	\$274,739.41
2049	72	\$136,955.56	14.0	\$9,782.54	\$284,521.95
2050	73	\$133,531.67	13.0	\$10,271.67	\$294,793.62
2051	74	\$129,423.00	12.0	\$10,785.25	\$305,578.87
2052	75	\$124,569.64	11.0	\$11,324.51	\$316,903.38
2053	76	\$118,907.39	10.0	\$11,890.74	\$328,794.12
2054	77	\$112,367.48	9.0	\$12,485.28	\$341,279.40
2055	78	\$104,876.31	8.0	\$13,109.54	\$354,388.94
2056	79	\$96,355.11	7.0	\$13,765.02	\$368,153.96
2057	80	\$86,719.59	6.0	\$14,453.27	\$382,607.23
2058	81	\$75,879.64	5.0	\$15,175.93	\$397,783.16
2059	82	\$63,738.90	4.0	\$15,934.73	\$413,717.89
2060	83	\$50,194.38	3.0	\$16,731.46	\$430,449.35
2061	84	\$35,136.07	2.0	\$17,568.04	\$448,017.39
2062	85	\$18,446.43	1.0	\$18,446.43	\$466,463.82
2063	86	\$0.00	0.0	\$0.00	\$466,463.82
Total				\$466,463.82	

Pre-59½ Distributions

Case 5: Switch to Minimum Distributions Method for Pre-59 1/2 Distributions

Starting Date:	1/2003
Revenue Ruling 2002-62 Used?:	Yes
Distribution Year:	2006
1/2006 Balance:	\$100,000.00
1/2003 Balance:	\$100,000.00
Expected Plan Growth:	5.00%
Distributions Occur Annually	
Life Expectancy Table Used:	Single Life Table
Owner's Birth Date:	1/1/1950
Distribution Method:	Minimum

<u>Date</u>	<u>Age</u>	<u>Balance</u>	<u>Life Exp.</u>	<u>Distribution</u>
1/2006	56	\$100,000.00	28.7	\$3,484.32
1/2007	57	\$101,341.46	27.9	\$3,632.31
1/2008	58	\$102,594.61	27.0	\$3,799.80
1/2009	59	\$103,734.55	26.1	\$3,974.50

Although this calculation method has been used in a prior IRS Letter Ruling, such rulings cannot be cited as technical authority. Until the IRS issues formal approval of this calculation method, only a new Letter Ruling can guarantee its applicability.

All distributions after 2006 are estimates and will have to be recalculated based on each year's new interest rates and balance. This projection assumes distributions are recalculated in January of each year.

Comparison of Pre-59½ Distributions

Case 5: Switch to Minimum Distributions Method for Pre-59 1/2 Distributions

Starting Date: 1/2003
 Revenue Ruling 2002-62 Used?: Yes
 Distribution Year: 2006
 1/2006 Balance: \$100,000.00
 1/2003 Balance: \$100,000.00
 Expected Plan Growth: 5.00%
 Distributions Occur Annually
 Life Expectancy Table Used: Single Life Table

Owner's Birth Date: 1/1/1950
 "Reasonable" Interest Rate: 3.98%
 Distributions recalculated each year consistent with
 Private Letter Rulings 200432021 & 200432023

<u>Year</u>	<u>Min. Dist. Method Distribution</u>	<u>Amortization Method Distribution</u>	<u>Annuitization Method Distribution</u>
2006	\$3,484.32	\$5,681.06	\$5,814.09
2007	\$3,632.31	\$5,713.98	\$5,847.95
2008	\$3,799.80	\$5,757.96	\$5,880.10
2009	\$3,974.50	\$5,801.59	\$5,910.51
Total:	\$14,890.93	\$22,954.59	\$23,452.65

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