

Minimum Distribution for 2006

Case 4: Pre-59 1/2 Distributions

Plan Inherited in: 2005
Age of Beneficiary in 2006: 53

Plan Balance on 12/31/2005: \$100,000.00
Life Expectancy Factor: 28.7

There is No Required Distribution in 2006

Distribution Needed to Avoid the 10% Penalty

Case 4: Pre-59 1/2 Distributions

First Distribution:	2/2006
Owner's Birth Date:	1/1/1950
Pre-59½ Distributions Based on Owner Only	
Revenue Ruling 2002-62 Used?: (IRS FAQ Used)	Yes
Distribution Method Selected:	Amortization
Distributions Calculated From 2/2006 Balance:	\$100,000.00
Life Expectancy Table Used:	Single Life Table
"Reasonable" Interest Rate:	5.43%

Required Distribution for 2006: \$6,954.80

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 4: 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	\$6,954.80	\$6,954.80
2007	57	\$97,697.46	27.9	\$6,878.11	\$13,832.91
2008	58	\$95,360.32	27.0	\$6,812.03	\$20,644.94
2009	59	\$92,975.70	26.1	\$6,745.43	\$27,390.37
2010	60	\$90,541.78	25.2	\$6,678.25	\$34,068.62
2011	61	\$88,056.71	24.4	\$0.00	\$34,068.62
2012	62	\$92,459.55	23.5	\$0.00	\$34,068.62
2013	63	\$97,082.53	22.7	\$0.00	\$34,068.62
2014	64	\$101,936.66	21.8	\$0.00	\$34,068.62
2015	65	\$107,033.49	21.0	\$0.00	\$34,068.62
2016	66	\$112,385.16	20.2	\$0.00	\$34,068.62
2017	67	\$118,004.42	19.4	\$0.00	\$34,068.62
2018	68	\$123,904.64	18.6	\$0.00	\$34,068.62
2019	69	\$130,099.87	17.8	\$0.00	\$34,068.62
2020	70	\$136,604.86	27.4	\$4,985.58	\$39,054.20
2021	71	\$138,200.24	26.5	\$5,215.10	\$44,269.30
2022	72	\$139,634.40	25.6	\$5,454.47	\$49,723.77
2023	73	\$140,888.93	24.7	\$5,704.01	\$55,427.78
2024	74	\$141,944.17	23.8	\$5,964.04	\$61,391.82
2025	75	\$142,779.14	22.9	\$6,234.90	\$67,626.72
2026	76	\$143,371.45	22.0	\$6,516.88	\$74,143.60
2027	77	\$143,697.30	21.2	\$6,778.17	\$80,921.77
2028	78	\$143,765.09	20.3	\$7,082.02	\$88,003.79
2029	79	\$143,517.22	19.5	\$7,359.86	\$95,363.65
2030	80	\$142,965.23	18.7	\$7,645.20	\$103,008.85
2031	81	\$142,086.03	17.9	\$7,937.77	\$110,946.62
2032	82	\$140,855.67	17.1	\$8,237.17	\$119,183.79
2033	83	\$139,249.43	16.3	\$8,542.91	\$127,726.70
2034	81	\$137,241.85	17.9	\$7,667.14	\$135,393.84
2035	82	\$136,053.45	17.1	\$7,956.34	\$143,350.18
2036	83	\$134,501.97	16.3	\$8,251.65	\$151,601.83

Summary of Distributions

Case 4: Pre-59 1/2 Distributions

<u>Year</u>	<u>Age</u>	<u>Balance</u>	<u>Life Exp.</u>	<u>Distribution</u>	<u>Total Distributed</u>
2037	84	\$132,562.84	15.5	\$8,552.44	\$160,154.27
2038	85	\$130,210.92	14.8	\$8,798.04	\$168,952.31
2039	86	\$127,483.52	14.1	\$9,041.38	\$177,993.69
2040	87	\$124,364.25	13.4	\$9,280.91	\$187,274.60
2041	88	\$120,837.51	12.7	\$9,514.76	\$196,789.36
2042	65	\$116,888.89	21.0	\$5,566.14	\$202,355.50
2043	66	\$116,888.89	20.0	\$5,844.44	\$208,199.94
2044	67	\$116,596.67	19.0	\$6,136.67	\$214,336.61
2045	68	\$115,983.00	18.0	\$6,443.50	\$220,780.11
2046	69	\$115,016.48	17.0	\$6,765.68	\$227,545.79
2047	70	\$113,663.34	16.0	\$7,103.96	\$234,649.75
2048	71	\$111,887.35	15.0	\$7,459.16	\$242,108.91
2049	72	\$109,649.60	14.0	\$7,832.11	\$249,941.02
2050	73	\$106,908.36	13.0	\$8,223.72	\$258,164.74
2051	74	\$103,618.87	12.0	\$8,634.91	\$266,799.65
2052	75	\$99,733.16	11.0	\$9,066.65	\$275,866.30
2053	76	\$95,199.84	10.0	\$9,519.98	\$285,386.28
2054	77	\$89,963.85	9.0	\$9,995.98	\$295,382.26
2055	78	\$83,966.26	8.0	\$10,495.78	\$305,878.04
2056	79	\$77,144.00	7.0	\$11,020.57	\$316,898.61
2057	80	\$69,429.60	6.0	\$11,571.60	\$328,470.21
2058	81	\$60,750.90	5.0	\$12,150.18	\$340,620.39
2059	82	\$51,030.76	4.0	\$12,757.69	\$353,378.08
2060	83	\$40,186.72	3.0	\$13,395.57	\$366,773.65
2061	84	\$28,130.71	2.0	\$14,065.36	\$380,839.01
2062	85	\$14,768.62	1.0	\$14,768.62	\$395,607.63
2063	86	\$0.00	0.0	\$0.00	\$395,607.63
Total				<u>\$395,607.63</u>	

Pre-59½ Distributions

Case 4: Pre-59 1/2 Distributions

Starting Date: 2/2006
Revenue Ruling 2002-62 Used?: Yes
(IRS FAQ Used)
2006 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: Amortization
"Reasonable" Interest Rate: 5.43%
Distributions recalculated each year consistent with
Private Letter Rulings 200432021

<u>Date</u>	<u>Age</u>	<u>Balance</u>	<u>Life Exp.</u>	<u>Distribution</u>
2/2006	56	\$100,000.00	28.7	\$6,954.80
2/2007	57	\$97,697.46	27.9	\$6,878.11
2/2008	58	\$95,360.32	27.0	\$6,812.03
2/2009	59	\$92,975.70	26.1	\$6,745.43
2/2010	60	\$90,541.78	25.2	\$6,678.25

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 February of each year.

Comparison of Pre-59½ Distributions

Case 4: Pre-59 1/2 Distributions

Starting Date: 2/2006
 Revenue Ruling 2002-62 Used?: Yes
 (IRS FAQ Used)
 2006 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: 5.43%
 Distributions recalculated each year consistent with
 Private Letter Rulings 200432021 & 200432023

	Min. Dist. Method	Amortization Method	Annuitization Method
<u>Year</u>	<u>Distribution</u>	<u>Distribution</u>	<u>Distribution</u>
2006	\$3,484.32	\$6,954.80	\$6,872.57
2007	\$3,632.31	\$6,878.11	\$6,816.69
2008	\$3,799.80	\$6,812.03	\$6,759.03
2009	\$3,974.50	\$6,745.43	\$6,699.59
2010	\$4,156.67	\$6,678.25	\$6,638.23
Total:	\$19,047.60	\$34,068.62	\$33,786.11

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Plan Balance Graph

Case 4: Pre-59 1/2 Distributions

