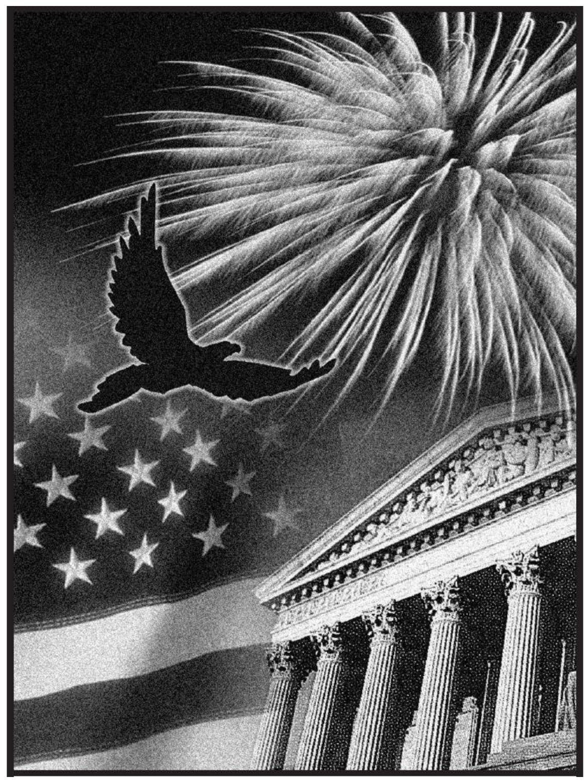
Publication 590-B

Distributions from Individual Retirement Arrangements (IRAs)

For use in preparing **2022** Returns

Volume 1 of 3



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Contents

Future Developments

For the latest information about developments related to Pub. 590-B, such as legislation enacted after it was published, go to *IRS.gov/Pub590B.*

What's New

Disaster tax relief. The special rules that provide for tax-favored withdrawals and repayments now apply to disasters that occur on or after January 26, 2021. For more information see *Disaster-Related Relief*.

Excise tax relief for certain 2022 required minimum distributions. The IRS will not assert an excise tax in 2022 for missed RMDs if certain requirements are met. See Notice 2022-53 available at *https://www.irs.gov/irb/ 2022-45_IRB#NOT-2022-53,* for details.

Required minimum distributions (RMDs). Individuals who reach age 72 after December 31, 2022, may delay receiving their RMDs until April 1 of the year following the year in which they turn age 73.

Qualified charitable distribution one-time election. Beginning in tax years beginning after December 30, 2022, you can elect to make a one-time distribution of up to $50,000 from an individual retirement account to charities through a charitable remainder trust, a charitable remainder unitrust, or a charitable gift annuity funded only by qualified charitable distributions.

Also, for tax years beginning after 2023, this $50,000 one-time election amount and the $100,000 annual IRA charitable distribution limit will be adjusted for inflation. For more information see *Qualified charitable distributions (QCDs).*

Certain corrective distributions not subject to 10% early distribution tax. Beginning with distributions made on December 29, 2022, and after, the 10% additional tax on early distributions will not apply to a corrective IRA distribution, which consists of an excessive contribution (a contribution greater than the IRA contribution limit) and any earnings (the portion of the distribution subject to the 10% additional tax) allocable to the excessive contribution, as long as the corrective distribution is made on or before the due date (including extensions) of the income tax return.

Substantially equal payments clarified. Distributions received as periodic payments on or after December 29, 2022, will not fail to be treated as substantially equal merely because they are received as an annuity.

Excise tax rate for excess accumulations reduced. The excise tax rate for distributions that are less the required minimum distribution amount (excess accumulations) is reduced to 25% for tax years beginning in 2023 and after.

You may be able to take a reduced excise tax rate of 10% of the amount not distributed, if, during the correction window, you take a distribution of the amount on which the tax is due and submit a tax return reflecting this excise tax.

The “correction window” is the period of time beginning on the date on which the excise tax is imposed on the distribution shortfall and ends on the earliest of the following dates:

- The date of mailing the deficiency notice with respect to the imposition of this tax; or
- The date the tax is assessed; or
- The last day of the second taxable year that begins after the date of the taxable year in which the excise tax is imposed.

Distributions to terminally ill individuals. The exception to the 10% additional tax for early distributions is expanded to apply to distributions made to terminally ill individuals on or after December 30, 2022. See *Terminally ill individuals,* for more information.

Tax treatment of IRA involved in a prohibited transaction. Beginning in 2023, if an IRA owner or beneficiary engages in a prohibited transaction with respect to one of their multiple IRAs, only the IRA used in the prohibited transaction is disqualified and treated as distributed to the owner or beneficiary.

Reminders

Modification of required distribution rules for designated beneficiaries. There are new required minimum distribution rules for certain beneficiaries who are designated beneficiaries when the IRA owner dies in a tax year beginning after December 31, 2019. All distributions must be made by the end of the 10th year after death, except for distributions made to certain eligible designated beneficiaries. See *10-year rule*, later, for more information.

Qualified plan loan offsets. A qualified plan loan offset is a type of plan loan offset that meets certain requirements. In order to be a qualified plan loan offset, the loan, at the time of the offset, must be a loan in good standing and the offset must be solely by reason of (1) the termination of the qualified employer plan, or (2) the failure to meet the repayment terms is because the employee has a severance from employment. If you meet the requirements of a qualified plan loan offset, you have until the due date, including extensions, to file your tax return for the tax year in which the offset occurs to roll over the qualified plan loan offset amount.

This revision is effective for tax years beginning January 1, 2018.

Simplified employee pension (SEP). SEP IRAs aren't covered in this publication. They are covered in Pub. 560, Retirement Plans for Small Business.

Deemed IRAs. A qualified employer plan (retirement plan) can maintain a separate account or annuity under the plan (a deemed IRA) to receive voluntary employee contributions. If the separate account or annuity otherwise meets the requirements of an IRA, it will be subject only to IRA rules. An employee's account can be treated as a traditional IRA or a Roth IRA.

For this purpose, a “qualified employer plan” includes:

- A qualified pension, profit-sharing, or stock bonus plan (section 401(a) plan);
- A qualified employee annuity plan (section 403(a) plan);
- A tax-sheltered annuity plan (section 403(b) plan); and
- A deferred compensation plan (section 457 plan) maintained by a state, a political subdivision of a state, or an agency or instrumentality of a state or political subdivision of a state.

Form 8915-F replaces Form 8915-E. Form 8915-F replaces Form 8915-E for reporting qualified 2020 disaster distributions and repayments of those distributions made in 2021 and 2022, as applicable. In previous years, distributions and repayments would be reported on the applicable Form 8915 for that year's disasters. For example, Form 8915-D, Qualified 2019 Disaster Retirement Plan Distributions and Repayments, would be used to report qualified 2019 disaster distributions and repayments.

Form 8915-F is a forever form. Beginning in 2021, additional alphabetical Forms 8915 will not be issued. For more information, see the Instructions for Form 8915-F.

Statement of required minimum distribution (RMD). If an RMD is required from your IRA, the trustee, custodian, or issuer that held the IRA at the end of the preceding year must either report the amount of the RMD to you, or offer to calculate it for you. The report or offer must include the date by which the amount must be distributed. The report is due January 31 of the year in which the minimum distribution is required. It can be provided with the year-end fair market value statement that you normally get each year. No report is required for section 403(b) contracts (generally tax-sheltered annuities) or for IRAs of owners who have died.

IRA interest. Although interest earned from your IRA is generally not taxed in the year earned, it isn't tax-exempt interest. Tax on your traditional IRA is generally deferred until you take a distribution. Don't report this interest on your return as tax-exempt interest. For more information on tax-exempt interest, see the instructions for your tax return.

Net Investment Income Tax (NIIT). For purposes of the NIIT, net investment income doesn't include distributions from a qualified retirement plan (for example, 401(a), 403(a), 403(b), or 457(b) plans, and IRAs). However, these distributions are taken into account when determining the modified adjusted gross income threshold. Distributions from a nonqualified retirement plan are included in net investment income. See Form 8960, Net Investment Income Tax—Individuals, Estates, and Trusts, and its instructions for more information.

Photographs of missing children. The IRS is a proud partner with the *National Center for Missing & Exploited Children® (NCMEC).* Photographs of missing children selected by the Center may appear in this publication on pages that would otherwise be blank. You can help bring these children home by looking at the photographs and calling 1-800-THE-LOST (1-800-843-5678) if you recognize a child.

Introduction

This publication discusses distributions from individual retirement arrangements (IRAs). An IRA is a personal savings plan that gives you tax advantages for setting aside money for retirement. For information about contributions to an IRA, see Pub. 590-A.

What are some tax advantages of an IRA? Two tax advantages of an IRA are that:

- Contributions you make to an IRA may be fully or partially deductible, depending on which type of IRA you have and on your circumstances; and
- Generally, amounts in your IRA (including earnings and gains) aren't taxed until distributed. In some cases, amounts aren't taxed at all if distributed according to the rules.

What's in this publication? This publication discusses traditional and Roth IRAs. It explains the rules for:

- Handling an inherited IRA, and
- Receiving distributions (making withdrawals) from an IRA.

It also explains the penalties and additional taxes that apply when the rules aren't followed. To assist you in complying with the tax rules for IRAs, this publication contains worksheets, sample forms, and tables, which can be found throughout the publication and in the appendices at the back of the publication.

How to use this publication. The rules that you must follow depend on which type of IRA you have. Use Table I-1 to help you determine which parts of this publication to read. Also use Table I-1 if you were referred to this publication from instructions to a form.

Comments and suggestions. We welcome your comments about this publication and suggestions for future editions.

You can send us comments through *IRS.gov/FormComments*. Or, you can write to the Internal Revenue Service, Tax Forms and Publications, 1111 Constitution Ave. NW, IR-6526, Washington, DC 20224.

Although we can’t respond individually to each comment received, we do appreciate your feedback and will consider your comments and suggestions as we revise our tax forms, instructions, and publications. **Don’t** send tax questions, tax returns, or payments to the above address.

Getting answers to your tax questions. If you have a tax question not answered by this publication or the *How To Get Tax Help* section at the end of this publication, go to the IRS Interactive Tax Assistant page at *IRS.gov/ Help/ITA* where you can find topics by using the search feature or viewing the categories listed.

Getting tax forms, instructions, and publications. Go to *IRS.gov/Forms* to download current and prior-year forms, instructions, and publications.

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Useful Items

You may want to see:

Publications

- ☐ **590-A** Contributions to Individual Retirement Accounts (IRAs)
- ☐ **560** Retirement Plans for Small Business (SEP, SIMPLE, and Qualified Plans)
- ☐ **571** Tax-Sheltered Annuity Plans (403(b) Plans)
- ☐ **575** Pension and Annuity Income
- ☐ **939** General Rule for Pensions and Annuities
- ☐ **976** Disaster Relief

Forms (and Instructions)

- ☐ **W-4P** Withholding Certificate for Pension or Annuity Payments
- ☐ **W-4R** Withholding Certificate for Nonperiodic Payments and Eligible Rollover Distributions
- ☐ **1099-R** Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
- ☐ **5304-SIMPLE** Savings Incentive Match Plan for Employees of Small Employers (SIMPLE)—Not for Use With a Designated Financial Institution
- ☐ **5305-S SIMPLE** Individual Retirement Trust Account
- ☐ **5305-SA SIMPLE** Individual Retirement Custodial Account
- ☐ **5305-SIMPLE** Savings Incentive Match Plan for Employees of Small Employers

(SIMPLE)—for Use With a Designated Financial Institution

- ☐ **5329** Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts
- ☐ **5498** IRA Contribution Information
- ☐ **8606** Nondeductible IRAs
- ☐ **8815** Exclusion of Interest From Series EE and I U.S. Savings Bonds Issued After 1989
- ☐ **8839** Qualified Adoption Expenses
- ☐ **8880** Credit for Qualified Retirement Savings Contributions
- ☐ **8915-C** Qualified 2018 Disaster Retirement Plan Distributions and Repayments
- ☐ **8915-D** Qualified 2019 Disaster Retirement Plan Distributions and Repayments

☐ **8915-F** Qualified Disaster Retirement Plan Distributions and Repayments

See *How To Get Tax Help*, later, for information about getting these publications and forms.

Table I-1. **Using This Publication**

IF you need information on...	**THEN see...**
traditional IRAs	chapter 1.
Roth IRAs	chapter 2, and parts of chapter 1.
disaster-related relief	chapter 3.
SEP IRAs, SIMPLE IRAs, and 401(k) plans	Pub. 560.

Coverdell education savings accounts (formerly called education IRAs)	Pub. 970.

Table I-2. **How Are a Traditional IRA and a Roth IRA Different?**

This table shows the differences between traditional and Roth IRAs. Answers in the middle column apply to traditional IRAs. Answers in the right column apply to Roth IRAs.

Question	Answer	
	Traditional IRA?	**Roth IRA?**
Do I have to start taking distributions when I reach a certain age from a	Yes. You must begin receiving required minimum distributions by April 1 of the year following the year you reach age 72. See *When Must You Withdraw Assets? (Required Minimum Distributions)* in chapter 1.	No. If you are the original owner of a Roth IRA, you don't have to take distributions regardless of your age. See *Are Distributions Taxable?* in chapter 2. However, if you are the beneficiary of a Roth IRA, you may have to take distributions. See *Distributions After Owner's Death* in chapter 2.
How are distributions taxed from a	Distributions from a traditional IRA are taxed as ordinary income, but if you made nondeductible contributions, not all of the distribution is taxable. See *Are Distributions Taxable?* in chapter 1.	Distributions from a Roth IRA aren't taxed as long as you meet certain criteria. See *Are Distributions Taxable?* in chapter 2.
Do I have to file a form just because I receive distributions from a	Not unless you have ever made a nondeductible contribution to a traditional IRA. If you have, file Form 8606. See *Nondeductible Contributions* in Pub. 590-A.	Yes. File Form 8606 if you received distributions from a Roth IRA (other than a rollover, qualified charitable distribution, one-time distribution to fund an HSA, recharacterization, certain qualified distributions, or a return of certain contributions).

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1. Traditional IRAs

Introduction

This chapter discusses distributions from an IRA. In this publication, the original IRA (sometimes called an ordinary or regular IRA) is referred to as a “traditional IRA.” A traditional IRA is any IRA that isn't a Roth IRA or a SIMPLE IRA.

What if You Inherit an IRA?

If you inherit a traditional IRA, you are called a beneficiary. A beneficiary can be any person or entity the owner chooses to receive the benefits of the IRA after he or she dies. Beneficiaries of a traditional IRA must include in their gross income any taxable distributions they receive.

Inherited from spouse. If you inherit a traditional IRA from your spouse, you generally have the following three choices. You can:

1. Treat it as your own IRA by designating yourself as the account owner;
2. Treat it as your own by rolling it over into your IRA, or to the extent it is taxable, into a:
    a. Qualified employer plan,
    b. Qualified employee annuity plan (section 403(a) plan),
    c. Tax-sheltered annuity plan (section 403(b) plan),
    d. Deferred compensation plan of a state or local government (section 457 plan), or
3. Treat yourself as the beneficiary rather than treating the IRA as your own.

Treating it as your own. You will be considered to have chosen to treat the IRA as your own if:

- Contributions (including rollover contributions) are made to the inherited IRA, or
- You don't take the required minimum distribution for a year as a beneficiary of the IRA.

You will only be considered to have chosen to treat the IRA as your own if:

- You are the sole beneficiary of the IRA, and
- You have an unlimited right to withdraw amounts from it.

However, if you receive a distribution from your deceased spouse's IRA, you can roll that distribution over into your own IRA within the 60-day time limit, as long as the distribution isn't a required distribution, even if you aren't the sole beneficiary of your deceased spouse's IRA. For more information, see *When Must You Withdraw Assets? (Required Minimum Distributions),* later.

Inherited from someone other than spouse. If you inherit a traditional IRA from anyone other than your deceased spouse, you can't treat the inherited IRA as your own. This means that you can't make any contributions to the IRA. It also means you can't roll over any amounts into or out of the inherited IRA. However, you can make a trustee-to-trustee transfer as long as the IRA into which amounts are being moved is set up and maintained in the name of the deceased IRA owner for the benefit of you as beneficiary.

Like the original owner, you generally won't owe tax on the assets in the IRA until you receive distributions from it. You must begin receiving distributions from the IRA under the rules for distributions that apply to beneficiaries.

IRA with basis. If you inherit a traditional IRA from a person who had a basis in the IRA because of nondeductible contributions, that basis remains with the IRA. Unless you are the decedent's spouse and choose to treat the IRA as your own, you can't combine this basis with any basis you have in your own traditional IRA(s) or any basis in traditional IRA(s) you inherited from other decedents. If you take distributions from both an inherited IRA and your IRA, and each has basis, you must complete separate Forms 8606 to determine the taxable and nontaxable portions of those distributions.

Federal estate tax deduction. A beneficiary may be able to claim a deduction for estate tax resulting from certain distributions from a traditional IRA. The beneficiary can deduct the estate tax paid on any part of a distribution that is income with respect to a decedent. He or she can take the deduction for the tax year the income is reported. For information on claiming this deduction, see *Estate Tax Deduction* under *Other Tax Information* in Pub. 559.

Any taxable part of a distribution that isn't income with respect to a decedent is a payment the beneficiary must include in income. However, the beneficiary can't take any estate tax deduction for this part.

A surviving spouse can roll over the distribution to another traditional IRA and avoid including it in income for the year received.

More information. For more information about rollovers, required distributions, and inherited IRAs, see:

- Rollovers under Can You Move Retirement Plan Assets? in chapter 1 of Pub. 590-A;
- When Must You Withdraw Assets? (Required Minimum Distributions), later; and

- The discussion of *IRA Beneficiaries*, later, under When Must You Withdraw Assets? (Required Minimum Distributions).

When Can You Withdraw or Use Assets?

You can withdraw or use your traditional IRA assets at any time. However, a 10% additional tax generally applies if you withdraw or use IRA assets before you reach age 59 1/2. This is explained under *Age 59 1/2 Rule* under *Early Distributions*, later.

If you were affected by a qualified disaster, see chapter 3.

You can generally make a tax-free withdrawal of contributions if you do it before the due date for filing your tax return for the year in which you made them. This means that even if you are under age 59 1/2, the 10% additional tax may not apply. These distributions are explained in Pub. 590-A.

When Must You Withdraw Assets? (Required Minimum Distributions)

You can't keep funds in a traditional IRA (including SEP and SIMPLE IRAs) indefinitely. Eventually, they must be distributed. If there are no distributions, or if the distributions aren't large enough, you may have to pay a 50% excise tax on the amount not distributed as required. See *Excess Accumulations (Insufficient Distributions)*, later, under *What Acts Result in Penalties or Additional Taxes*. The requirements for distributing IRA funds differ, depending on whether you are the IRA owner or the beneficiary of a decedent's IRA.

Required minimum distribution (RMD). The amount that must be distributed each year is referred to as the required minimum distribution.

Note. A qualified charitable distribution will count towards your required minimum distribution. See *Qualified charitable* *distributions (QCDs)* under *Are Distributions Taxable,* later.

Distributions not eligible for rollover. Amounts that must be distributed (required minimum distributions) during a particular year aren't normally eligible for rollover treatment.

IRA Owners

Required beginning date. If you are the owner of a traditional IRA, you must generally start receiving distributions from your IRA by April 1 of the year following the year in which you reach age 72. April 1 of the year following the year in which you reach age 72 is referred to as the "required beginning date."

Distributions by the required beginning date. You must receive at least a minimum amount for each year starting with the year you reach age 72. If you don't receive that minimum distribution amount in the year you become age 72, you must receive that distribution by April 1 of the year following the year you become age 72.

If an IRA owner dies after reaching age 72, but before April 1 of the next year, no minimum distribution is required for that year because death occurred before the required beginning date.

TIP *For tax years 2019 and earlier, you were required to begin receiving distributions by April 1 of the year following the year in which you reached age 70 1/2. If you reach age 70 1/2 in tax year 2020 or later, you must generally begin receiving distributions from your IRA by April 1 of the year following the year in which you reach age 72.*

CAUTION *Even if you begin receiving distributions before you reach age 72, you must begin calculating and receiving RMDs by your required beginning date.*

More than minimum received. If, in any year, you receive more than the required minimum distribution for that year, you won't receive credit for the additional amount when determining the required minimum distributions for future years. This doesn't mean that you don't reduce your IRA account balance. It means that if you receive more than your required minimum distribution in 1 year, you can't treat the excess (the amount that is more than the required minimum distribution) as part of your required minimum distribution for any later year. However, any amount distributed in the year you become age 72 will be credited toward the amount that must be distributed by April 1 of the following year.

Distributions after the required beginning date. The required minimum distribution for any year after the year you reach age 72 must be made by December 31 of that later year.

Distributions from individual retirement accounts. If you are the owner of a traditional IRA that is an individual retirement account, you or your trustee must figure the required minimum distribution for each year. See *Figuring the Owner's Required Minimum Distribution*, later.

Distributions from individual retirement annuities. If your traditional IRA is an individual retirement annuity, special rules apply to figuring the required minimum distribution. For more information on rules for annuities, see Regulations section 1.401(a)(9)-6. These regulations can be read in many libraries, and IRS offices, and online at *IRS.gov*.

Change in marital status. For purposes of figuring your required minimum distribution, your marital status is determined as of January 1 of each year. If your spouse is a beneficiary of your IRA on January 1, he or she remains a beneficiary for the entire year even if you get divorced or your spouse dies during the year. For purposes of determining your distribution period, a change in beneficiary is effective in the year following the year of death or divorce.

Change of beneficiary. If your spouse is the sole beneficiary of your IRA, and he or she dies before you, your spouse won't fail to be your sole beneficiary for the year that he or she died solely because someone other than your spouse is named a beneficiary for the rest of that year. However, if you get divorced during the year and change the beneficiary designation on the IRA during that same year, your former spouse won't be treated as the sole beneficiary for that year.

Figuring the Owner's Required Minimum Distribution

Figure your required minimum distribution for each year by dividing the IRA account balance (defined next) as of the close of business on

December 31 of the preceding year by the applicable distribution period or life expectancy. Tables showing distribution periods and life expectancies are found in Appendix B and are discussed later.

IRA account balance. The IRA account balance is the amount in the IRA at the end of the year preceding the year for which the required minimum distribution is being figured.

Contributions. Contributions increase the account balance in the year they are made. If a contribution for last year isn't made until after December 31 of last year, it increases the account balance for this year, but not for last year. Disregard contributions made after December 31 of last year in determining your required minimum distribution for this year.

Outstanding rollovers. The IRA account balance is adjusted by outstanding rollovers that aren't in any account at the end of the preceding year.

For a rollover from a qualified plan or another IRA that wasn't in any account at the end of the preceding year, increase the account balance of the receiving IRA by the rollover amount valued as of the date of receipt.

No recharacterizations of conversions made in 2018 or later. A conversion of a traditional IRA to a Roth IRA, and a rollover from any other eligible retirement plan to a Roth IRA, made in tax years beginning after December 31, 2017, cannot be recharacterized as having been made to a traditional IRA.

Distributions. Distributions reduce the account balance in the year they are made. A distribution for last year made after December 31 of last year reduces the account balance for this year, but not for last year. Disregard distributions made after December 31 of last year in determining your required minimum distribution for this year.

Distribution period. This is the maximum number of years over which you are allowed to take distributions from the IRA. The period to use for 2023 is listed next to your age as of your birthday in 2023 in Table III in Appendix B.

Life expectancy. If you must use Table I, your life expectancy for 2023 is listed in the table next to your age as of your birthday in 2023. If you use Table II, your life expectancy is listed where the row or column containing your age as of your birthday in 2023 intersects with the row or column containing your spouse's age as of his or her birthday in 2023. Both Table I and Table II are in Appendix B.

Distributions during your lifetime. Required minimum distributions during your lifetime are based on a distribution period that is generally determined using Table III (Uniform Lifetime) in Appendix B. However, if the sole beneficiary of your IRA is your spouse who is more than 10 years younger than you, see *Sole beneficiary spouse who is more than 10 years younger* below.

To figure the required minimum distribution for 2023, divide your account balance at the end of 2022 by the distribution period from the table. This is the distribution period listed next to your age (as of your birthday in 2023) in Table III in Appendix B, unless the sole beneficiary of your IRA is your spouse who is more than 10 years younger than you.

Example. You own a traditional IRA. Your account balance at the end of 2022 was $100,000. You are married and your spouse, who is the sole beneficiary of your IRA, is 6 years younger than you. You turn 75 years old in 2023. You use Table III. Your distribution period is 24.6 Your required minimum distribution for 2023 would be $4,065 ($100,000 ÷ 24.6).

Sole beneficiary spouse who is more than 10 years younger. If the sole beneficiary of your IRA is your spouse and your spouse is more than 10 years younger than you, use the life expectancy from Table II (Joint Life and Last Survivor Expectancy) in Appendix B.

The life expectancy to use is the joint life and last survivor expectancy listed where the row or column containing your age as of your birthday in 2023 intersects with the row or column containing your spouse's age as of his or her birthday in 2023.

You figure your required minimum distribution for 2023 by dividing your account balance at the end of 2022 by the life expectancy from Table II (Joint Life and Last Survivor Expectancy) in Appendix B.

Example. You own a traditional IRA. Your account balance at the end of 2022 was $100,000. You are married and your spouse, who is the sole beneficiary of your IRA, is 11 years younger than you. You turn 75 in 2023 and your spouse turns 64. You use Table II.

Your joint life and last survivor expectancy is 25.3. Your required minimum distribution for 2023 would be $3,953 ($100,000 ÷ 25.3).

Distributions in the year of the owner's death. The required minimum distribution for the year of the owner's death depends on whether the owner died before the required beginning date, defined earlier.

If the owner died before the required beginning date, there is no required minimum distribution in the year of the owner's death. For years after the year of the owner's death, see *Owner Died Before Required Beginning Date*, later, under *IRA Beneficiaries.*

If the owner died on or after the required beginning date, the IRA beneficiaries are responsible for figuring and distributing the owner's required minimum distribution in the year of death. The owner's required minimum distribution for the year of death is generally based on Table III (Uniform Lifetime) in

Appendix B. However, if the sole beneficiary of the IRA is the owner's spouse who is more than 10 years younger than the owner, use the life expectancy from Table II (Joint Life and Last Survivor Expectancy).

Note. You figure the required minimum distribution for the year in which an IRA owner dies as if the owner lived for the entire year.

IRA Beneficiaries

The rules for determining required minimum distributions for beneficiaries depend on whether:

- The beneficiary is the surviving spouse.
- The beneficiary is an eligible designated beneficiary (defined later) other than the surviving spouse.
- The beneficiary is an individual (other than an eligible designated beneficiary).

- The beneficiary isn't an individual (for example, the beneficiary is the owner's estate). (But see *Trust as beneficiary*, later, for a discussion about treating trust beneficiaries as designated beneficiaries.)
- The IRA owner died before the required beginning date, or died on or after the required beginning date.

The following paragraphs explain the rules for required minimum distributions and beneficiaries.

If distributions to the beneficiary from an inherited traditional IRA are less than the required minimum distribution for the year, discussed in this chapter under When Must You Withdraw Assets? (Required Minimum Distributions)*, you may have to pay a 50% excise tax for that year on the amount not distributed as required. For details, see* Excess Accumulations (Insufficient Distributions) *under* What Acts Result in Penalties or Additional Taxes, *later in this chapter.*

Surviving spouse. If you are the surviving spouse who is the sole beneficiary of your deceased spouse's IRA, you may elect to be treated as the owner and not as the beneficiary. If you elect to be treated as the owner, you determine the required minimum distribution (if any) as if you were the owner beginning with the year you elect or are deemed to be the owner. For details, see *Inherited from spouse* under *What if You Inherit an IRA*, earlier in this chapter.

Note. If you become the owner in the year your deceased spouse died, don't determine the required minimum distribution for that year using your life; rather, you must take the deceased owner's required minimum distribution for that year (to the extent it wasn't already distributed to the owner before his or her death).

You can never make a rollover contribution of a required minimum distribution. Any rollover contribution of a required minimum distribution is subject to the 6% tax on excess contributions. See chapter 1 of Pub. 590-A for more information on the tax on excess contributions.

For any year after the owner's death, where a surviving spouse is the sole designated beneficiary of the account and he or she fails to take a required minimum distribution (if one is required) by December 31 under the rules discussed below for beneficiaries, he or she will be deemed the owner of the IRA. For details, see Inherited from spouse *under What if You Inherit an IRA, earlier in this chapter*.

Date the designated beneficiary is determined. Generally, the designated beneficiary is determined on September 30 of the calendar year following the calendar year of the IRA owner's death. In order to be a designated beneficiary, an individual must be a beneficiary as of the date of death. Any person who was a beneficiary on the date of the owner's death, but isn't a beneficiary on September 30 of the calendar year following the calendar year of the owner's death (because, for example, he or she disclaimed entitlement or received his or her entire benefit), won't be taken into account in determining the designated beneficiary. An individual may be designated as a beneficiary either by the terms of the plan or, if the plan permits, by affirmative election by the employee specifying the beneficiary.

Note. If a person who is a beneficiary as of the owner's date of death dies before September 30 of the year following the year of the owner's death without disclaiming entitlement to benefits, that individual, rather than his or her successor beneficiary, continues to be treated as a beneficiary for determining the distribution period.

For the exception to this rule, see *Death of surviving spouse prior to date distributions begin*, later.

More than one beneficiary. If an IRA has more than one beneficiary or a trust is named as beneficiary, see *Miscellaneous Rules for Required Minimum Distributions*, later.

Eligible designated beneficiaries. An IRA beneficiary is an eligible designated beneficiary if the beneficiary is the owner's surviving spouse, the owner's minor child, a disabled individual, a chronically ill individual, or any other individual who is not more than 10 years younger than the IRA owner.

Death of a beneficiary. In general, the beneficiaries of a deceased beneficiary must continue to take the required minimum distributions after the deceased beneficiary's death. However, the beneficiaries of a deceased beneficiary don't calculate required minimum distributions using their own life expectancies. Instead, the deceased beneficiary's remaining interest must be distributed within 10 years after the beneficiary's death, or in some cases within 10 years after the owner's death. See *10-year rule*, later.

Owner Died on or After Required Beginning Date

If the owner died on or after his or her required beginning date (defined earlier) and you are an eligible designated beneficiary, you must base your required minimum distributions for years after the year of the owner's death on the longer of:

- Your single life expectancy shown in Table I in Appendix B, as determined under *Beneficiary an individual*, later; or
- The owner's life expectancy as determined under *Death on or after required beginning date* under *Beneficiary is not an individual*, later.

If there is no designated beneficiary use the owner's life expectancy.

Surviving spouse is sole designated beneficiary. If the owner died on or after his or her required beginning date and his or her spouse is the sole designated beneficiary, the life expectancy the spouse must use to figure his or her required minimum distribution may change in a future distribution year. This change will apply where the spouse is older than the deceased owner or the spouse treats the IRA as his or her own.

Designated beneficiary who is not an eligible designated beneficiary. Distributions to a designated beneficiary who is not an eligible designated beneficiary must be completed within 10 years of the death of the owner. See *10-year rule*, later.

Owner Died Before Required Beginning Date

If the owner died before his or her required beginning date (defined earlier) and you are an eligible designated beneficiary, you must generally base required minimum distributions for years after the year of the owner's death using your single life expectancy shown in Table I in Appendix B, as determined under *Beneficiary an individual*, later.

However, there are situations where an individual designated beneficiary may be required to take the entire account balance by the end of the 10th year following the year of the owner's death. See *10-year rule*, later.

If the owner’s beneficiary isn’t an individual (for example, if the beneficiary is the owner’s estate), the 5-year rule, discussed later, applies.

Special rules for surviving spouse. If the owner died before his or her required beginning date and the surviving spouse is the sole designated beneficiary, the following rules apply.

Year of first required distribution. If the owner died before the year in which he or she reached age 72 (age 70 1/2 if the owner was born before July 1, 1949), distributions to the spouse don't need to begin until the year in which the owner would have reached age 72 (or age 70 ½, if applicable).

Death of surviving spouse prior to date distributions begin*.* If the surviving spouse dies before December 31 of the year he or she must begin receiving required minimum distributions, the surviving spouse will be treated as if he or she were the owner of the IRA.

This rule doesn't apply to the surviving spouse of a surviving spouse.

Example 1. Your spouse died in 2019, at age 65. You are the sole designated beneficiary of your spouse’s traditional IRA. You don't need to take any required minimum distribution until December 31 of 2026, the year your spouse would have reached age 72. If you die prior to that date, you will be treated as the owner of the IRA for purposes of determining the required distributions to your beneficiaries. For example, if you die in 2022, your beneficiaries won't have any required minimum distribution for 2022 (because you, treated as the owner, died prior to your required beginning date). They must start taking distributions under the general rules for an owner who died prior to the required beginning date.

Example 2. The facts are the same as in *Example 1*, except your sole beneficiary upon your death in 2022 is your surviving spouse. Your surviving spouse can't wait until the year you would have turned age 72 to take distributions using his or her life expectancy. Also, if your surviving spouse dies prior to the date he or she is required to take a distribution, he or she isn't treated as the owner of the account. Just like any other individual beneficiary of an owner who dies before the required beginning date, your surviving spouse must start taking distributions in 2023 based on his or her life expectancy (or elect to fully distribute the account under the 10-year rule by the end of 2032).

The second surviving spouse from Example 2 *above can still elect to treat the IRA as his or her own IRA or roll over any distributions that aren't required minimum distributions into his or her own IRA. See* Inherited from spouse *under What if You Inherit an IRA, earlier in this chapter.*

5-year rule. The 5-year rule requires the IRA beneficiaries who are not taking life expectancy payments to withdraw the entire balance of the IRA by December 31 of the year containing the fifth anniversary of the owner's death. For example, if the owner died in 2022, the beneficiary would have to fully distribute the IRA by December 31, 2027. The beneficiary is allowed, but not required, to take distributions prior to that date. The 5-year rule never applies if the owner died on or after his or her required beginning date.

The 5-year rule generally applies to all beneficiaries if the owner died before 2020. It also applies to beneficiaries who are not individuals (such as a trust) if the owner died after 2019. If the owner died after 2019 and the beneficiary is an individual, see 10-year rule next.

10-year rule. The 10-year rule requires the IRA beneficiaries who are not taking life expectancy payments to withdraw the entire balance of the IRA by December 31 of the year containing the 10th anniversary of the owner's death. For example, if the owner died in 2022, the beneficiary would have to fully distribute the IRA by December 31, 2032. The beneficiary is allowed, but not required, to take distributions prior to that date.

The 10-year rule applies if (1) the beneficiary is an eligible designated beneficiary who elects the 10-year rule, if the owner died before reaching his or her required beginning date; or (2) the beneficiary is a designated beneficiary who is not an eligible designated beneficiary, regardless of whether the owner died before reaching his or her required beginning date.

For a beneficiary receiving life expectancy payments who is either an eligible designated beneficiary or a minor child, the 10-year rule also applies to the remaining amounts in the IRA upon the death of the eligible designated beneficiary or upon the minor child beneficiary reaching the age of majority, but in either of those cases, the 10-year period ends on December 31 of the year containing the 10th anniversary of the eligible designated beneficiary's death or the child's attainment of majority.

Individual designated beneficiaries. The terms of most IRAs require individual designated beneficiaries, who are eligible designated beneficiaries, to take required minimum distributions using the life expectancy rules (explained later) unless such beneficiaries elect to take distributions using the 5-year rule or the 10-year rule, whichever rule applies. The deadline for making this election is December 31 of the year the beneficiary must take the first required distribution using his or her life expectancy (or December 31 of the year containing the 5th anniversary (or, for a surviving spouse, December 31 of the 10th anniversary for the 10-year rule) of the owner’s death, if earlier).

If the individual designated beneficiary is not an eligible designated beneficiary, the beneficiary is required to fully distribute the

IRA by the 10th anniversary of the owner's death under the 10-year rule.

Beneficiary not an individual. The 5-year rule applies in all cases where there is no individual designated beneficiary by September 30 of the year following the year of the owner’s death or where any beneficiary isn't an individual (for example, the owner named his or her estate as the beneficiary). However, see *Trust as beneficiary*, later, if the beneficiary is a trust.

TIP *Review the IRA plan documents or consult with the IRA custodian or trustee for specifics on the 5or 10-year rule provisions, where applicable, of any particular IRA.*

CAUTION *If the 5-year rule applies, the amount remaining in the IRA, if any, after December 31 of the year containing the fifth anniversary of the owner's death is subject to the 50% excise tax detailed in*

Excess Accumulations (Insufficient Distributions), *later.*

If the 10-year rule applies, the amount remaining in the IRA, if any, after December 31 of the year containing the 10th anniversary of the owner's death is subject to the 50% excise tax detailed in Excess Accumulations (Insufficient Distributions)*, later.*

Figuring the Beneficiary's Required Minimum Distribution

How you figure the required minimum distribution depends on whether the beneficiary is an individual or some other entity, such as a trust or estate.

Beneficiary an individual. If the beneficiary is an individual, figure the required minimum distribution for 2023 as follows.

Life expectancy payments. Divide the account balance at the end of 2022 by the appropriate life expectancy from Table I (Single Life Expectancy) in Appendix B. Determine the appropriate life expectancy as follows.

Spouse as sole designated beneficiary. Use the life expectancy listed in the table next to the spouse's age (as of the spouse's birthday in 2023). Use this life expectancy even if the spouse died in 2023.

If the spouse died in 2022 or a prior year, use the life expectancy listed in the table next to the spouse’s age as of his or her birthday in the year he or she died. Reduce the life expectancy by 1 for each year since the year following the spouse’s death.

CAUTION *You can't make a rollover contribution of your required minimum distributions. Such contribution is subject to the 6% tax on excess contributions. See chapter 1 of Pub. 590-A for more information on the tax on excess contributions.*

Other designated beneficiary. Use the life expectancy listed in the table next to the beneficiary’s age as of his or her birthday in the year following the year of the owner’s death. Reduce the life expectancy by 1 for each year since the year following the owner’s death.

As discussed in *Death of a beneficiary*, earlier, if the designated beneficiary dies before his or her portion of the account is fully distributed, continue to use the designated beneficiary’s remaining life expectancy to determine the amount of distributions. However, any remaining balance in the account must be distributed within 10 years of the beneficiary's death.

Example. Your brother died in 2022 at age 73. You are the designated beneficiary of your brother’s traditional IRA. You are 65 years old in 2023, which is the year following your brother's death. You use Table I and see that your life expectancy in 2023 is 22.9. If the IRA was worth $100,000 at the end of 2022, your required minimum distribution for 2023 would be $4,367 ($100,000 ÷ 22.9).

Payment under the 10-year rule. If the IRA owner dies before the required beginning date and the 10-year rule applies, no distribution is required for any year before the 10th year.

Beneficiary not an individual. If the beneficiary isn't an individual, determine the required minimum distribution for 2023 as follows.

Death on or after required beginning date. Divide the account balance at the end of 2022 by the appropriate life expectancy from Table I (Single Life Expectancy) in Appendix B. Use the life expectancy listed next to the owner's age as of his or her birthday in the year of death. Reduce the life expectancy by 1 for each year after the year of death.

Death before required beginning date. If the IRA owner dies before the required beginning date and the beneficiary isn't an individual (for example, the owner named his or her estate as the beneficiary), the 5-year rule applies. No distribution is required for any year before the fifth year. See *5-year rule*, earlier.

Note. The required beginning date was defined earlier under *Distributions by the required beginning date*.

Example. The owner died in 2022 at the age of 80, and the owner's traditional IRA went to his estate. The account balance at the end of 2022 was $100,000. In 2023, the required minimum distribution would be $9,804 ($100,000 ÷ 10.2 (the owner's life expectancy in the year of death, 11.2, reduced by 1)).

If the owner had died in 2022 at the age of 68 (before their required beginning date), the entire account would have to be distributed by the end of 2027. See *Death on or after required beginning date* and *Death before required beginning date*, earlier, for more information.

Which Table Do You Use To Determine Your Required Minimum Distribution?

There are three different life expectancy tables. The tables are found in Appendix B of this publication. You use only one of them to determine your required minimum distribution for each traditional IRA. Determine which one to use as follows.

Reminder. In using the tables for lifetime distributions, marital status is determined as of January 1 each year. Divorce or death after January 1 is generally disregarded until the next year. However, if you divorce and change the beneficiary designation in the same year, your former spouse can't be considered your sole beneficiary for that year.

Table I (Single Life Expectancy). Use Table I for years after the year of the owner's death if either of the following applies.

- You are an individual and a designated beneficiary, but not the owner's surviving spouse and sole designated beneficiary.
- The beneficiary isn't an individual and the owner died on or after the required beginning date, defined earlier.

Surviving spouse. If you are the owner's surviving spouse and sole designated beneficiary, you will also use Table I for your required minimum distributions. However, if the owner hadn't reached age 72 when he or she died, and you don't elect to be treated as the owner of the IRA, you don't have to take distributions until the year in which the owner would have reached age 72.

Table II (Joint Life and Last Survivor Expectancy). Use Table II if you are the IRA owner and your spouse is both your sole designated beneficiary and more than 10 years younger than you.

Note. Use this table in the year of the owner's death if the owner died after the required beginning date and this is the table that would have been used had he or she not died.

Table III (Uniform Lifetime). Use Table III if you are the IRA owner and your spouse isn't both the sole designated beneficiary of your IRA and more than 10 years younger than you.

Note. Use this table in the year of the owner's death if the owner died after the required beginning date and this is the table that would have been used had he or she not died.

No table. Don't use any of the tables if the owner died before his or her required beginning date and either the 5-year rule or the 10-year rule (discussed earlier) applies.

What Age(s) Do You Use With the Table(s)?

The age or ages to use with each table are explained below.

Table I (Single Life Expectancy). If you are a designated beneficiary figuring your first distribution, use your age as of your birthday in the year distributions must begin. This is usually the calendar year immediately following the calendar year of the owner's death. After the first distribution year, reduce your life expectancy by 1 for each subsequent year. If you are the owner's surviving spouse and the sole designated beneficiary, this is generally the year in which the owner would have reached age 72. After the first distribution year, use your age as of your birthday in each subsequent year.

Example 1. You are an eligible designated beneficiary figuring your first required minimum distribution.

Distributions must begin in 2023. You become age 57 in 2023. You use Table I.

Example 2. You are the owner's surviving spouse and the sole designated beneficiary. The owner would have turned age 72 in 2023. Distributions begin in 2023. You become 69 years old in 2023. You use Table I. Your distribution period for 2023 is 19.6.

Owner's life expectancy. You use the owner’s life expectancy to calculate required minimum distributions when the owner dies on or after the required beginning date and there is no designated beneficiary as of September 30 of the year following the year of the owner’s death. In this case, use the owner’s life expectancy for his or her age as of the owner’s birthday in the year of death and reduce it by 1 for each subsequent year.

If the beneficiary is older than the deceased IRA owner use the owner’s life expectancy in the year of death (reduced by 1 for each subsequent year).

Revised life expectancy tables for 2022. If you are a beneficiary who was taking required minimum distributions prior to 2022 based on your life expectancy in the year following the owner's death using the life expectancy tables in effect before 2022 and reducing that number by 1, you can reset your life expectancy for 2022 based on the new tables. In order to do this, find your life expectancy based on your age in the year following the owner's death on Table I and reduce that number by 1 for each year since the year of the owner's death.

Example. Your father died in 2019 at the age of 80 and you were the designated beneficiary. You started taking required minimum distributions from the inherited IRA in 2020 when you were age 55, using a life expectancy of 29.6 and reducing that number by 1 each year so that in 2023 (3 years later) the required minimum distribution would be determined by dividing the account balance by 26.6 (29.6 – 3). However, under the new life expectancy tables, the life expectancy for a 55-year-old is 31.6; therefore, you calculate your required minimum distribution for 2023 by dividing the account balance by 28.6 (31.6 – 3).

Table II (Joint Life and Last Survivor Expectancy). For your first distribution by the required beginning date, use your age and the age of your designated beneficiary as of your birthdays in the year you become age 72. Your combined life expectancy is at the intersection of your ages.

If you are figuring your required minimum distribution for 2023, use your ages as of your birthdays in 2023. For each subsequent year, use your and your spouse's ages as of your birthdays in the subsequent year.

Table III (Uniform Lifetime). For your first distribution by your required beginning date, use your age as of your birthday in the year you become age 72.

If you are figuring your required minimum distribution for 2023, use your age as of your birthday in 2023. For each subsequent year, use your age as of your birthday in the subsequent year.

Miscellaneous Rules for Required Minimum Distributions

The following rules may apply to you.

Installments allowed. The yearly required minimum distribution can be taken in a series of installments (monthly, quarterly, etc.) as long as the total distributions for the year are at least as much as the minimum required amount.

More than one IRA. If you have more than one traditional IRA, you must determine a separate required minimum distribution for each IRA. However, you can total these minimum amounts and take the total from any one or more of the IRAs.

More than minimum received. If, in any year, you receive more than the required minimum amount for that year, you won't receive credit for the additional amount when determining the minimum required amounts for future years. This doesn't mean that you don't reduce your IRA account balance. It means that if you receive more than your required minimum distribution in 1 year, you can't treat the excess (the amount that is more than the required minimum distribution) as part of your required minimum distribution for any later year. However, any amount distributed in your age 72 year will be credited toward the amount that must be distributed by April 1 of the following year.

Example. Justin became 72 on December 15, 2022. Justin's IRA account balance on December 31, 2021, was $38,400. He figured his required minimum distribution for 2022 was $1,500 ($38,400 ÷ 25.6 (the distribution period for age 72 per the life expectancy table that applied for the year prior to 2023)). By December 31, 2022, he had actually received distributions totaling $3,600, $2,100 more than was required. Justin can’t use that $2,100 to reduce the amount he is required to withdraw for 2023. Justin's reduced IRA account balance on December 31, 2022, was $34,800. Justin figured his required minimum distribution for 2023 is $1,313 ($34,800 ÷ 26.5 (the distribution period for age 73 per Table III)). During 2023, he must receive distributions of at least that amount.

Multiple individual beneficiaries. If, as of September 30 of the year following the year in which the owner dies, there is more than one beneficiary, the beneficiary with the shortest life expectancy will be the designated beneficiary if both of the following apply.

- All of the beneficiaries are individuals.

- The account or benefit hasn't been divided into separate accounts or shares for each beneficiary.

Separate accounts. A single IRA can be split into separate accounts or shares for each beneficiary. These separate accounts or shares can be established at any time, either before or after the owner's required beginning date. Generally, these separate accounts or shares are combined for purposes of determining the required minimum distribution. However, these separate accounts or shares won't be combined for required minimum distribution purposes after the death of the IRA owner if the separate accounts or shares are established by the end of the year following the year of the IRA owner's death.

The separate account rules can't be used by beneficiaries of a trust unless the trust is an applicable multi-beneficiary trust.

Trust as beneficiary. A trust can't be a designated beneficiary even if it is a named beneficiary. However, the beneficiaries of a trust will be treated as having been designated beneficiaries for purposes of determining required minimum distributions after the owner’s death (or, after the death of the owner’s surviving spouse described in *Death of surviving spouse prior to date distributions begin*, earlier) if all of the following are true.

1. The trust is a valid trust under state law, or would be but for the fact that there is no corpus.

2. The trust is irrevocable or became, by its terms, irrevocable upon the owner's death.

3. The beneficiaries of the trust who are beneficiaries with respect to the trust's interest in the owner's benefit are identifiable from the trust instrument.

4. The trustee of the trust provides the IRA custodian or trustee with the documentation required by that custodian or trustee. The trustee of the trust should contact the IRA custodian or trustee for details on the documentation required for a specific plan.

The deadline for the trustee to provide the beneficiary documentation to the IRA custodian or trustee is October 31 of the year following the year of the owner's death.

Trust beneficiary is another trust. If the beneficiary of the trust (which is the beneficiary of the IRA) is another trust and both trusts meet the above requirements, the beneficiaries of the other trust will be treated as having been designated as beneficiaries for purposes of determining the distribution period.

Note. The separate account rules, discussed earlier, can't be used by beneficiaries of a trust unless the trust is an applicable multi-beneficiary trust.

Applicable multi-beneficiary trusts. An applicable multi-beneficiary trust is a trust (1) which has more than one beneficiary; (2) all of the beneficiaries of which are treated as designated beneficiaries for purposes of determining the distribution period pursuant to section 401(a)(9); and (3) at least one of the beneficiaries of which is an eligible designated beneficiary who is either disabled or chronically ill. There are two types of applicable multi-beneficiary trusts:

- a trust that is to be divided immediately upon the death of the employee into separate trusts for each beneficiary, in which case the separate account rules apply to each portion of the trust; and
- a trust that provides that no individual (other than an eligible designated beneficiary who is disabled or chronically ill) has any right to the employee's interest

in the plan until the death of all of those disabled or chronically ill eligible designated beneficiaries with respect to the trust, in which case the separate account rules do not apply, but the rule permitting payments over the life expectancy of a beneficiary applies to the distribution of the employee’s interest regardless of whether there are other beneficiaries who are not eligible designated beneficiaries.

You may want to contact a tax advisor to comply with this complicated area of the tax law.

Annuity distributions from an insurance company. Special rules apply if you receive distributions from your traditional IRA as an annuity purchased from an insurance company. See Regulations sections 1.401(a)(9)-6 and 54.4974-2. These regulations can be found in many libraries, and IRS offices, and online at *IRS.gov*.

Are Distributions Taxable?

In general, distributions from a traditional IRA are taxable in the year you receive them.

Failed financial institutions. Distributions from a traditional IRA are taxable in the year you receive them even if they are made without your consent by a state agency as receiver of an insolvent savings institution. This means you must include such distributions in your gross income unless you roll them over.

Exceptions. Exceptions to distributions from traditional IRAs being taxable in the year you receive them are:

- Rollovers (see chapter 1 of Pub. 590-A);
- Qualified charitable distributions, discussed later;
- Tax-free withdrawals of contributions (see chapter 1 of Pub. 590-A); and

- The return of nondeductible contributions, discussed later under [Distributions Fully or Partly Taxable].

Although a conversion of a traditional IRA is considered a rollover for Roth IRA purposes, it isn't an exception to the rule that distributions from a traditional IRA are taxable in the year you receive them. Conversion distributions are includible in your gross income subject to this rule and the special rules for conversions explained in chapter 1 of Pub. 590-A.

Qualified charitable distributions (QCDs). A QCD is generally a nontaxable distribution made directly by the trustee of your IRA (other than a SEP or SIMPLE IRA) to an organization eligible to receive tax-deductible contributions. You must be at least age $70\frac{1}{2}$ when the distribution was made. Also, you must have the same type of acknowledgment of your contribution that you would need to claim a deduction for a charitable contribution. See *Substantiation Requirements* in Pub. 526.

The maximum annual exclusion for QCDs is $100,000. Any QCD in excess of the $100,000 exclusion limit is included in income as any other distribution. If you file a joint return, your spouse can also have a QCD and exclude up to $100,000. The amount of the QCD is limited to the amount of the distribution that would otherwise be included in income. If your IRA includes nondeductible contributions, the distribution is first considered to be paid out of otherwise taxable income.

CAUTION *You can't claim a charitable contribution deduction for any QCD not included in your income.*

TIP *A QCD will count towards your required minimum distribution, discussed earlier.*

Example. On December 23, 2022, Jeff, age 75, directed the trustee of his IRA to make a distribution of $25,000 directly to a qualified 501(c)(3) organization (a charitable organization eligible to receive tax-deductible contributions). The total value of Jeff's IRA is $30,000 and consists of $20,000 of deductible contributions and earnings and $10,000 of nondeductible contributions (basis). Because Jeff is at least age $70^1/_2$ and the distribution is made directly by the trustee to a qualified organization, the part of the distribution that would otherwise be includible in Jeff's income ($20,000) is a QCD.

In this case, Jeff has made a QCD of $20,000 (his deductible contributions and earnings). Because Jeff made a distribution of nondeductible contributions from his IRA, he must file Form 8606 with his return. Jeff reports the total distribution ($25,000) on line 4a of Form 1040-SR. He completes Form 8606 to determine the amount to enter on line

4b of Form 1040-SR and the remaining basis in his IRA. Jeff enters -0on line 4b. This is Jeff's only IRA and he took no other distributions in 2022. He also enters “QCD” next to line 4b to indicate a qualified charitable distribution.

After the distribution, his basis in his IRA is $5,000. If Jeff itemizes deductions and files Schedule A (Form 1040) with Form 1040-SR, the $5,000 portion of the distribution attributable to the nondeductible contributions can be deducted as a charitable contribution, subject to adjusted gross income (AGI) limits. He can't take the charitable contribution deduction for the $20,000 portion of the distribution that wasn't included in his income.

Offset of QCDs by amounts contributed after age 70 1/2. Beginning in tax years after December 31, 2019, the amount of QCDs that you can exclude from income is reduced by the excess of the aggregate amount of IRA contributions you deducted for the taxable year and any prior year that you were age 70 1/2 or older over the amount of such IRA contributions that were used to reduce the excludable amount of QCDs in all earlier years. See the Qualified Charitable Deduction Adjustment Worksheet in Appendix D.

Example. Jim became age 70 1/2 in 2020 and deducted $5,000 for contributions he made in 2021 and 2022 but makes no contribution for 2023. Jim makes no qualified charitable distributions for 2021 and makes qualified charitable distributions of $6,000 for 2022 and $6,500 for 2023.

He determines he has no excludable qualified charitable distribution for 2022 as figured on his 2022 QCD Worksheet. His 2022 qualified charitable distribution is reduced by the aggregate amount of $10,000 of the contributions he deducted in 2021 and 2022, which reduces his excludable qualified charitable distribution to a negative amount of $4,000.

Jim decides to make a qualified charitable distribution of $6,500 for 2023. Jim completes his 2023 QCD worksheet by entering the amount of the remainder of the aggregate amount of the contributions he deducted in 2021 and 2022 ($4,000) on line 1. This amount is figured on his 2022 QCD worksheet and is entered on line 1 of his 2023 QCD worksheet. Jim figures his excludable qualified charitable distribution of $2,500 on his 2023 QCD worksheet ($6,500 – $4,000 = $2,500).

Jim's Illustrated 2022 QCD Adjustment Worksheet

Keep for Your Records

1.	Enter the total amounts of contributions deducted in prior years that you were age 70 1/2 or older that did not reduce the excludable amount of qualified charitable contributions in prior years.	1.	-0-
2.	Enter the total amounts contributed and deducted during the current year if you were age 70 1/2 (or older) at the end of the year. If this is your first QCD worksheet also include contributions you deducted in prior years during which you were age 70 1/2 (or older) at the end of the year.	2.	10,000
3.	Add the amounts on lines 1 and 2.	3.	10,000
4.	Enter the total amounts of qualified charitable distributions made during the current year, not to exceed $100,000.	4.	6,000
5.	Subtract line 3 from line 4. This is the amount of your excludable qualified charitable distribution for the current year.*	5.	($4,000)

*If zero or less you have no excludable qualified charitable distribution. If zero or greater enter -0- on line 1 of your subsequent QCD worksheet. If less than zero enter the amount as a positive amount on line 1 of your subsequent QCD worksheet.

Jim’s Illustrated 2023 QCD Adjustment Worksheet

Keep for Your Records

1.	Enter the total amounts of contributions deducted in prior years that you were age 70 1/2 or older that did not reduce the excludable amount of qualified charitable contributions in prior years.	1.	4,000
2.	Enter the total amounts contributed and deducted during the current year if you were age 70 1/2 (or older) at the end of the year. If this is your first QCD worksheet also include contributions you deducted in prior years during which you were age 70 1/2 (or older) at the end of the year.	2.	-0-
3.	Add the amounts on lines 1 and 2.	3.	4,000
4.	Enter the total amounts of qualified charitable distributions made during the current year, not to exceed $100,000.	4.	6,500
5.	Subtract line 3 from line 4. This is the amount of your excludable qualified charitable distribution for the current year.*	5.	$2,500

*If zero or less you have no excludable qualified charitable distribution. If zero or greater enter -0- on line 1 of your subsequent QCD worksheet. If less than zero enter the amount as a positive amount on line 1 of your subsequent QCD worksheet.

One-time qualified Health Savings Account (HSA) funding distribution. You may be able to make a qualified HSA funding distribution from your traditional IRA or Roth IRA to your HSA. You can't make this distribution from an ongoing SEP IRA or SIMPLE IRA. For this purpose, a SEP IRA or SIMPLE IRA is ongoing if an employer contribution is made for the plan year ending with or within your tax year in which the distribution would be made. The distribution must be less than or equal to your maximum annual HSA contribution.

This distribution must be made directly by the trustee of the IRA to the trustee of the HSA. The distribution isn't included in your income, isn't deductible, and reduces the amount that can be contributed to your HSA. You must make the distribution by the end of the year; the special rule allowing contributions to your HSA for the previous year if made by your tax return filing deadline doesn't apply. The qualified HSA funding distribution is reported on Form 8889 for the year in which the distribution is made.

One-time transfer. Generally, only one qualified HSA funding distribution is allowed during your lifetime. If you own two or more IRAs, and want to use amounts in multiple IRAs to make a qualified HSA funding distribution, you must first make an IRA-to-IRA transfer of the amounts to be distributed into a single IRA, and then make the one-time qualified HSA funding distribution from that IRA.

Testing period rules apply. If at any time during the testing period you cease to meet all requirements to be an eligible individual, the amount of the qualified HSA funding distribution is included in your gross income. The qualified HSA funding distribution is included in gross income in the tax year you first fail to be an eligible individual. This amount is subject to the 10% additional tax (unless the failure is due to disability or death).

More information. See Pub. 969 for additional information about this distribution.

Ordinary income. Distributions from traditional IRAs that you include in income are taxed as ordinary income.

No special treatment. In figuring your tax, you can't use the 10-year tax option or capital gain treatment that applies to lump-sum distributions from qualified retirement plans.

If you were affected by a qualified disaster, see chapter 3.

Distributions Fully or Partly Taxable

Distributions from your traditional IRA may be fully or partly taxable, depending on whether your IRA includes any nondeductible contributions.

Fully taxable. If only deductible contributions were made to your traditional IRA (or IRAs, if you have more than one), you have no basis in your IRA. Because you have no basis in your IRA, any distributions are fully taxable when received. See *Reporting and Withholding Requirements for Taxable Amounts*, later.

Partly taxable. If you made nondeductible contributions or rolled over any after-tax amounts to any of your traditional IRAs, you have a cost basis (investment in the contract) equal to the amount of those contributions. These nondeductible contributions aren't taxed when they are distributed to you. They are a return of your investment in your IRA.

Only the part of the distribution that represents nondeductible contributions and rolled-over after-tax amounts (your cost basis) is tax free. If nondeductible contributions have been made or after-tax amounts have been rolled over to your IRA, distributions consist partly of nondeductible contributions (basis) and partly of deductible contributions, earnings, and gains (if there are any). Until all of your basis has been distributed, each distribution is partly nontaxable and partly taxable.

Form 8606. You must complete Form 8606, and attach it to your return, if you receive a distribution from a traditional IRA and have ever made nondeductible contributions or rolled over after-tax amounts to any of your traditional IRAs. Using the form, you will figure the nontaxable distributions for 2022, and your total IRA basis for 2022 and earlier years. See the illustrated Forms 8606 in this chapter.

Note. If you are required to file Form 8606, but you aren't required to file an income tax return, you must still file Form 8606. Complete Form 8606, sign it, and send it to the IRS at the time and place you would otherwise file an income tax return.

Figuring the Nontaxable and Taxable Amounts

If your traditional IRA includes nondeductible contributions and you received a distribution from it in 2022, you must use Form 8606 to figure how much of your 2022 IRA distribution is tax free.

Note. When figuring the nontaxable and taxable amounts of distributions made prior to death in the year the IRA account owner dies, the value of all traditional (including SEP) and SIMPLE IRAs should be figured as of the date of death instead of December 31.

Contribution and distribution in the same year. If you received a distribution in 2022 from a traditional IRA and you also made contributions to a traditional IRA for 2022 that may not be fully deductible because of the income limits, you can use Worksheet 1-1 to figure how much of your 2022 IRA distribution is tax free and how much is taxable. Then, you can figure the amount of nondeductible contributions to report on Form 8606. Follow the instructions under *Reporting your nontaxable distribution on Form 8606* next to figure your remaining basis after the distribution.

Reporting your nontaxable distribution on Form 8606. To report your nontaxable distribution and to figure the remaining basis in your traditional IRA after distributions, you must complete Worksheet 1-1 before completing Form 8606. Then, follow these steps to complete Form 8606.

1. Use Worksheet 1-2 in chapter 1 of Pub. 590-A, or the IRA Deduction Worksheet in the Form 1040 or 1040-SR, or 1040-NR instructions to figure your deductible contributions to traditional IRAs to report on Schedule 1 (Form 1040), line 20.
2. After you complete Worksheet 1-2 in chapter 1 of Pub. 590-A or the IRA

Deduction Worksheet in the form instructions, enter your nondeductible contributions to traditional IRAs on line 1 of Form 8606.

3. Complete lines 2 through 5 of Form 8606.

4. If line 5 of Form 8606 is less than line 8 of Worksheet 1-1, complete lines 6 through 15c of Form 8606 and stop here.

5. If line 5 of Form 8606 is equal to or greater than line 8 of Worksheet 1-1, follow instructions 6 and 7 next. Don't complete lines 6 through 12 of Form 8606.

6. Enter the amount from line 8 of Worksheet 1-1 on lines 13 and 17 of Form 8606.

7. Complete line 14 of Form 8606.

8. Enter the amount from line 9 of Worksheet 1-1 (or, if you entered an amount on line 11, the amount from that line) on line 15a of Form 8606.

Example. Rose Green has made the following contributions to her traditional IRAs.

Year	Deductible	Nondeductible
2015	2,000	-0-
2016	2,000	-0-
2017	2,000	-0-
2018	1,000	-0-
2019	1,000	-0-
2020	1,000	-0-
2021	700	300

Totals	$9,700	$300

Rose needs to complete Worksheet 1-1 to determine if her IRA deduction for 2022 will be reduced or eliminated. In 2022, she makes a $2,000 contribution that may be partly nondeductible. She also receives a distribution of $5,000 for conversion to a Roth IRA. She completed the conversion before December 31, 2022, and didn’t recharacterize any contributions. At the end of 2022, the fair market values of her accounts, including earnings, total $20,000. She didn't receive any tax-free distributions in earlier years. The amount she includes in income for 2022 is figured on Worksheet 1-1.