For beneficiaries of IRAs and retirement plan accounts

The information in this guide will help you understand your options as beneficiary if the deceased account owner passed away prior to January 1, 2020.*

Important: The SECURE Act changed the rules for distributing assets from inherited IRAs and retirement plan accounts. If the deceased account owner passed away on or after January 1, 2020, be sure to discuss your options with a qualified tax consultant, estate attorney or accountant.

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Understand your alternatives during this time of change

* If you inherited a retirement plan account that is part of a governmental plan, such as a governmental 457(b), a Texas ORP or a 403(b) plan for a public school district, the information in this guide applies for deaths prior to January 1, 2022.

Guiding you through your claim options

After you experience a loss, you're faced with many issues, including financial matters. That's why we've put together this guide – to explain your options as a beneficiary and to help you through the process of claiming the money you've inherited.

The beneficiary information in this guide applies to the following account types:

IRAs

- Traditional IRAs and Roth IRAs
- SIMPLE IRAs
- SEP and SARSEP IRAs

Retirement plans

- Profit-sharing plans, 401(k)s and money purchase plans
- 403(b) custodial accounts
- 457(b) governmental plans

If you have questions about how to proceed, please don't hesitate to call our service center at **(800) 421-4225** for assistance. If you're outside the U.S., call us at **(949) 975-5000** between 10 a.m. and 7 p.m. Eastern time, Monday through Friday.

The value of a financial professional

A financial professional can help you evaluate your situation as you make decisions about the account you've inherited. In addition, a financial professional can help you:

- **Understand** the options available to you as a beneficiary
- **Review** the potential tax implications of each option
- **Identify and complete** the appropriate paperwork
- **Allocate** your inherited assets to help you meet your long-term financial goals

If you don't have a financial professional, we can help you find one in your area. For assistance, call **(800) 421-9900** between 8 a.m. and 7 p.m. Eastern time, Monday through Friday. You can learn more about American Funds at **www.capitalgroup.com**.

Types of beneficiaries

What are RBDs and RMDs?

These abbreviations appear frequently in this guide and in other beneficiary documents you'll read. The **required beginning date** (RBD) is the IRS-specified date on which the IRA or retirement plan account owner must start taking **required minimum distributions** (RMDs) – specifically, **April 1** of the calendar year following the year in which the IRA or retirement plan account owner would have reached RMD age.

If the account owner was born before July 1, 1949, RMD age is 70½. If the account owner was born on or after July 1, 1949, the RMD age is 72. If the account owner was born on or after January 1, 1951, the RMD age is 73.

A number of rules and restrictions can affect the distribution of the money you inherit from an IRA or a retirement plan account. Those rules and restrictions are determined by your relationship to the person who left you the account, including whether or not you are the designated beneficiary (see page 6). The designated beneficiary's age and the account owner's age at the time of death could also affect the distribution of the account.

Start by deciding how you'd like to receive the money you've inherited:

- If you'd like to take multiple payments over time, find the beneficiary type that best describes you from the options below. Then go to the page(s) noted for information about your specific beneficiary claim options.
- If you'd like to take a single lump-sum payment rather than multiple payments over time, turn to page 7.

I'm a spousal beneficiary | page 2 or 3

Includes individuals married to the original account owner

I'm a nonspousal beneficiary | page 4

Includes individuals other than the spouse such as children, siblings, friends, significant others, estates and charities

I'm a beneficiary of an inherited IRA

Please call us at **(800) 421-4225** to review your options

I'm a trust beneficiary | page 5

Includes qualified and nonqualified trusts

Don't go it alone

It's important that you fully understand your role as a beneficiary. The options discussed throughout this guide can have serious tax consequences for you. This material is not intended to provide tax advice. Apart from discussing your options with your financial professional, we **strongly advise** you to seek the assistance of a qualified tax consultant, estate attorney or accountant as you consider your options.

Not sure what beneficiary type you are?
Call us at **(800) 421-4225**.

Spousal beneficiary of an IRA

As the spousal beneficiary of an IRA, you have several claim options. Just follow these steps:

Step 1

Note whether you're the sole beneficiary or one of multiple beneficiaries, then read the section that pertains to you.

Step 2

Review your options to see which one works best for you.

Step 3

Decide how you'd like to receive payments: Do you want to take them now or later?

Step 4

Proceed to pages 6–9 for important additional information.

I can take payments now or later

I'm the ***sole*** beneficiary

Treat the IRA as your own
Simply changing the name on the account to your own name entitles you to withdraw the money, the amount of which is based on your age. You have the option of starting to withdraw the funds right away or postponing withdrawals until you reach RMD age.*

Transfer the assets into your own IRA
If you already have an IRA, you may consider this option in order to consolidate your accounts. A direct transfer into your own IRA isn't reported to the IRS, so a tax form isn't generated. You have the option of starting to take the money right away or postponing withdrawals until you reach RMD age.*

Roll the assets into your own IRA
This option is limited to one rollover in a 12-month period. You have 60 days to complete the process from the date of distribution. A rollover is reportable to the IRS, but is nontaxable. Rolling the money into your existing IRA entitles you to withdraw the money based on your age. You have the option of starting to take the money right away or postponing withdrawals until you reach RMD age.*

Treat yourself as the beneficiary†
You aren't required to put the IRA in your name. You can leave the account in your spouse's name with yourself as the beneficiary. You then have the option of starting to receive the assets right away or postponing withdrawals until your spouse would have reached RMD age.*

Please note: You cannot delay making withdrawals from the account if both you and your spouse have reached RMD age.*

I'm one of ***multiple*** beneficiaries

Roll your portion of the assets into your own IRA
Rolling your portion of the money into your own existing IRA entitles you to begin making withdrawals based on your age. You have the option of starting to take the money right away or postponing withdrawals until you reach RMD age.*

Treat yourself as the beneficiary†
You can leave the IRA in your spouse's name with yourself as the beneficiary. If you're one of multiple beneficiaries, see page 7 for information on creating separate shares. If separate shares have been created, you have many of the same options available to you as would be the case if you were the sole beneficiary. If separate shares aren't created, then the age of the oldest designated beneficiary, if there is one (see page 6), would determine the minimum payout required.

* If you (or your spouse) were born before July 1, 1949, Required Minimum Distribution (RMD) age is 70½. If you (or your spouse) were born on or after July 1, 1949, the RMD age is 72. If you (or your spouse) were born on or after January 1, 1951, the RMD age is 73.

† You may want to consider treating yourself as the beneficiary if you're younger than age 59½ and want to start taking payments immediately, as it's one way you can avoid paying a 10% early withdrawal penalty.

Spousal beneficiary of a retirement plan account

As the spousal beneficiary of a retirement plan account, you have several claim options. Keep in mind that retirement plan rules may vary. You should check with the employer's benefits representative to find out what options may be available to you. Then follow these steps:

Step 1

Note whether you're the sole beneficiary or one of multiple beneficiaries, and read the section that pertains to you.

Step 2

Review your options to see which one works best for you.

Step 3

Decide how you'd like to receive payments: Do you want to take them now or later?

Step 4

Proceed to pages 6–9 for important additional information.

I can take payments now or later

I'm the *sole* beneficiary

Roll the assets into your own retirement plan account
You can roll the money you inherit into your own retirement plan account (if your plan accepts rollovers). You then have the option of postponing withdrawals until you retire or reach RMD age.* Check the options available to you in your plan if you want to start making withdrawals from a rollover account while you're still employed.

Treat yourself as the beneficiary†
You may begin taking payments over a time frame based on your age or your spouse's age, depending on your spouse's age at death. If the plan terms permit, you may also be able to postpone withdrawals until your spouse would have reached RMD age.*

Roll the assets into your own IRA
Rolling the money into your existing or newly established IRA entitles you to begin withdrawing the money based on your age. You have the option of starting to take the money right away or postponing withdrawals until you reach RMD age.*

Roll the assets into an IRA in your spouse's name†
Rolling the money into an IRA in your spouse's name gives you the option of starting to take the money right away, or postponing withdrawals until your spouse would have reached RMD age.*

Please note: You cannot delay making withdrawals from the account if both you and your spouse have reached RMD age.*

I'm one of *multiple* beneficiaries

Roll your portion of the assets into your own retirement plan account
You can roll your portion of the money into your own retirement plan account (if your plan accepts rollovers). You then have the option of postponing withdrawals until you retire or reach RMD age.* Check the options available to you in your plan if you want to start making withdrawals from a rollover account while you're still employed.

Treat yourself as the beneficiary†
You can keep the money in the plan and begin taking your portion in periodic withdrawals with yourself as the beneficiary. If you're one of multiple beneficiaries, see page 7 for information on creating separate shares. If separate shares have been created, many of the same options are available to you as would be the case if you were the sole beneficiary.

Roll the assets into your own IRA
Rolling your portion of the money into your existing or newly established IRA entitles you to withdraw the money based on your age. You have the option of starting to take the money right away or postponing withdrawals until you reach RMD age.*

* If you (or your spouse) were born before July 1, 1949, Required Minimum Distribution (RMD) age is 70½. If you (or your spouse) were born on or after July 1, 1949, the RMD age is 72. If you (or your spouse) were born on or after January 1, 1951, the RMD age is 73.

† You may want to consider treating yourself as the beneficiary if you're younger than age 59½ and want to start taking payments immediately, as it's one way you can avoid paying a 10% early withdrawal penalty.

Nonspousal beneficiary

As a nonspousal beneficiary of an IRA or a retirement plan account, you're not required to take payments until **December 31** of the year following the year of the original account owner's death. To find out what options you have, follow these three steps:

Step 1

Note whether you're the beneficiary of an IRA or a retirement plan account, and review your options. (Keep in mind that retirement plan rules vary and not all options may apply to you.)

Step 2

Decide how you'd like to take payments.

Step 3

Proceed to pages 6–9 for important additional information.

I am required to start taking payments from an IRA or a retirement plan account

I'm the ***sole*** beneficiary or one of ***multiple*** beneficiaries

IRA account

Keep the assets in the IRA and begin taking withdrawals
If the IRA owner had reached their required beginning date (RBD) by the time of death, you can begin withdrawing the money based on the age of either the IRA owner or of the designated beneficiary, whichever produces a payment stream for the longest period of time. See page 6 to establish whether you're the designated beneficiary.

If the IRA owner was younger than RMD age* and you're the sole beneficiary, you can begin withdrawing the money based on your age.

If the IRA owner was younger than RMD age* and there are multiple beneficiaries, you can begin withdrawing your portion of the money based on the age of the oldest beneficiary unless separate shares are established. (See page 7 for information on creating separate shares.)

Take a total distribution from the IRA over a five-year period
If the IRA owner was younger than RMD age* and life expectancy payments do not begin within the required period, you may have to withdraw all the money by **December 31** of the calendar year that marks the fifth anniversary of the original account owner's death.

Retirement plan account

Roll the retirement plan account into a new inherited IRA
An inherited IRA is one that is established in the original account owner's name with you as the beneficiary.

Since some plans require beneficiaries to take the money in a single lump sum, rolling the account into a new inherited IRA is an option you can use to avoid taking a lump sum and give the balance an opportunity to continue growing. See "Keep the assets in the IRA and begin taking withdrawals" (above) to find out how withdrawals must be made once you've rolled the amount into an inherited IRA.

Please note: The plan must roll the assets directly into the IRA (to maintain the account's tax protections), and the rollover must be completed by **December 31** of the year following the year of the account owner's death. An American Funds inherited IRA requires a special form, available by calling **(800) 421-4225**. You can also contact the plan's financial professional.

Take periodic payments from the plan
If the plan doesn't require you to take a lump sum, you can set up a series of withdrawals based on the age of the designated beneficiary. To find out if you're the designated beneficiary, see page 6.

Take a total distribution from the plan over a five-year period
The plan rules may require you to withdraw all the money from the account by **December 31** of the calendar year that marks the fifth anniversary of the original account owner's death.

* If you (or the account owner) were born before July 1, 1949, Required Minimum Distribution (RMD) age is 70½. If you (or the account owner) were born on or after July 1, 1949, the RMD age is 72. If you (or the account owner) were born on or after January 1, 1951, the RMD age is 73.

Trust beneficiary

IRS beneficiary rules make a sharp distinction between qualified and nonqualified trusts that inherit an IRA or retirement plan account. A trust is considered qualified only if certain criteria are met:

- It's valid under state law,
- It's irrevocable, or will become irrevocable, upon the death of the original account owner,
- The trust beneficiaries' interests are clearly noted in the trust document, and
- All trust beneficiaries are individuals.

Certain documentation must be provided to the IRA custodian or retirement plan administrator (see "Certifying the trust").

To access the money in the account, follow these three steps:

Step 1

Determine whether the trust is qualified or nonqualified (you may need to talk to an estate attorney).

Step 2

Decide how you'd like to take payments.

Step 3

Proceed to pages 6–9 for important additional information.

I am required to start taking payments as a trust beneficiary

I'm the ***sole*** beneficiary or one of ***multiple*** beneficiaries of the trust

Qualified trust

Transfer the IRA or retirement plan account assets into an IRA for the benefit of the trust

The trust may transfer the assets to an IRA in the original account owner's name for the benefit of the trust. Then, the trust must begin taking withdrawals immediately, based on the designated beneficiary's age. See page 6 to establish whether you're the designated beneficiary.

Certifying the trust

You'll need to provide us with the trust agreement or a certification of the trust no later than **October 31** of the year following the year of the account owner's death.

Nonqualified trust

Transfer the IRA into an IRA for the benefit of the trust

The trust may transfer IRA assets to an IRA in the original account owner's name for the benefit of the trust. Then, the trust must begin taking withdrawals immediately.*

Establish withdrawals from the retirement plan account*

* The period over which you can take withdrawals will depend on the original account owner's age. If the account owner was older than RMD age, their remaining life expectancy is used to determine the required withdrawals. If the original owner was younger than RMD age, the amount must be paid out within five years.

Information for the designated beneficiary

A designated beneficiary is an individual. Although an IRA or retirement plan account may have multiple beneficiaries, there can be only one, if any, designated beneficiary. The designated beneficiary's age is used to determine the time frame over which payments must be taken.

Determining the designated beneficiary

The designated beneficiary must be a living entity (with an age and life expectancy) determined as of **September 30** of the year following the year of the original account owner's death.

- **One beneficiary**
  If, as of that date, only one person is the beneficiary of the account, that person will be considered the designated beneficiary.
- **Multiple beneficiaries**
  If, as of that date, all of the account beneficiaries are persons (as opposed to an estate or charity), then the eldest beneficiary will be considered the designated beneficiary.
- **Trust beneficiary**
  If the trust is qualified (see page 5) as of **September 30** of the year following the year of the account owner's death, and you're the only beneficiary of the trust, you'll be considered the designated beneficiary. If there are multiple beneficiaries of the trust and all are people (as opposed to an estate or charity), then the eldest beneficiary is considered the designated beneficiary.
- **Estate or charity beneficiary**
  An estate or charity can never be considered a designated beneficiary because it isn't a person and, therefore, doesn't have a life expectancy. If, as of **September 30** of the year following the year of the account owner's death, any beneficiary is an estate or charity, the account will not have a designated beneficiary. This impacts the payout period used to determine the minimum amount that must be taken each year. To avoid such a situation, you must arrange for the estate or charity to receive its portion of the account prior to **September 30** of the year following the year of the account owner's death. The designated beneficiary may be established once a non-person beneficiary has cashed out.

Important factors to consider

Before you make a final decision regarding your inheritance, there are a few other alternatives that you might want to consider. Consult your accountant or financial professional for additional guidance.

Request minimum payments
Based on your individual circumstances, it may be in your best interest to withdraw only the minimum required amounts in order to give your remaining investments the opportunity to grow. Talk with your financial professional or qualified tax consultant about limiting your withdrawals to the least amount that might be required. Note, however, that this option is not available for all beneficiary types.

Create separate shares
If there are multiple beneficiaries, you can divide the account into separate shares so that each beneficiary can use their own life expectancy to calculate the RMDs. Separate shares must be created by **December 31** of the year following the original account owner's death. Please note that beneficiaries of a trust that inherit an IRA or retirement plan account cannot create separate shares.

Name a subsequent beneficiary
To maximize the advantages of income tax deferral in the event that you, as the original beneficiary, pass away before the entire IRA or retirement plan account is distributed, you can name a subsequent beneficiary (if the original account owner did not name one).

If the IRA or retirement plan account was originally claimed by another beneficiary and you are subsequently claiming the account, or if you're signing on behalf of an entity, you're not eligible to designate additional beneficiaries.

Review special rules for small business profit-sharing and money purchase plans (if applicable)
Your options may be limited if the original owner of the retirement plan account was the sole owner of the business that sponsored the retirement plan and the business is shutting down. A spousal beneficiary must roll the balance of the account into their IRA or retirement plan account (if it accepts rollovers). A non-spousal beneficiary must either take their portion of the inheritance in a single payment or have the plan roll the money into an IRA in the original account owner's name (an inherited IRA). Withdrawals will then be based on the age of the designated beneficiary.

Disclaim your rights to the account
You may refuse to accept a portion or all of the IRA or retirement plan account that would have been paid out to you as a beneficiary. If you do this, you must provide a written refusal and a timely valid disclaimer no later than the end of the ninth month following the account owner's date of death. You may want to choose this option if you're the primary beneficiary so that your inherited amount will go to any contingent (or secondary) beneficiaries (possibly your children, grandchildren or other individuals).
A valid disclaimer has to meet all state and federal requirements.

Take a lump sum
If you wish to withdraw all of the money at once, or if the amount is too small for annual payments to make sense, you can request a single one-time payment of all the money in the account. The taxable portion of any withdrawal will be considered income for tax purposes. In view of this, we encourage you to talk with a tax professional first. (Some retirement plans may require you to withdraw the money in a series of payments instead of taking a lump sum. Talk to the employer's benefits representative for more information.)

Request more than the scheduled payments
Once you've set up a payment schedule based on age, you still have the option of increasing payments or withdrawing the entire remaining amount in a lump sum at any time. Please read "Take a lump sum" above for additional information. Check with your tax professional before altering your scheduled payment to ensure that the changes don't create an additional tax liability for you.

Unclaimed property deadlines
IRS regulations and/or state law set deadlines for claims. You must claim the account prior to those deadlines, or we may be required to transfer the account as unclaimed property to the decedent's last known state of residence.

The next steps

Your next step is to complete the appropriate beneficiary claim form that accompanies this guide.

Before you do so, take a moment to review this list of beneficiary types to see which documents you may need to complete and/or submit as part of your claim.

If the beneficiary is …

A minor
If the beneficiary is a minor and a court has appointed a guardian to act on their behalf, a photocopy of the **certified letters of guardianship** is required. The letters must have been certified by the clerk of court and dated within 60 calendar days. A **beneficiary claim form** must be completed by the individual authorized to act on behalf of the minor (e.g., parent, guardian or custodian).

An entity
You'll need to provide a government-issued document as proof of the existence of the organization, a **certified resolution** or other appropriate document confirming the name(s) of the person(s) authorized to act on behalf of the entity, and a completed **Entity Beneficial Owners** form.

Not identified by name
You may need to complete a **Beneficiary Declaration and Indemnification** form if the beneficiary wasn't identified by name. For example, if the records indicated "child," "children," "grandchildren," etc., you must specify the names of the beneficiaries on the form.

An estate
You may need to provide a photocopy of certified **letters testamentary**, also called **letters of administration**, if the beneficiary is an estate. These letters are required if an executor or estate administrator requests American Funds to follow their directions regarding the assets in the account. Smaller estates require a **small estates affidavit**. You may wish to consult an attorney about these documents.

A trust
If the beneficiary is a trust, you must provide an original certified copy of the portion of the trust document that names and empowers the trustees to act on behalf of the trust beneficiary. If the trust is qualified, you'll need to provide the **Trust Status and Instructions for Payment** form by October 31 of the year following the year of the original account owner's death.

If you didn't receive a beneficiary claim form with this guide, call us at **(800) 421-4225**.

Things to remember

Signature guarantee
After completing and signing all of the necessary forms, don't forget that a signature guarantee may be required. This involves placing a stamp or seal next to the signatures to guarantee the identity of the signer(s). You can obtain a signature guarantee from a bank, credit union, trust company, broker-dealer firm or a member firm of a U.S. securities exchange. If you're living overseas, you can get the signature guarantee from a branch of a U.S. bank. Please note that a notary public is not an acceptable guarantor.

Death certificates
Remember that you'll need to submit a photocopy of the account owner's original certified death certificate and any other applicable death certificates as part of your claim. For example, if you're entitled to claim the interest of a beneficiary who passed away before the account owner, you would enclose the death certificates of the account owner and the deceased beneficiary.

Employer authorization (for retirement plan accounts)
The employer of the account owner must sign and date the form. Contact the employer's benefits representative to find out where you should send your completed form.

Tax waiver

Depending on the state of residence of the deceased, a tax waiver may be required in order for the assets to be claimed. Contact your estate attorney or a qualified tax consultant for more information.