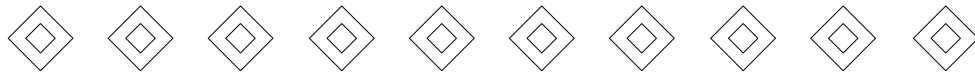

Retirement Asset Planning

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Why You Should Care

- The law requires you and/or your beneficiaries to take taxable distributions from your Retirement Plan/IRA. Planning to distribute and distributing the “right way”, before and after death, can be advantageous from a **tax deferral and court avoidance** perspective, thus increasing (compounding) your net worth via stretching out the income tax deferral and, for your heirs/beneficiaries, the size of your usable estate.
- The way you do your Estate Planning and Administration can impact whether your IRA is used most advantageously.

2

“Ask First!”

This form is to be filled out by any person who is offering legal, financial, retirement, insurance, accounting, estate, long-term care or similar planning services. Respond to ALL categories completely; sign and date at the bottom of the page.

① **MY EDUCATION-** I have achieved the following level of education (check HIGHEST level achieved):

| | | |
|---|--|--|
| <input type="checkbox"/> Some High School | <input type="checkbox"/> High School Diploma | <input type="checkbox"/> Bachelors Degree |
| <input type="checkbox"/> GED | <input type="checkbox"/> Some College | <input checked="" type="checkbox"/> Masters or other Advanced Degree |

② **MY CREDENTIAL(S)-** I have the following specialized credential(s) and training (examples: CFP, ChFC, CLU, CPA, JD, MBA, years of relevant experience):

| |
|---|
| Stanford University – B.A. Economics (Quantitative) |
| Santa Clara University School of Law – J.D., Law Review and Moot Court- in practice as CA lawyer for 30 years |

③ **MY RELEVANT LICENSE(S)-** I have the following license(s) giving me the legal authority to provide the services I am offering to you (examples: bar license (attorney), securities license, insurance license):

| License Type | Covers What Activities | Issued By | License No. |
|------------------------|---------------------------------------|-----------------|-------------|
| Bar License (Attorney) | Practicing Law in State of California | State Bar of CA | 176176 |
| | | | |

④ **LEGAL SERVICES-** (Check ONE):

I DO NOT practice law, and the services I am offering to you do not involve practicing law.

I DO practice law, and have an active license to practice law in California.

I DO practice law, but DO NOT have an active license to practice law in California. I am, however, under the supervision of the following attorney who has an active license to practice law in California:

| | |
|-------------------|------------|
| Name of attorney: | Telephone: |
| Address: | |


⑤ **OUR BUSINESS RELATIONSHIP-** Check TRUE or FALSE:
 True / False: In our business relationship, I will at all times serve as a fiduciary and put your interests before my interests and those of my employer.

⑥ **MY COMPENSATION-** I will be paid in the following way (commission, fee, salary, etc.), by the named person or company, in connection with the services I am offering to you:

| Way(s) I'll Be Paid | Payment Will Be Made By (name each person or company) |
|----------------------------------|---|
| Fee per Legal Services Agreement | Client |
| | |

⑦ **FINANCIAL PRODUCTS / AFFILIATED ORGANIZATIONS-** Check TRUE or FALSE:
 True / False: I offer or sell annuities, insurance, mutual funds or other financial products; or I am, or my employer is, affiliated with a person or organization that offers or sells annuities, insurance, mutual funds or other financial products.

⑧ **I certify under penalty of perjury that the responses herein are true to the best of my knowledge.**

| | |
|--|---|
| Date: 04/13/2026 | Business Name: Law Office of Daryl J. Miller, Esq. a Professional Law Corp. |
| Signature:  | Address: 1300 Quail, Ste. 101, Newport Beach, CA 92660 |
| Print Name: Daryl J. Miller | Telephone: 949 956 3670 |

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What You Will Learn

- Learn the latest rules that affect retirement accounts
 - SECURE Act-Enacted December 20, 2019
 - SECURE Act 2.0-Enacted December 29, 2022
 - Notice 2024-35 (April 16, 2024)
 - Final IRS Regs (July 18, 2024)
- How to calculate your required minimum distributions
- Options for choosing beneficiaries for your retirement accounts
- Is the “stretch” dead?
- Information about Roth IRAs

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What Are We Talking About

- Retirement accounts include:
 - IRAs (SEP, SAR SEP, Simple, Etc.)
 - 401(k)s
 - 403(b)s
 - 457s
 - Keoghs
 - Pension Plans (Defined Benefit Plans, Profit Sharing Pension Plans, ESOP, etc.)
 - Roth IRAs (Different rules)

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Benefits

- Contributions reduce taxable income
 - New Rule: SECURE Act-Age limitation on contributing to an IRA eliminated. Old Rule was age 70 1/2. Must have earned income.
- Contributions grow tax deferred while inside account-No income tax or capital gains tax
- Potential significant compounding effect
- Amount of money in retirement accounts?

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What About Uncle Sam?

- All money in these accounts are “pre tax dollars”
 - The contributions as well as the growth of these retirement accounts have not been taxed
- Do you think the IRS still wants their share? Even if you die?
 - SECURE Act
- Not tax free-Only a tax deferral

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Important Part of Estate Planning

- Sometimes retirement accounts can be the largest asset of a person’s estate
- Often missed or overlooked in estate planning
- Estate plan needs to address retirement accounts

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Rules During Life

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Rules During Life

- Unless an exception applies, withdrawals before age 59 ½ are subject to a 12.5% (10% Fed and 2.5% CA) early withdrawal penalty in addition to income tax
 - No income tax has been paid on these assets
 - Get a 1099-R for withdrawals
 - SECURE Act 2.0-Added new exceptions from the early withdrawal penalty such as domestic violence victims, terminal illness and qualified long-term care expenses

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Rules During Life

- After age 59 ½ but before age 73 (not 70 ½ or 72), you may, but you are not required to, make withdrawals
- No penalty but withdrawals are still subject to income tax
- Get a 1099-R for withdrawals

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Lifetime Required Minimum Distributions

- Starting at age 73 (not 70 ½ or 72) the IRS requires you to withdraw or distribute part of the retirement account each year
 - New Rule: SECURE Act 2.0- Starting in 2023, required beginning date is the year you turn age 73 with an eventual increase to age 75 by 2033
- Referred to as RMD
- No penalty but withdrawals/ distributions are still subject to income tax
- IRS says you have deferred long enough

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Required Beginning Date

- With limited exceptions, RMD must start in the year you turn 73
- RMD required by 12/31 of each year
- First year rule: Can delay distribution until April 1 of year following the year you turn 73
 - Watch out for two distributions in same year
 - May push you into higher income bracket/taxation of social security benefits

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Required Minimum Distribution

- Can always take more
 - Does not give you “credit” for future years
- Penalty
 - SECURE Act 2.0-Decreases the penalty from 50% to 25% (10% if corrected in a timely manner for IRAs)

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How to Calculate RMD

- Most banks and brokerage firms do the calculation for you and send you a letter
- You can do the calculation yourself using an IRS table
- Must recalculate each year

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Required Minimum Distribution (RMD)

$$\begin{array}{|c|} \hline \text{PRIOR YEAR} \\ \text{12/31} \\ \text{ACCOUNT} \\ \text{BALANCE} \\ \hline \end{array} \div \begin{array}{|c|} \hline \text{LIFE} \\ \text{EXPECTANCY} \\ \text{DIVISOR} \\ \text{FROM TABLE} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{RMD} \\ \hline \end{array}$$

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Uniform Table

| Age | Divisor | Age | Divisor |
|-----------|-------------|-----------|-------------|
| <u>72</u> | <u>27.4</u> | <u>80</u> | <u>20.2</u> |
| <u>73</u> | <u>26.5</u> | <u>81</u> | <u>19.4</u> |
| <u>74</u> | <u>25.5</u> | <u>82</u> | <u>18.5</u> |
| <u>75</u> | <u>24.6</u> | <u>83</u> | <u>17.7</u> |
| <u>76</u> | <u>23.7</u> | <u>84</u> | <u>16.8</u> |
| <u>77</u> | <u>22.9</u> | <u>85</u> | <u>16.0</u> |
| <u>78</u> | <u>22.0</u> | <u>86</u> | <u>15.2</u> |
| <u>79</u> | <u>21.1</u> | <u>87</u> | <u>14.4</u> |

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Required Minimum Distribution (RMD)

$$\boxed{\$100,000} \div \boxed{26.5} = \boxed{\$3,773.58}$$

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| Age | Divisor | Withdrawal Rate % | Age | Divisor | Withdrawal Rate % |
|-----|---------|-------------------|-----|---------|-------------------|
| 72 | 27.4 | 3.65% | 87 | 14.4 | 6.95% |
| 73 | 26.5 | 3.78% | 88 | 13.7 | 7.30% |
| 74 | 25.5 | 3.93% | 89 | 12.9 | 7.76% |
| 75 | 24.6 | 4.07% | 90 | 12.2 | 8.20% |
| 76 | 23.7 | 4.22% | 91 | 11.5 | 8.70% |
| 77 | 22.9 | 4.37% | 92 | 10.8 | 9.26% |
| 78 | 22 | 4.55% | 93 | 10.1 | 9.91% |
| 79 | 21.1 | 4.74% | 94 | 9.5 | 10.53% |
| 80 | 20.2 | 4.96% | 95 | 8.9 | 11.24% |
| 81 | 19.4 | 5.16% | 96 | 8.4 | 11.91% |
| 82 | 18.5 | 5.41% | 97 | 7.8 | 12.83% |
| 83 | 17.7 | 5.65% | 98 | 7.3 | 13.70% |
| 84 | 16.8 | 5.96% | 99 | 6.8 | 14.71% |
| 85 | 16 | 6.25% | 100 | 6.4 | 15.63% |
| 86 | 15.2 | 6.58% | 101 | 6 | 16.67% |

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Lifetime Required Minimum Distributions

- Life Expectancy Divisor
 - Uniform table (Unless spouse-beneficiary is more than 10 years younger)
 - New tables-Effective for 1/1/22
 - Not a big change but must use the new table starting 2022
 - IRS Publication 590-B (Updated)

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More Than One IRA?

- If more than one IRA, RMD must be calculated separately for each IRA account but cumulative RMD can be taken out of one account

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Qualified Charitable Distribution

- The Qualified Charitable Distribution (QCD) rules allow a taxpayer to distribute money from their IRA and gift it directly to charity without including the IRA distribution in their income
- The Qualified Charitable Distribution is now permanent!
- More consideration needs to be given to this strategy under the current tax law

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Qualified Charitable Distributions

- Without the Qualified Charitable Distribution rules, a taxpayer who withdrew money from an IRA and gave it to a charity would have to add the IRA distribution to their income (AGI) and then hopefully get an offsetting deduction for the gift to the charity
- Issues:
 - No offsetting deduction for taxpayers who take the standard deduction
 - Standard deduction vs. Itemization
 - Most taxpayers take standard deduction (2026 = \$16,100/\$32,200)
 - Note: New limited charitable deduction starting in 2026
 - Even with itemization-Still counts in AGI
 - Higher taxation on Social Security benefits and increased Medicare premiums
 - Including the income can affect several other tax breaks related to AGI such as deductions, passive losses, etc.

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Qualified Charitable Distributions

- Benefits of the Qualified Charitable Distribution
 - The distribution is excluded from your income
 - The distributions will count towards your required minimum distribution
 - Strategy
- Rules:
 - Limited to \$111,000 (indexed for inflation)
 - Must be age 70½ or older
 - Distribution must be made directly to the charity
 - Permits QCDs from an IRA to a split-interest entity (such as a charitable remainder trust or charitable gift annuity) up to a lifetime limit of \$55,000 (indexed for inflation)

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Choosing Beneficiaries and Rules After Death

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Concepts

- Concept 1: During life, you get to pick the beneficiary for your retirement accounts by completing a beneficiary designation form with the institution that holds your retirement account
 - Contract to pay at death/No probate
 - Change at any time
 - The beneficiary designation form controls
- Concept 2: After death, a designated beneficiary can continue to defer income tax until money is distributed/withdrawn
- Concept 3: IRS still wants their share and requires your named beneficiary to withdraw money from the account so the IRS can collect the tax

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Concepts

- Concept 4: From a tax standpoint, it is likely preferred that your beneficiary avoid taking a lump sum distribution (Lose tax deferred growth and pay higher taxes)
- Concept 5: Generally, the strategy is to try to make the beneficiary's withdrawal period as long as possible
 - Before the SECURE Act
 - We could often do a STRETCH and create decades of tax deferred growth

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SECURE Act

- Eliminates the stretch for retirement accounts inherited after December 31, 2019
- Basically, the SECURE Act requires retirement accounts, including ROTH IRAs, to be emptied within 10 years of death of the account owner
- Exceptions for an Eligible Designated Beneficiary (EDB):
 - Surviving spouse
 - A child of the taxpayer who has not reached the age of majority
 - A disabled or chronically ill individual
 - An individual who is not more than 10 years younger

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SECURE Act

- Final IRS Regulations: If a Designated Beneficiary but not an Eligible Designated Beneficiary (EDB):
 - Outer Limits: 10 years rule
 - RMD's during the 10 years:
 - If owner dies before RMD's
 - If owner dies after starting RMD's
 - Notice 2024-35-Relief through 2024

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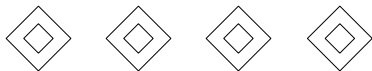
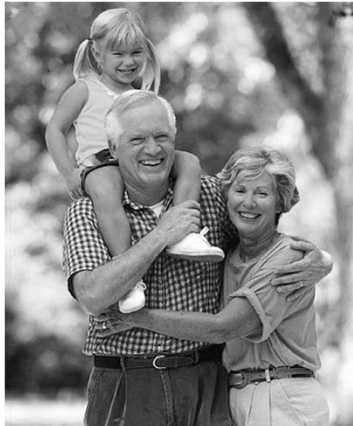
Choosing Beneficiaries

- The rules/options for distribution of the retirement account will depend on who you designated as your beneficiary
- With this in mind, the selection of beneficiaries is very important

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5 Beneficiary Options

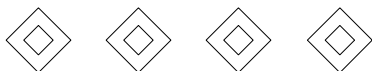
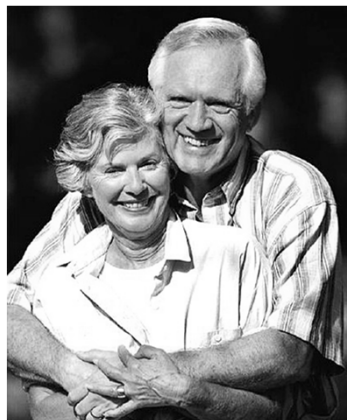
- Spouse
- Children, grandchildren, others adults
- Trust
- Charity
- Some or all of the above



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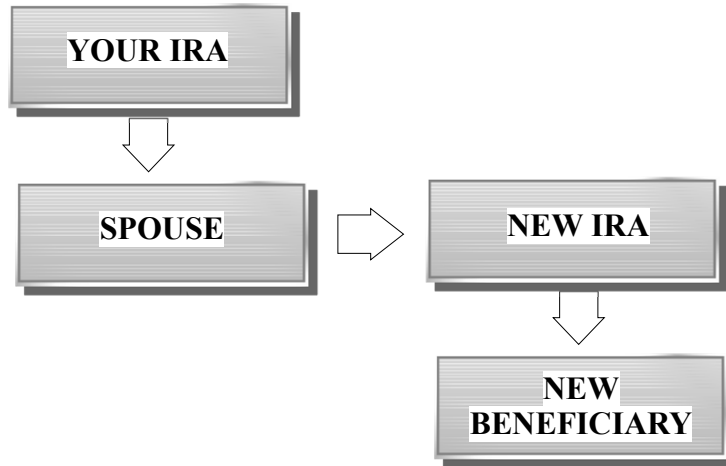
Option 1. Spouse as Beneficiary

- Benefits
 - Money available to spouse
 - No 10 year limitation under the SECURE Act
 - Special Rule: Spousal rollover option



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Option 1. Spouse as Beneficiary
IRA Spousal Rollover Example



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Option 1. Spouse as Beneficiary

- Disadvantages
 - Spouse has control of money
 - Possible issue with a blended family

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Option 2. Children, Grandchildren, Others as Beneficiary (Adults)

- Benefits
 - Minor children exempted from 10 year limit until they reach age of majority-then 10 years
 - Don't want to name minor children outright
 - Adult children may have up to 10 years to distribute the account
 - Potentially many years of tax-deferred growth
 - Manage tax brackets



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Option 2. Children, Grandchildren, Others as Beneficiary (Adults)

- Disadvantages
 - If child is named as outright beneficiary
 - Problematic to name a minor child
 - May do a lump sum distribution-Taxes
 - Irresponsible spending
 - Creditors

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Option 3. Trust as Beneficiary

- Can name a trust as a beneficiary
- Trust must meet certain IRS requirements and include special provision regarding retirement accounts
 - New SECURE regulations

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Option 3. Trust as Beneficiary

- Benefits
 - Provides control
 - Can protect assets from courts, creditors and irresponsible spending
 - If done properly, can still take advantage of the SECURE Act exceptions:
 - Surviving spouse
 - A child of the taxpayer who has not reached the age of majority
 - A disabled or chronically ill individual
 - An individual who is not more than 10 years younger

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Option 3. Trust as Beneficiary

- **Disadvantages (Have a compelling reason)**
 - No spousal rollover available
 - Trust must be drafted with proper provisions to qualify for SECURE Act exceptions-Provisions in trusts need to be reviewed after SECURE Act
 - Higher income tax rates if distributions stay in trust
 - Administratively complex
 - Expense

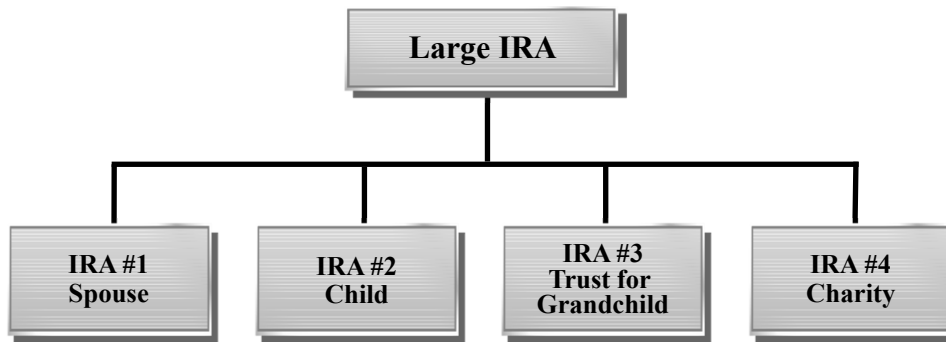
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Option 4. Charity as Beneficiary

- **Benefits**
 - No income taxes
 - Reduces estate taxes

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Option 5. Some or All as Beneficiary



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RESPONDING TO SECURE ACT

- Accept the taxes-Manage tax brackets
- Charitable Remainder Trust
- Insurance
- ROTH Conversions
- Charity as beneficiary
 - Lifetime QCDs including charitable gift annuities
- Spend it

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Mistakes

Not naming a beneficiary

Naming "my estate"

Naming a minor outright

Not naming both primary and contingent beneficiaries

Not keeping beneficiary designations up to date

Not keeping records of beneficiary designations

Not considering and/or planning for the income tax issues when selecting beneficiaries (Case by Case)

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Roth IRAs

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Benefits of Roth IRA

- No required distributions during your lifetime
- Can make contributions (if earned income)
- Tax-free growth
- Tax-free distributions to you and beneficiary(ies)
- 10 year “stretch” and spousal rollover okay

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Roth IRA Conversion

- Convert traditional IRA and other retirement accounts to a Roth IRA
- Everyone is eligible-No more limitations
- Must pay income taxes on conversion
- Need to do careful analysis to see if it makes sense
- No more recharacterization
 - Under new law, conversions done after 1/1/2018 can not be recharacterized

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Roth IRA Conversion Factors

- You expect your tax rate to be higher in retirement
- You do not think you will need the money for living expenses-we want money to stay in the Roth IRA
- Your investment horizon is long enough to benefit from the tax-free growth of a Roth IRA
- You can afford to pay taxes on the conversion using separate funds
- Estate planning objectives

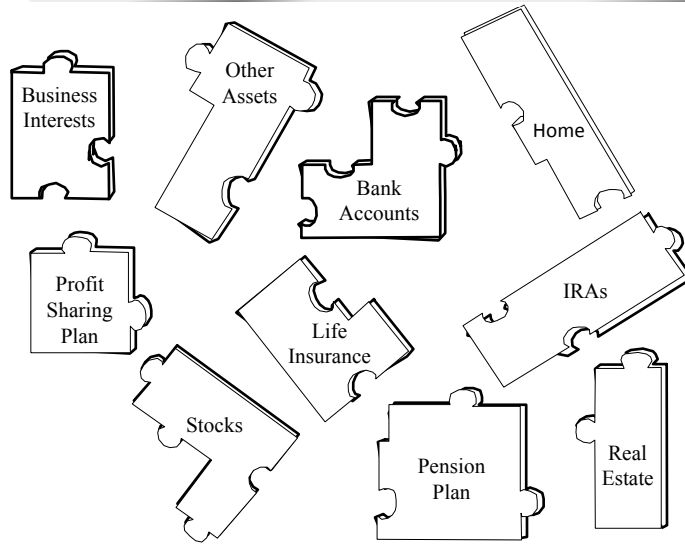
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Jump Start Your Children's (Grandchildren's) Retirement Fund

- 100% of child's earnings, up to \$7,500/year
- Over 59 1/2 : tax-free withdrawals
- Under 59 1/2 : no taxes or penalties until all contributions withdrawn
- Special breaks on early withdrawals for college, home
- SECURE Act 2.0-Permits unused funds remaining in 529 to be rolled into a Roth IRA for 529 beneficiary
 - Restrictions including a lifetime limit of \$35,000 and a 15-year minimum on account age)
- Child (Grandchild) has control

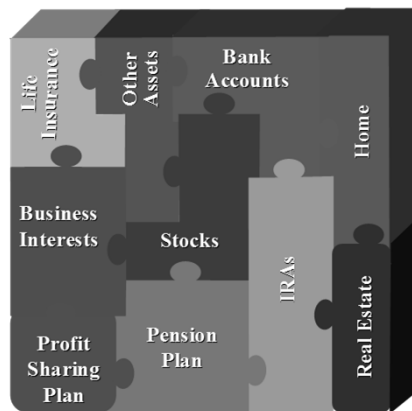
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Estate Plan Components



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Successful Estate Plan



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