

What is the Inherited ROTH IRA RMD requirements under the final Treasury Regulations

The final Treasury Regulations set forth specific Required Minimum Distribution (RMD) requirements for inherited Roth IRAs. Below is a comprehensive explanation of these requirements as they apply for calendar years beginning on or after January 1, 2025, under the most recent final regulations:

1. General Rule: No Lifetime RMDs for Roth IRA Owners

- During the lifetime of the Roth IRA owner, there are **no RMDs required** from a Roth IRA. This is explicitly stated in the regulations: "No minimum distributions are required to be made from a Roth IRA while the owner is alive"[3].

2. RMDs After Death of Roth IRA Owner

Upon the death of the Roth IRA owner, the account is subject to the RMD rules that apply to inherited IRAs. The Roth IRA owner is always treated as having died before the required beginning date (RBD), regardless of age at death[3].

a. Determining the Applicable RMD Rule

The RMD requirements for beneficiaries depend on whether the beneficiary is:

- A "designated beneficiary" (an individual or qualifying see-through trust)
- An "eligible designated beneficiary" (EDB), which includes:
 - The surviving spouse
 - A child of the decedent under the age of majority
 - A disabled or chronically ill individual
 - An individual not more than 10 years younger than the decedent
- A non-designated beneficiary (e.g., an estate or charity)

i. If the Beneficiary is Not a Designated Beneficiary

- The **5-year rule** applies: The entire account must be distributed by December 31 of the fifth year following the year of the Roth IRA owner's death[3].

ii. If the Beneficiary is a Designated Beneficiary

- For deaths **before January 1, 2020**: The beneficiary could elect the life expectancy rule or the 5-year rule.

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- For deaths **on or after January 1, 2020** (SECURE Act and SECURE 2.0 Act rules):
 - **If the beneficiary is not an eligible designated beneficiary, the 10-year rule applies: The entire account must be distributed by December 31 of the tenth year following the year of death. No annual RMDs are required during the 10-year period, but the account must be fully distributed by the end of the 10th year**[3].
 - If the beneficiary **is** an eligible designated beneficiary, the beneficiary may take distributions over their life expectancy (the "life expectancy rule"), with annual RMDs required. However, if the EDB dies before the account is fully distributed, the remainder must be distributed within 10 years of the EDB's death[3].

iii. Special Rules for Minor Children

- If the beneficiary is a minor child of the decedent, the life expectancy rule applies until the child reaches the age of majority (21), at which point the 10-year rule begins[3].

b. Spousal Beneficiaries

- A surviving spouse who is the sole beneficiary may elect to treat the inherited Roth IRA as their own Roth IRA, in which case the RMD rules for beneficiaries no longer apply[3].

3. Calculation of RMDs for Inherited Roth IRAs

- If the life expectancy rule applies (i.e., for EDBs), annual RMDs must be calculated using the Single Life Table, based on the beneficiary's age in the year following the year of the owner's death, reduced by one for each subsequent year[3].
- If the 10-year rule applies, there are **no annual RMDs** required, but the account must be fully distributed by the end of the 10th year after the owner's death[3].

4. Aggregation and Reporting

- RMDs from inherited Roth IRAs cannot be aggregated with RMDs from Roth IRAs inherited from other decedents or with the beneficiary's own Roth IRAs[3].
- The IRA custodian is not required to report the RMD amount to the beneficiary, but must report the distribution on Form 1099-R[3].

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5. Summary Table

Beneficiary Type	RMD Rule	Annual RMDs?	Full Distribution Deadline
Non-designated beneficiary	5-year rule	No	5 years after owner's death
Designated beneficiary (not EDB)	10-year rule	No	10 years after owner's death
Eligible designated beneficiary	Life expectancy	Yes	10 years after EDB's death
Minor child of decedent	Life expectancy, then 10-year rule	Yes (until 21), then No	10 years after reaching 21
Surviving spouse (treat as own)	No RMDs	No	N/A

6. Key Regulatory References

- §1.408-8(b)(1)(ii): "No minimum distributions are required to be made from a Roth IRA while the owner is alive. After the Roth IRA owner dies, the required minimum distribution rules apply to the Roth IRA as though the Roth IRA owner died before his or her required beginning date."
- §1.401(a)(9)-3(c): Rules for distributions after death before the required beginning date, including the 5-year, 10-year, and life expectancy rules.
- §1.401(a)(9)-4(e): Definition of eligible designated beneficiary.
- §1.401(a)(9)-5(d): Calculation of RMDs using the Single Life Table.

7. Special Notes

- The 10-year rule for Roth IRAs applies to deaths occurring after December 31, 2019, for most plans, with delayed effective dates for certain collectively bargained and governmental plans[3].
- The rules for inherited Roth IRAs are coordinated with the SECURE Act and SECURE 2.0 Act changes[3].

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In summary: Inherited Roth IRAs are subject to the same post-death RMD rules as traditional IRAs, except that the Roth IRA owner is always treated as having died before the required beginning date. The 10-year rule generally applies unless the beneficiary is an eligible designated beneficiary, in which case the life expectancy rule may be used. No RMDs are required during the original owner's lifetime[3].

Cited sources:

[1] Sec. 1.401(a)(9)-9 Life expectancy and Uniform Lifetime tables.:

<https://app.askbluej.com/source/78dd8938-1a23-567e-ad1d-401742c64f6d>

[2] Sec. 1.401(a)(9)-5 Required minimum distributions from defined contribution plans.:

<https://app.askbluej.com/source/5f576296-90cc-54ee-9ee7-5c6b528bdd11>

[3] T.D. 10001: <https://app.askbluej.com/source/9df1f52c-8e9f-56e5-a518-74497a9478e5>

Additional relevant sources:

T.D. 8987: <https://app.askbluej.com/source/a1196087-2c53-53e1-8f9b-77fc76f232c7>

T.D. 9673: <https://app.askbluej.com/source/9344dfc1-920e-5525-acc5-e44cb2d159cb>

T.D. 8619: <https://app.askbluej.com/source/7362f390-ce17-58d4-821a-b51d889c393d>

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