



Taxland Newsletter
2025

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UPCOMING DEADLINES:

2025 RMD Distribution deadline 12-31-25

4TH QTR ESTIMATED TAX PAYMENTS DUE: 01-15-26

The inherited IRA 10-year rule requires most non-spousal beneficiaries to withdraw the entire account balance within 10 years of the original owner's death. For beneficiaries who do not qualify for an exception (such as a spouse, a minor child, or a disabled or chronically ill individual), this means the entire balance must be distributed by December 31 of the 10th year following the owner's death. In certain cases, especially if the original owner died before reaching their required beginning date, beneficiaries may still need to take annual distributions during the 10-year period.

How the rule works

The 10-year clean-up: Most non-spouse beneficiaries must empty the inherited IRA within 10 years.

Annual distributions: If the original account owner died after reaching their Required Beginning Date (RBD), the beneficiary must take annual distributions based on their life expectancy during years 1 through 9, with the entire remaining balance withdrawn by the end of year 10. If the original owner died before their RBD, annual distributions may not be required, but the entire account must still be emptied by the 10-year mark.

Exceptions to the 10-year rule: Certain beneficiaries are exempt from the 10-year rule and can "stretch" their distributions over their lifetime instead. These [eligible designated beneficiaries \(EDBs\)](#) include:

- The surviving spouse
- A disabled or chronically ill individual
- A minor child (until they turn 21, at which point the 10-year rule applies)
- Any other individual not more than 10 years younger than the original account owner

Important considerations: Tax implications: Distributions from a traditional inherited IRA are taxed as ordinary income. Taking large distributions in the 10th year can lead to a significant tax burden, so it may be wise to take smaller, more consistent distributions to spread out the tax liability. **Seek professional advice:** Because the rules are complex and can have significant tax consequences, it is highly recommended to consult with a tax and financial advisor to create a strategy that best suits your individual situation.

IF YOU ARE INTERESTED IN LEARNING MORE, CONTACT OUR OFFICE TO SCHEDULE A TELEPHONE CALL OR MEETING. WE ARE HERE TO HELP YOU.

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