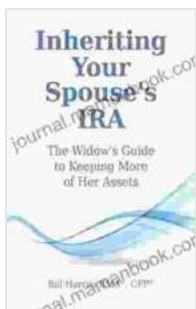


# Inheriting Your Spouse's IRA: Everything You Need to Know

When a spouse passes away, the surviving spouse may inherit their IRA. This can be a significant financial windfall, but it's important to understand the rules and regulations governing inherited IRAs in order to maximize your benefits and avoid potential penalties.



## Inheriting Your Spouse's IRA: The Widow's Guide to Keeping More of Her Assets by Bill Harris

★★★★☆ 4.5 out of 5

Language : English  
File size : 2627 KB  
Text-to-Speech : Enabled  
Screen Reader : Supported  
Enhanced typesetting : Enabled  
Word Wise : Enabled  
Print length : 116 pages



## Withdrawal Options

As the surviving spouse, you have several options for withdrawing funds from your inherited IRA:

- **Take a lump sum distribution.** This is the simplest option, but it will also result in the highest tax bill. You will be taxed on the entire amount of the distribution in the year you receive it.

- **Take periodic withdrawals.** You can also choose to take periodic withdrawals from your inherited IRA. This will spread out the tax liability over several years, but it will also mean that you will have less money available to you each year.
- **Roll the IRA over into your own IRA.** If you are under the age of 59 1/2, you can roll the inherited IRA into your own IRA. This will allow you to defer paying taxes on the money until you start taking withdrawals from your own IRA.

## **Tax Implications**

The tax implications of inheriting an IRA will depend on your age and the type of IRA you inherit. If you inherit a traditional IRA, you will be taxed on the money when you withdraw it. If you inherit a Roth IRA, you will not be taxed on the money when you withdraw it, but you may be subject to taxes on the earnings if you withdraw the money before you reach age 59 1/2.

## **Avoiding Penalties**

There are several penalties that you can avoid by following the rules governing inherited IRAs. These penalties include:

- **The 10% early withdrawal penalty.** This penalty applies if you withdraw money from your inherited IRA before you reach age 59 1/2. The penalty is 10% of the amount of the withdrawal.
- **The excess accumulation penalty.** This penalty applies if you do not take the required minimum distributions from your inherited IRA each year. The penalty is 50% of the amount of the required minimum distribution that was not taken.

## Getting Help

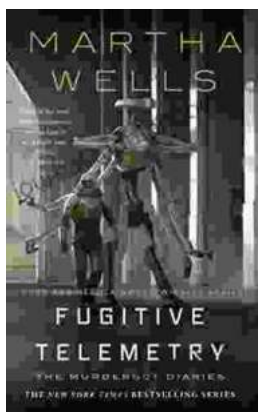
If you have any questions about inheriting an IRA, it is important to get help from a financial advisor or tax professional. They can help you understand the rules and regulations governing inherited IRAs and make sure that you are taking the steps necessary to maximize your benefits and avoid potential penalties.



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