

	Conduit Trusts	See-Through Accumulation Trusts	Non-DB Trusts
RMD Period	<ul style="list-style-type: none"> Beneficiary's LE for EDB1 who is the conduit beneficiary and 10-year cliff for all other individual conduit beneficiaries 	<ul style="list-style-type: none"> Beneficiary's LE for disabled or chronically ill EDB where the EDB is the sole beneficiary during their lifetime, and 10-year cliff otherwise 	<ul style="list-style-type: none"> 5-year cliff if participant dies before RBD (based on age 72 after SECURE Act)* or ghost LE (participant's remaining LE as if still living) if participant dies after RBD. However, Roth IRAs are stuck with 5-year cliff
Pros	<ul style="list-style-type: none"> Standard RMD period. If the conduit beneficiary is an EDB, then RMD is the EDB's LE Only restriction on trust terms is that retirement plan distributions must be immediately distributed to conduit beneficiary Simplicity with lowest trust maintenance cost & hassle 	<ul style="list-style-type: none"> Standard RMD period EDB status for individual who is disabled or chronically ill as of participant's date of death and EDB is the sole trust beneficiary during their lifetime. In this case, RMD is based on EDB's LE. Can accumulate retirement plan distributions 	<ul style="list-style-type: none"> RMD period is over 10 years if participant dies between RBD – age 80. Can accumulate retirement plan distributions No restrictions on trust terms, which enables no limitations on beneficiaries or tax planning Lower trust maintenance cost & hassle than see-through accumulation trusts since no need to own retirement plan accounts in separate trust shares. May enable more income tax planning flexibility by not having to maintain the retirement plan accounts in separate trust shares
Cons	<ul style="list-style-type: none"> all retirement plan distributions must be immediately distributed to conduit beneficiary, so limits asset protection & control benefits of trusts 	<ul style="list-style-type: none"> Potentially significant limitations on terms of trust which prohibits charitable beneficiaries, could limit possible future beneficiaries, and could prevent beneficial tax planning Normally need to own retirement plan accounts in separate trust share to limit negatives from limitations on trust terms, and this increases costs & hassle. This may also further reduce possible trust income tax planning While trusts currently have generally higher income tax rates, this issue can often be managed with tax planning, but this increases administrative costs & hassle 	<ul style="list-style-type: none"> RMD period is limited to 5-year cliff if participant dies before RBD and if dies after age 80 the ghost LE begins to go below 10 years and at age 91 it hits approx. 5 years RMD period for Roth IRAs is limited to 5-year cliff Cannot be rolled over to inherited IRA, which means subject to QP's distribution options. This could require full payout in 1 – 3 years While trusts currently have generally higher income tax rates, this issue can often be managed with tax planning, but this increases administrative costs & hassle

¹ EDBs include participant's spouse, someone not more than 10 years younger than participant, individual who is qualified as disabled or chronically ill on date of participant's death, and for participant's children (but only until age of majority, at which point it changes to 10-year cliff).