

INHERITANCE TAX WAIVER - PENNSYLVANIA AND NEW JERSEY

When a client passes away and funds are transferred to a beneficiary account, Fidelity may place a restriction on the beneficiary account, depending on the requirements of the state in which the decedent resided. This restriction prevents funds from being withdrawn until an inheritance tax waiver is received. The tax waiver provides Fidelity with confirmation that all tax obligations have been satisfied and once received, the restriction will be removed from the account and funds can be withdrawn.

Since many of your offices service clients residing in Pennsylvania and New Jersey, we wanted to provide the details below regarding these two states and their respective tax waiver requirements.



Pennsylvania

- A tax waiver is not required when transferring to a spousal beneficiary, estate, or trust.
- A tax waiver is required if the decedent's account is transferring to a non-spouse beneficiary, unless the beneficiary is an estate or a trust.
 - The entire beneficiary account is restricted and no funds can be withdrawn from the account; however, trading is permitted.



New Jersey

- A tax waiver is not required if assets are currently held in a trust or partnership account, or if the decedent is a custodian on an UGMA/UTMA account.
- A tax waiver is required when transferring to a non-spouse or spousal beneficiary.
 - Provisions require that an amount equal to 50% of the value of the decedent's account be restricted.

This restriction provides the Beneficiary with two options when establishing the receiving account:

1. Transfer all of the inherited assets to the receiving account, which will be restricted from all distributions (Note: Trading is permitted). Distribution requests can be reviewed by Fidelity and if it is determined that 50% of the value of the decedent's account would remain in the account, the restriction can be temporarily removed to allow the distribution to be processed.
2. Open two identically-registered receiving accounts. 50% of the inherited assets will be transferred to an account that is restricted from all distributions (Note: Trading is permitted). The remaining 50% of the inherited assets can then be transferred to an unrestricted account to allow for full access.

Please feel free to reach out to the Advisory Operations Team at advisoryoperations@vicuscapital.com or via phone at (855) 558-4287 for additional information.

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