Table 7: Three-Beneficiary Example—Approach to Apportioning Taxable Account

	Marcia	Jan	Cindy	Total
Expected marginal tax rate (A)	43%	28%	24%	
Tax-deferred (TD) account, per beneficiary designation (B)	$0	$250,000	$250,000	$500,000
Total TD after-tax value using 35.5% "assigned tax rate" (C = B × (1 – 0.355))				$322,500
Taxable account total value (D)				$500,000
"Adjusted estate" total and split (E = C + D for total; E = 1/3 of total for beneficiaries)	$274,167	$274,167	$274,167	$822,500
Assigned after-tax value of TD account (F = B × (1 – 0.355))	$0	$161,250	$161,250	$322,500
Taxable account split (G = E – F)	$274,167	$112,917	$112,917	$500,000
Tax on TD account using actual rates (H = B × A)	$0	$70,000	$60,000	$130,000
Total after-tax value using actual rates (B + G – H)	$274,167	$292,917	$302,917	$870,000
Total after-tax value under original (equal gross division) method ($1,000,000 / 3 – A × $500,000 / 3)	$261,667	$286,667	$293,333	$841,667
Dollar change from original method	$12,500	$6,250	$9,583	$28,333
Percent change	4.8%	2.2%	3.3%	3.4%