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PRACTICE DEDICATED TO PENSIONS / QDROs / VALUATIONS

## **Dividing an IRA when adjustments for gains/losses are required:**

Recall: IRA custodian of funds *do not compute gains/loss*:

### **Option 1:**

The only mathematically accurate method to divide an IRA when gains/losses to the marital value is necessary is to analyze each statement (preferably on a monthly basis but not less than quarterly) from the cut-off date to current date. The result of this calculation will then provide a current value to be awarded to former spouse. Our firm charges per statement for this type of analysis.

### **Option 2:**

When the statement are not available, "Coverture Fraction" method may be utilized. With this option Troyan needs to know the date the account owner began participating/contributing to the IRA, the date of marriage and the cutoff date. This fraction is then applied to the value at the cut-off date. If no additional contributions have been made to the IRA subsequent to the cut-off date, then the current value may be utilized.

Remember that technically an IRA does not require a Qualified Domestic Relations Order. It is in fact codified under Internal Revenue Code Section 408(d)(6) which is termed a, "Transfer incident to Divorce". Nonetheless, most custodian of funds require the functional equivalent of a Qualified Domestic Relations Order. Which Troyan & Associates, P.A., would be pleased to prepare in this matter.