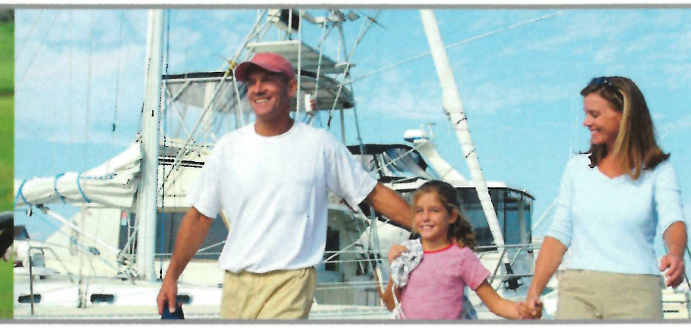
Retirement Plan Trusts

Retirement Plan Beneficiary Protection



How To Leave Your IRA To Your Children And Grandchildren

Q: ***Why would I want a Retirement Plan Trust as a beneficiary to my IRA?***

A: The IRS estimates that 85% of all beneficiaries to retirement plan accounts withdraw the entire balance within six months of the account holder's death. This means that the beneficiaries didn't know that they missed an opportunity for years of tax deferred growth and asset protection. A Retirement Plan Trust ensures that your IRA will benefit your loved ones in the best way possible.

Q: ***Why shouldn't my beneficiary withdraw their share of the IRA and then contribute the proceeds to their own IRA?***

A: Because they will incur substantial income taxes if they do it that way! (Not to mention they will have limits on the amounts they can contribute to their own retirement account.) Not counting estate taxes, your beneficiary might incur taxes consuming 45% or more of your IRA balance, plus they lost the opportunity for tax deferred growth.

Q: ***Can you give me an example how a Retirement Plan Trust will result in more money to my beneficiaries?***

A: Suppose you leave a $200,000 IRA into a Retirement Plan Trust for a 38-year-old beneficiary, and that the IRA grows at 8%. Over the course of that beneficiary's lifetime, she will receive distributions equaling $2,061,415 before income taxes. Obviously a modest IRA account, planned properly, can become a significant sum.

Q: ***What if my children are well off and I want to leave my IRA to my grandchildren?***

A: The tax deferral and compounding of your IRA works astonishingly well when you have a younger beneficiary. Taking that same $200,000 IRA account for a 13-year-old grandson, using the same assumptions, your grandson receives income of $9.2 million before income tax over the course of his lifetime.

Q: ***My children need my IRA when I die, but what if I really like the idea of giving some of it to my grandchildren?***

A: We can solve those problems for you. You might divide the IRA between your children and grandchildren. Another strategy is to create a Wealth Replacement Trust, have it purchase a policy on your life that will benefit your children (to replace the IRA) and then leave the IRA to grandchildren.

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RETIREMENT PLAN TRUSTS

Retirement Plan Beneficiary Protection

Q	*Should I be concerned about spoiling my family with that much money?*	*My broker tells me that I don't need a Trust, should I use his firm's Stretch IRA Beneficiary Designation instead?*	*Can I name my 401(k) to a Retirement Plan Trust?*	*Should I name my Revocable Trust as the beneficiary to my IRA?*	*Who would act as Trustee for a Retirement Plan Trust?*
A	That is why you would not name the beneficiary outright, but instead would use a Retirement Plan Trust.	While the brokerage firm's "Inherited IRA account" or "Stretch IRA" might provide the tax deferral element, only a Retirement Plan Trust provides asset protection. Unlike the "Inherited IRA" or "Stretch IRA", a Retirement Plan Trust can accumulate the retirement plan distributions for the benefit of the beneficiary. Your beneficiary might want this if she is experiencing financial problems, marital problems or anything else that would threaten her inheritance.	This depends upon the plan documents. We can review your documents to determine if a Retirement Plan Trust is available.	No. The new laws make it difficult for a Revocable Trust to qualify for the tax deferred growth. Instead, we suggest that you let us create a stand-alone trust for your retirement plan assets, such as a Retirement Plan Trust.	Anyone you want. Your child or other beneficiary can act as his or her own trustee. You may name an independent party or a financial firm such as a bank or trust company. You can name co-trustees. Options are endless.

Start today to ensure that your loved ones get the benefits of tax deferred growth and asset protection.

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