IRA & LEGACY PLANNING

COLIDAY

INSURANCE | HEALTH | FINANCIAL

FAMOUS STORY

DALE EARNHARDT, INC.

FACT[2]

Dale Earnhardt Sr. made his third wife, Teresa, the executor of his estate, which gave her control of his racing team and business, Dale Earnhardt, Inc., and the trademarked Earnhardt name. Dale Sr.'s son, Dale Jr., was the principal driver for Dale Earnhardt, Inc.

PROBLEM

Dale Sr.'s son, Dale Jr., did not understand the implications of his father's estate plan. As a result, he did not own the rights to his own name or signature, which sparked a long feud between the Earnhardt children and Teresa.

LESSON

Do not underestimate the possibility that family rifts will develop or widen if something should happen to you.

[2] http://www.espn.com/racing/news/story?id=2480863&series=2

IRA & LEGACY PLANNING

IRA and legacy planning assesses your values and financial goals to help ensure your wealth is preserved, appropriately transferred and realized by future generations. Your plan may reflect a lifetime of effort and aim to provide the knowledge that your wealth will be passed on to your children and grandchildren.

Live

Learn

Our personalized legacy plan can help ensure your heritage will be preserved for your loved ones and future generations.

Defined contribution plans, such as an individual retirement account (IRA) or 401(k), have become increasingly popular since the 1980s[1]. For many Americans, retirement accounts are their largest assets outside of their homes. Despite a more financially educated public, many people do not understand how retirement assets are passed upon death.

Until the Roth IRA grew in popularity, many people accumulated wealth by depositing money into a retirement vehicle that would allow the money to grow tax deferred. While the tax advantages of

[1] https://www.ebri.org/publications/facts/index.cfm?fa=0398afact

this type of account are attractive, mistakes can be common and can cause serious estate planning issues that may leave some of your beneficiaries with enormous tax burdens. These mistakes may result in loss of the stretch capability, probate, unintentional but required distributions, immediate taxable distributions, unintended beneficiaries, and overlooked income tax deductions.

Few people recognize the essential role of protecting and preserving these assets, and making sure they pass to loved ones as planned. We pride ourselves on properly educating you about legacy preparation, planning concepts and suitable strategies to help you

Leave a legacy

successfully transfer your retirement assets. We work to thoroughly understand your wishes and help you avoid costly mistakes.

If you are not confident your retirement accounts and legacy plan are free of errors, we encourage you to contact our practice. We realize the sensitive nature of this discussion and are prepared to help guide you through the planning process so you can leave your legacy of love.

DEFINITIONS*

Will

A legally enforceable declaration of how a person wishes his or her property to be distributed after death.

Trust

A fiduciary relationship in which one party, known as a trustor, gives another party, the trustee, the right to hold title to property or assets for the benefit of a third party, the beneficiary.

Beneficiary

A person or entity named in a will or a financial contract as the inheritor of property when the property owner dies.

Direct Rollover

A distribution of eligible rollover assets from a qualified plan to a traditional rollover IRA or qualified plan.

Indirect Rollover

A method of transferring assets from a qualified retirement account to another qualified account. The funds are actually given to the employee via check to be deposited into their own personal account; it is then up to the employee to re-deposit the funds into the new IRA within the allotted 60-day period to avoid penalty.

Income in Respect of the Descendent

Income to the beneficiary from inherited assets.

Spousal Beneficiary Rollover

A transfer of retirement fund assets to the spouse of the deceased.

Non-Spousal Beneficiary

Any beneficiary listed other than the spouse.

Stretch IRA

A concept of stretching out payments of the IRA throughout the beneficiaries' lifetimes.

Fee and/or Expenses

The costs associated with investment accounts.

Qualified Retirement Plan

A plan that meets requirements of the Internal Revenue Code and, as a result, is eligible to receive certain tax benefits. These plans must be for the exclusive benefit of employees or their beneficiaries.

Required Minimum Distribution (RMD)

The amount that traditional, SEP and SIMPLE IRA owners and qualified plan participants must begin taking from their IRA the same year they reach age 70 1/2. RMD amounts must then be distributed each subsequent year.

*investopedia.com/dictionary

IRA & LEGACY PLANNING MISTAKES

1. Failing to take control of your assets
2. Having too many retirement accounts and managing them without a purpose
3. Risking your retirement nest egg
4. Failing to take required minimum distributions
5. Beneficiaries failing to stretch IRA distributions
6. Failing to establish separate accounts for beneficiaries
7. Failing to review and update designated beneficiaries
8. Overlooking strategies to help minimize the impact of taxes
9. Failing to plan your distributions
10. Failing to get a second opinion