

# IRAs are Different

**IRAs...The Black Hole of Estate Planning IRAs are different than all other assets**

**Estate Planning is different for IRAs**

**IRAs are distributed differently than all other assets both during life and after death**

## Here's why:

**IRAs** pass by contract (generally not by will)

**IRAs** have required minimum distributions (RMDs)

**IRAs** have their own set of complex distribution rules both during life and after death

**IRA distributions** can incur tax penalties

**IRAs** are highly taxed upon death or withdrawal

Call: **800-663-1340** Visit: **irahelp.com** E-mail: **info@irahelp.com**

Copyright © 2020, By Ed Slott and Company, LLC



# IRAs are Different

**IRAs** are subject to double tax at death (estate and income tax, plus state versions of those taxes) in addition to IRS penalties that can apply to withdrawals made by the owner

**IRAs** receive NO step-up in basis

**IRA investment gains** are taxed as ordinary income, not at capital gains tax rates

**IRA investment gains** are not subject to the 3.8% investment income surtax

**IRAs** cannot be gifted or transferred during lifetime Exception: a Qualified Charitable Distribution (QCD)

Exception: a court ordered transfer that is part of a divorce agreement

**IRAs** cannot be transferred to trusts during lifetime or after death

**IRAs** cannot change ownership during lifetime - this would trigger an immediate and complete distribution and end the tax shelter

**IRAs** cannot be owned jointly, like other property can be owned, even in community property states

# IRAs are Different

**IRA equity** cannot be tapped the way home equity can be tapped without triggering tax and potential IRS penalties

The choice of IRA beneficiary determines the ultimate future potential value of that IRA to beneficiaries

**IRA beneficiaries** may qualify for special tax breaks that are often missed

**IRAs** have no principal and income concept. The entire IRA may be distributed to the income beneficiary of a trust leaving little or nothing to remainder trust beneficiaries

**IRAs** require their own estate plans and then those estate plans must be integrated within the overall estate plan that includes all other assets

Call: **800-663-1340** Visit: **irahelp.com** E-mail: **info@irahelp.com**

Copyright © 2020, By Ed Slott and Company, LLC

