
IRA AND LEGACY PLANNING



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IRA and legacy planning is a comprehensive assessment of your values and financial goals to help ensure your wealth is preserved, appropriately transferred, and realized by future generations. Your plan reflects a lifetime of effort and provides the knowledge that our wealth will be passed on to your children and grandchildren. Our personalized legacy plan can provide your loved ones clarity in knowing your heritage can be preserved for generations.

The availability and popularity of retirement plans have caused many to hold a majority of wealth in the form of retirement account or life insurance. For many, 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 growth in popularity of the Roth retirement plan, many people accumulated wealth by depositing money in a “before tax” retirement vehicle where the money would grow tax deferred. While the tax advantages on this type of account are attractive, mistakes can be common and may cause serious estate planning issues that leave your beneficiaries facing 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 on legacy preparation, planning concepts, and suitable strategies to help you successfully transfer your retirement assets. We work to thoroughly understand your wishes and help you avoid costly mistakes.

If you are not 100 percent positive your IRA and legacy plan is free of errors, we encourage you to contact our firm. We realize the sensitive nature of this discussion and are prepared to help and guide you through the planning process to leave your legacy of love.

(See other side)

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 IRA or qualified plan.
 - **Indirect Rollover** – A method of transferring assets from a tax-deferred 401(k) plan to a traditional IRA. 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 to Decedent** – Income to the beneficiary from inherited assets.
 - **Spousal Beneficiary** – 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.
 - **Fees and/or Loads** – Expenses 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 distributing from their retirement accounts by April 1 following the year they reach age 70½. RMD amounts must then be distributed each subsequent year.
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