

Is a Trusteed IRA a **Good Strategy** for Your Client?

How much control is wanted over beneficiaries after death?




Zero control  Total control



The following are comparisons between Trusteed IRAs and Trusts

| Considerations | Trusteed IRA | Trust |
|--|-------------------------|--|
| Incapacity | Ensures RMDs are taken | No |
| Individual as Trustee | Corporate trustee only | Yes |
| Trust Tax Returns After Death of IRA Owner | No | Yes |
| Able to Hold RMDs After Death | No - Conduit trust only | Yes - if trust allows, but then taxed at trust tax rates |
| Trustee can Act for Owner During Lifetime | Yes | No |
| Trust Always Qualifies as an IRS "See-Through" Trust | Yes | No |

What kind of price tags are we looking at for naming beneficiaries?

| Individual | Trusteed IRA | Trust* |
|---|--|---|
|  <p>There is no charge to fill out the beneficiary form. For clients with smaller IRAs who are less concerned about control and more concerned about cost, this may be the best route.</p> |  <p>A trusteed IRA will generally cost less than hiring a knowledgeable attorney to draft a trust. However, there will still be a fee to set up the trusteed IRA and ongoing fees, plus because not all financial institutions offer these, clients will be limited in their choices.</p> |  <p>Clients who have large IRAs as well as other extensive assets will probably already be using trusts as part of their overall estate planning strategy. For those clients, costs are not a concern and would be best served by naming a trust as their IRA beneficiary that is integrated into their overall estate plan. They will pay attorney fees to set up the trust, plus ongoing trustee fees.</p> |

*Note that RMD funds held in the trust will be taxed at trust tax rates which will quickly reach the 39.6% income tax bracket. A Roth IRA left to a trust would eliminate post-death taxes on RMDs.

Creditor Protection

Low  High



More questions about the right fit for you? Talk to a competent, educated financial advisor who is trained in this area of planning.