



Inheritance Planning Can Help Avoid Headaches

Your advisor can help ensure you leave your estate in the best possible way

Families inherit money and sometimes make the right moves investing and spending. Inheritances can also ignite disruption, divorce and a host of bad behavior far from the hopes and plans of the benefactor.

What happens when you leave what's probably one of your biggest investments: your individual retirement plan?

Did you know that Individual Retirement Accounts, including Roth IRAs, are not protected by the federal government under ERISA, except in the case of bankruptcy?

Hopefully, most of us don't need to worry about such creditor protection, but still, your estate plan is your legacy and it needs to be structured to best serve those you intend to benefit from your assets, including your retirement money.

Plan for Future Changes

Perhaps most important, your estate plan must address potential disruptions: the U.S. tax code will almost certainly change, your heirs will experience life's normal challenges and opportunities and something you never considered may befall those you leave behind. Early death, disability and divorce all happen every day.

Planning ahead of time is key. What if you leave your retirement money to your estate instead of to a person? What if your beneficiary dies before you?

You could use specialized trusts to help mitigate many risks, such as the danger of a family beneficiary blowing the inheritance. A number of vehicles exist for restricting a beneficiary's (irresponsible) access to the money. For example: an incentive trust that pays out only if the beneficiary meets certain conditions and goals. A spendthrift trust also allows for monthly allowances or periodic payments for either the life of the beneficiary or until the funds are gone.

You worked hard to save for your golden years. When the inevitable day comes and you no longer need what money remains, make sure you leave it behind the best way.

Your Financial Advisor

Ensuring your financial house is in order and planning for the next generation are complicated issues that require expert advice.

Find a financial advisor who knows how to deal with these types of issues. Find a financial advisor who knows the ins and outs of various retirement accounts. Find a financial advisor who recognizes the various benefits of different trust vehicles. Find a financial advisor who understands how emotions can interfere with your inheritance plans. Find a financial advisor who understands your goals.

Then make a smart decision and have your financial advisor build you a custom-tailored financial plan. So you can sleep better at night.