

SunSolutions For Life

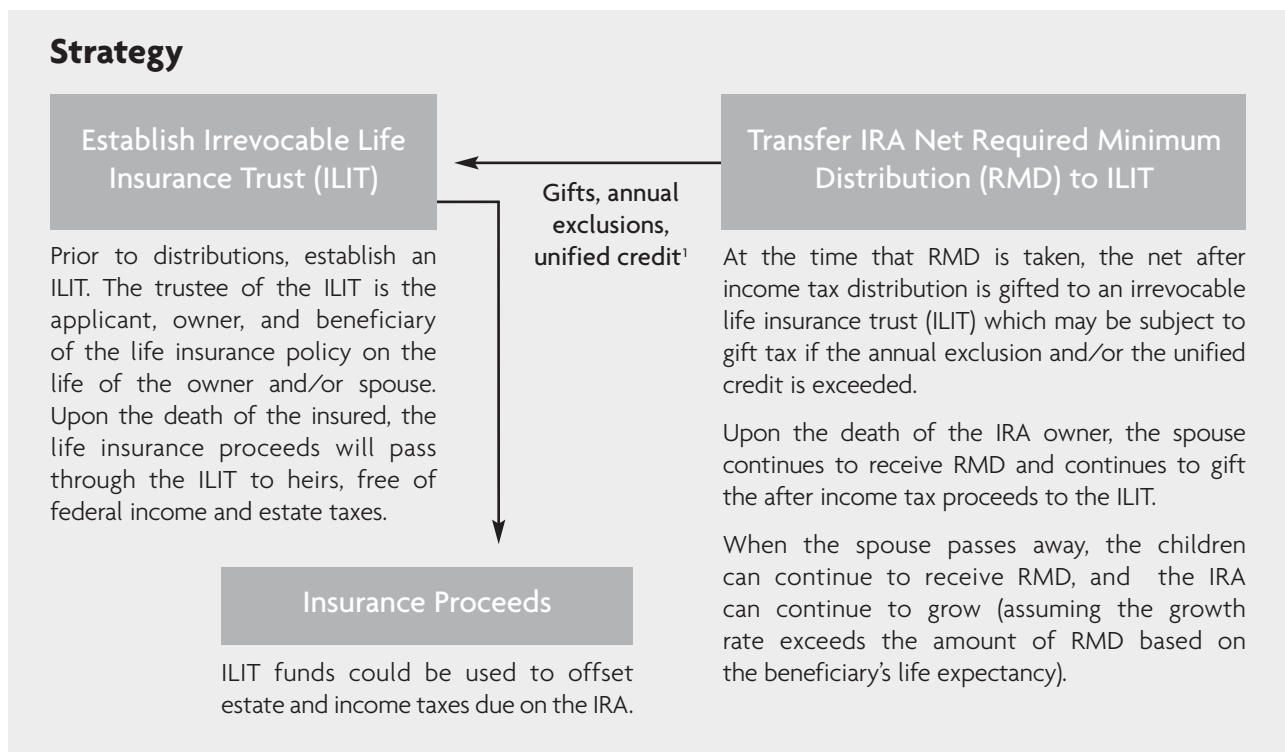
Stretch IRA

Financial Situation

Having worked hard and planned well for retirement, the accumulated funds of an IRA may not be needed to fund retirement, and the focus can be shifted to transferring wealth to heirs. When someone reaches the age of 70½, required minimum distributions must be taken even if not needed or wanted. Since an IRA is subject to estate and income taxes, the IRA could have less than half its value transferred to heirs after taxes. Here is an alternative plan to help transfer wealth.

Possible Solution

Consider a Stretch IRA, supplemented with life insurance, to transfer wealth, and offset tax consequences due on the IRA at the owner's death.



Results

The transfer of wealth to heirs is maximized and the IRA can continue to grow. With additional planning, the IRA can provide an income stream to heirs for succeeding generations.

¹In order for gifts to the ILIT to qualify for the annual exclusion, the trust beneficiaries should be given "Crummey" rights of withdrawal over the gift. In 2005, the annual exclusion gift amount is \$11,000 and the unified credit amount is \$1,500,000 per person at death; \$1,000,000 lifetime gift.

