



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Trusteed IRA or IRA Trust? Making the Right Move When You Need Control

Trusteed IRAs have been getting a lot of press recently. More financial organizations are beginning to offer these products. This means it is very likely that your clients will hear of them and may have some questions. Is a trusteed IRA a good strategy for a client who is looking for control over their IRA long after they are gone? Or, is a trust a better option? By knowing the advantages and disadvantages of both strategies, advisors can help clients make the move that is right for them.

Control is Key

Any client with an IRA is going to face the decision of what they want to happen to their funds after their death. When a client is deliberating, the decision will really come down to how much control from the grave the client wants.

Naming a beneficiary outright will offer very little control, if any. The beneficiary would have complete discretion as to what to do with the funds. This would include taking a lump-sum distribution and wasting the benefit of the stretch IRA. On the flip-side, trusteed IRAs are an

option for clients looking for control. They occupy a sort-of middle ground between naming a beneficiary outright on a beneficiary designation form and naming a trust without all the expense and complexities. With a trusteed IRA, the stretch would be ensured. Some also allow distributions beyond required minimum distributions (RMDs) for health, education and support.

However, because trusteed IRAs are standardized documents, clients should keep in mind that there will be some limitations as to how much control they can have. The provisions in the trusteed IRA may not achieve exactly what the client wants. To have the ultimate level of control and the ability to customize provisions to achieve exactly what the client wants, a trust may be needed.

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How a Trusteed IRA Works

To know if a trusteed IRA is the right strategy for a client, you must first understand how these products work.

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Guest IRA Expert

Hans "John" Scheil, CFP,
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DATE WITH NEW IRA RULES
AND TAX REGULATIONS?**

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