



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

ATTENTION FINANCIAL ADVISORS:

- Get an Immediate Competitive Edge
- Become One of the Few True IRA Experts Now!

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"When I told my doctor I couldn't afford an operation, he offered to touch up my X-rays."

—Henny Youngman,
(1906-1998)

If you name your estate as your IRA beneficiary, your beneficiaries may need more than a touch up to fix the problems you have created. You generally do not want to name your estate as your IRA beneficiary since an estate is not a person and cannot be a designated beneficiary. If there is no designated beneficiary, then your IRA cannot be stretched out over the life expectancy of anyone who ends up receiving it through your estate.

Some IRA owners name their estate not realizing the negative impact on their beneficiaries. Other IRA owners may not intentionally name their estate as their IRA beneficiary, but the estate becomes the beneficiary anyway. This can happen when you name a trust as your IRA beneficiary and the

trust provisions allow estate taxes, debts, and expenses to be paid from the trust. The IRS recently ruled, however, that in certain cases, the estate might be removed from such a trust so that the stretch can be preserved.

This month's feature article "*New IRA Trust Rulings Allow Estate to be Removed as Trust Beneficiary*" takes an in-depth look at three recent IRS Private Letter Rulings that allowed the estate to be removed as one of the trust beneficiaries as long as the estate taxes, debts, and expenses were removed by September 30th of the year following the year of the IRA owner's death.

In each of the IRA trust rulings covered here, it turns out that the trust that was set up to inherit the IRA terminates after the IRA owner's death and the beneficiaries end up withdrawing directly from the IRA. So what was the purpose of the trust? These rulings will hopefully make you think twice before naming a trust as your IRA beneficiary, especially if your beneficiaries end up spending part of their inheritance trying to undo the trust.



For more IRA information, visit our website at www.ira-help.com.

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— Ed Slott

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