
PART 1

IRA Distribution Planning Basics

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Why You Need to Know How the IRA Distribution Rules Work

You may have accumulated a considerable amount of assets in your retirement accounts. These assets may be in a 401(k) or other qualified employer plan, a 403(b) arrangement, a 457 governmental plan, a traditional individual retirement account (IRA), or a Roth IRA.

If you are like most individuals with assets in an employer-sponsored plan, you will eventually, if you have not already done so, roll over the assets to a rollover IRA in order to obtain the flexibility and control available with an IRA. How you handle distributions from your rollover IRA and other IRA accounts should be an important part of your financial and tax planning during your retirement years. You also should consider, in formulating an overall estate plan, what will happen to your IRA assets after your death.

Unfortunately, many individuals fail to address how their retirement assets fit within an estate plan. Some advisors are trained in the area of retirement distribution planning, but many individuals consult advisors who do not know all of the retirement distribution rules.

You should know how the rules work so you can protect your own interests and the interests of your family. Your heirs also should know the post-death distribution rules so they can maximize the benefits of their inheritance.

The purpose of this guide is to help you and your heirs understand the retirement distribution rules so that you, in consultation with your advisor, can implement a plan for your IRA assets that implements your objectives. In the following pages, you will find questions and answers that illustrate

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how the distribution rules work and sample documents to help you with your planning.

As an attorney involved in retirement distribution planning, and as both an author and a practitioner, I can say that there is a lot to know. Be alert and ask questions of your advisor. Don't assume anything.