



LifeCounsel® IRA Estate Planning Guide in a Nutshell

This guide is designed to help individuals and families understand key aspects of planning for Individual Retirement Accounts (IRAs) as part of a comprehensive estate plan. The information is provided for educational purposes only and does not constitute legal advice or create an attorney-client relationship. For personalized guidance, please consult a licensed attorney or financial advisor.

What is an IRA?

An Individual Retirement Account (IRA) is a tax-advantaged account that helps individuals save for retirement. There are several types of IRAs including Traditional IRAs, Roth IRAs, SEP IRAs, and SIMPLE IRAs. Contributions can grow tax-deferred or tax-free, depending on the type.

Why Estate Planning for an IRA Matters

If you don't plan correctly, your heirs could lose a significant portion of your IRA to taxes, fees, or inefficient withdrawals. Strategic planning helps preserve more wealth and fulfill your legacy.

IRA Beneficiary Categories

Each beneficiary type has different rules:

- **Spouse:** Can roll over to their own IRA or continue as inherited IRA.
- **Non-Spouse:** Typically must withdraw all funds within 10 years (SECURE Act rule).
- **Minor Children:** 10-year rule starts at age 21.
- **Disabled or Chronically Ill:** May qualify for life expectancy payout.
- **Trusts:** Must meet 'see-through' rules to qualify for extended payouts.

When You Need Legal Advice

A qualified estate planning lawyer, financial advisor, or tax professional will help you with the best strategy for your family's unique needs. Here are some scenarios where you would particularly benefit from working with a qualified estate planning professional:

- You have a blended family.
- You have a special needs or disabled beneficiary.
- Your IRA is valued over \$500,000.
- You're naming a trust as a beneficiary.
- You wish to protect an inheritance from creditors or ex-spouses.
- You have outdated or missing beneficiary designations.
- You have a Charitable Remainder Trust (CRT).
- You need to equalize inheritances between heirs receiving different asset types.
- You're considering a Roth Conversion
- Your total estate value exceeds federal or state estate tax thresholds
- You've experienced a recent divorce, remarriage, or death of a spouse

Resources

Natalie Choate's IRA Planning Resources:

<https://www.ataxplan.com>

IRS Life Expectancy Tables:

<https://www.irs.gov/publications/p590b>

Investment Company Institute IRA Data: <https://www.ici.org>

SECURE Act Explanation (Congress.gov):

<https://www.congress.gov/bill/116/h-congress/house-bill/1994>