

IRA Inheritance Disasters to Avoid

IRAs are perceived by many people to be pretty simple plans. But there are many complexities to IRAs that can cause big problems. When it comes to inheriting an IRA, the rules and guidelines are even more complicated. Without the proper guidance, an IRA inheritance could spell disaster.

It is not unusual for IRA heirs to not know about or misunderstand some key rules and guidelines. A wrong move can often cause much of the inherited IRA to end up with the IRS for income and estate taxes. And unfortunately, the IRS does not show much mercy when things are not done properly, even from ignorance of the rules. Here are some inherited IRA mistakes that can be disastrous.

Retirement & Estate Planning



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Inaccurate or wrong documents – Your will or living trust has no effect on an IRA. Only the beneficiary designation form matters. IRA owners often make the mistake

of using the wrong form or not designating a beneficiary at all.

Misplaced documents – Make sure you keep your documents. Don't depend on your custodian to keep copies. Not being able to produce your documents can cause big problems.

Ignoring Spousal Options – Spousal beneficiaries have special options available to them. Spouses who do not know or understand these special options can lose valuable money.

Not Realizing the Tax Issues – Most inherited IRA accounts are completely and fully taxable to the beneficiaries. Fortunately, there are ways to minimize these taxes, but most people are not aware of them or do not follow the specific guidelines. Consequently, they lose out on the tax savings and cost themselves money.

Inheriting money, specifically IRAs, is a complex process filled with many rules and guidelines. If not understood or followed properly, an inheritance can turn into a disaster. To learn more about these and other mistakes to avoid, tune into the **It's Your Money Show** next week. The show airs on WMEQ (880 AM) on Thursday at 7:30am and Saturday at 9:00am, as well as on WWIB (103.7 FM) on Wednesday at 7:30pm and Saturday at 5:30pm. You can also obtain this information and independent advice for your specific situation by contacting me at **(715) 835-6022** or **info@KeyStoneCV.com**, or through our website, **www.KeyStoneCV.com**.

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