

CAN YOU PUT YOUR IRA INTO A TRUST?

WHAT YOU SHOULD KNOW ABOUT NAMING AN IRA BENEFICIARY.

Can your IRA be put directly into a trust? In short, no. Individual retirement accounts (IRAs) cannot be put directly into a trust. What you can do, however, is name a trust as the beneficiary of your IRA. The trust would inherit the IRA upon your passing, and your beneficiaries would then have access to the funds, according to the terms of the trust.¹

Can you control what happens to your IRA assets after your death? Yes. Whoever was named the beneficiary will inherit the IRA. But you also can name a trust as the IRA beneficiary. In other words, your chosen heir is a trust. When you have a trust in place, you control not only to whom your assets will be disbursed, but also how those assets will be paid out.²

Using a trust involves a complex set of tax rules and regulations. Before moving forward with a trust,

consider working with a professional who is familiar with the rules and regulations.

The trust can dictate the how, what, and when of income distribution. A trust will allow you to specify an amount your heir may receive. Or, you could include language that requires your heir to take monthly or annual distributions. You can even stipulate what the money should be spent on and how it should be spent.²

Why would I use a Trust instead of a Will? There are a couple reasons. The biggest is that a will always passes through probate. That means a court oversees the administration of your will and ensures that the bequeathed assets are correctly distributed. One thing to keep in mind, though, is that this may lead to an expensive, slower process. A living trust, on the other hand, can help certain assets avoid probate. This may save your estate and heirs both time and money. Finally, for those who would like

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(continued)

to keep their arrangements discreet, a trust can remain private whereas a will is a matter of public record.²

That sounds complicated. If decisions about your IRA are complicated, it may be best to review your choices with a trusted financial professional who can explain the pros and cons of naming a beneficiary to your account.³

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Citations:

- 1 - [irs.gov/retirement-plans/plan-participant-employee/retirement-topics-beneficiary](https://www.irs.gov/retirement-plans/plan-participant-employee/retirement-topics-beneficiary) [10/17/19]
- 2 - elderlawanswers.com/understanding-the-differences-between-a-will-and-a-trust-7888#:~:targetText=Both%20are%20useful%20estate%20planning,soon%20as%20you%20create%20it. [9/19/19]
- 3 - bankrate.com/investing/what-is-a-trust/ [6/4/19]

HOLIDAY CLOSURES:

CLOSING EARLY ~ DECEMBER 24TH | CLOSED ~ DECEMBER 25TH
CLOSING EARLY ~ DECEMBER 31ST | CLOSED ~ JANUARY 1ST