Leaving Your Legacy

What is the legacy you want to leave?

If your legacy plan involved a "stretch IRA," it's time to do a beneficiary review and see how they might be affected by the SECURE Act.

Legacy defined:

- Money or property left to a person by someone who has died
- Something that is a result of events in the past

How will your legacy be defined?

The legacy you leave can be a result of something you do today. Life insurance can combine those two definitions and make sure your legacy will be complete.

Many people have planned to leave their IRA as a legacy because beneficiaries had the right to stretch out the legacy over their lifetime. This has all changed with the Secure Act. Events today can improve and complete your original plan with some slight modifications to your estate plan.

The Secure Act took away the ability of some beneficiaries of an IRA or qualified account the ability to stretch the money in the account over their lifetime. Not all beneficiaries are impacted. The legacy now has been shortened to 10 years. The IRA/qualified account must be depleted by the end of the 10th year following the death of the original account owner. This is not the legacy the account holder envisioned.

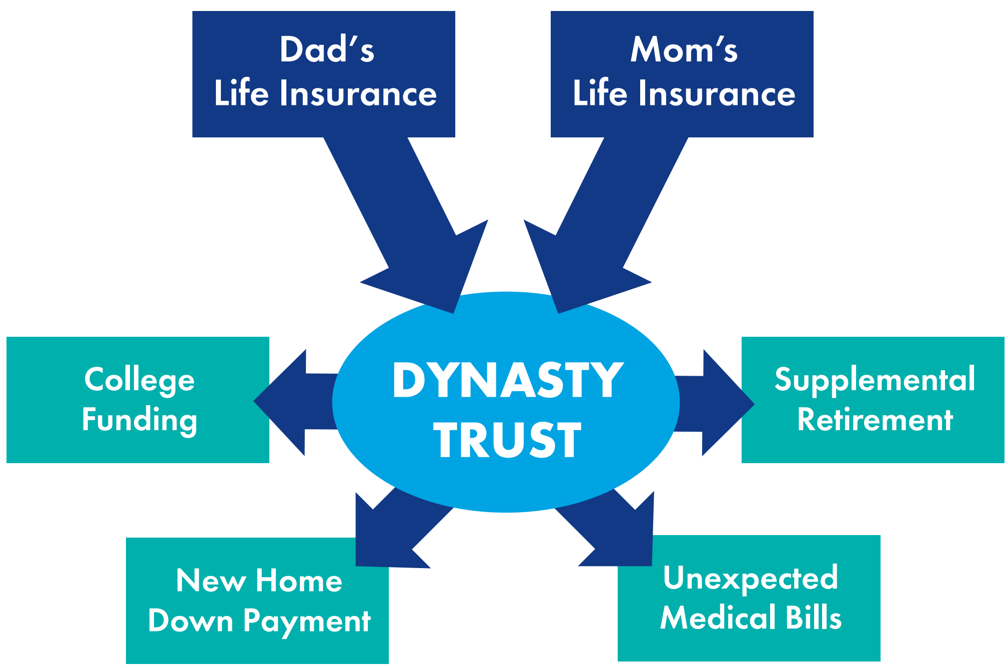
Let's look at an example:

Imagine, if you will, a new retiree has just paid a visit to their trusted financial advisor. After this visit they find they do not need their qualified plan for their retirement income, and instead, they have designated those funds as a legacy to leave to their children.

The original plan was to move the qualified money into an IRA for the benefit of their kids and grandkids. They liked the idea that future generations could stretch the IRA asset out over their lifetimes. Thanks to the SECURE Act though, they will likely need to A) change their expectations or B) act accordingly now to better prepare for the future of their legacy.

After doing some research, they came to the conclusion that life insurance payable to a dynasty trust for the benefit of the kids and grandkids could meet their objectives better than naming the kids and grand-kids as beneficiaries of their IRA. They decide that using the RMDs and other assets as funding source for life insurance on both husband and wife could meet their legacy objectives better than leaving an IRA that must be depleted by the children within 10 years of their reaching the age of majority.

Through the use of a Dynasty Trust, the grantor has the capability to dictate how and when the future inheritance (legacy) will be used. By establishing rules now, they can aid in college funding, supplement future generation retirement, pay medical bills and so much more!



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