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SAVE YOUR CHILDREN 10% OF YOUR IRA BY USING AN IRA INHERITANCE PROTECTION TRUST™

Make sure that the best election is made for your IRA that you are trying to leave to your children.

We have created a new product. This new product is called the IRA Inheritance Protection Trust™. The IRA Trust is set up so that your children will receive your IRA when both you and your spouse are dead. It will do it in a manner that produces the least amount of tax for your children. The IRA Trust will make the correct tax election to prevent the money from being given to your children all at once. This will make sure that your children are paying tax at the lowest possible rate. 84% of children take all the money from your IRA immediately upon your death. This causes the maximum amount of tax to be paid by your children. The IRA Trust makes sure this does not happen. Generally, the savings will be at least 10% of your IRA balance at the time of your death.

Many people think that they will spend all of their IRA before they die. However, if you simply collect the minimum required withdrawals from your IRA you will have money left at your death. Thus, many of our clients who have an IRA will have IRA money left at the time of their death.

The simple solution is for you to hire us to put together an IRA Trust. Then you simply change the beneficiary of your IRA so it no longer goes to your spouse then children equally but, instead, to your spouse and then the IRA Trust. This Trust will then get it to your children.

ADDED BENEFIT
STOP CREDITORS FROM REACHING YOUR IRA

When you name the IRA Trust as the beneficiary of your IRA, the creditors of your children will not be able to reach the money that is sitting inside your IRA that your children have not pulled out. Many of my clients do not anticipate that their children will have creditors. However, this is an advantage that you automatically get by naming the IRA Trust as the beneficiary. Remember, bad things can happen to good children. There are many reasons that children can have creditors that they are unable to pay. This results from a child getting divorced, having a business go bankrupt, having an automobile accident. With the IRA Trust being named as the beneficiary of the IRA, the creditors cannot reach into the IRA and grab 100% of the balance.

SUMMARY

Create the IRA Trust to save your children income taxes. An additional advantage is that the children will not lose the IRA that you want them to inherit. Don't worry. The beneficiary of the IRA will be first, the spouse, then the children. Nothing happens during your lifetime. You still have all your IRA money to do with what you want. This is simply what happens to the IRA when both you and your spouse are dead. I hope you enjoy your retirement years. I hope you enjoy spending all of the money in your IRA. The purpose of the IRA Trust is to make sure that what is left is not lost. The goal is to reduce income taxes for your children. A side benefit is your kids will not lose your IRA to their creditors.

WHAT ACTION SHOULD YOU TAKE

Contact our office for a free conference. We can further explain to you the advantage of naming an IRA Trust as the beneficiary of your IRA.

TPC/sam/IRA INHERITANCE TRUST/MKTG COVER SHEET/120114

POTENTIAL TAX SAVINGS BY USING THE IRA TRUST

By using the IRA Trust, nothing changes in your life. You keep your IRA. It only impacts who will be the beneficiary of your IRA. You will change your IRA beneficiary to your new IRA Trust.

As a result, nothing will change during your lifetime. It will simply produce income tax savings at the time of your death. These will be tax savings for your loved ones who you want to receive payments from the IRA Trust. For most people, this will be their children. For others, it may be friends or nieces and nephews. Below you will see the potential tax savings for your children. The reason the savings exists is because, with the use of the IRA Trust, the money will not be paid out immediately to your children at the time of your death. Thus they will be able to spread out the money they receive from your IRA over a number of years.

The tax savings on a $160,000 IRA would be $18,000.
The tax savings on a $338,000 IRA would be $50,000.
The tax savings on a $390,000 IRA would be $60,000.

An IRA in excess of $390,000 would have additional savings. These savings would be approximately 25% of the IRA in excess of $390,000.

The amount of your children’s tax savings could vary. It could either be larger or smaller. We have calculated the tax impact of the IRA being added to your child's estimated taxable income. This tax saving takes into account the impact of a child receiving your IRA all in one year (at the time of your death) versus the tax impact of spreading out this income over a number of years.

If you passed away before your required minimum distributions begin, known as the required beginning date (RBD), then the option exists for your children to elect a compressed five-year distribution of the IRA assets. This could result in huge payments and significant taxes to your children. It should be noted here that there is a trend among IRA plan administrators to pay out an IRA in a lump sum to beneficiaries who are not a surviving spouse, which could include children. This is another reason that we recommended you have us prepare an IRA Trust for you - to ensure your children avoid a lump sum distribution. Otherwise, your children will incur an immediate tax burden, while also receiving more money than they may be capable of managing responsibly.

Using the IRA Trust to spread out the income over a number of years prevents your child from being required to report the IRA income all in one year and allows your child to spread out the income over a number of years after your death. This will prevent the child from being required to place a large sum of income into a child's taxable income all in the year of your death. Typically, by spreading out the income over a number of years, this will result in tax savings to your child. This is because the higher the income a child has the higher the tax bracket that the child will be in. This may enable the child to keep the child's tax rate at 15% instead of the tax rate climbing to nearly 40%.

<u>THE IRA INHERITANCE PROTECTION TRUST™</u>

"But, I have good children."

We hear this a lot. Remember, bad things can happen to good children.

Even a good child can put the IRA you left them at risk by:

- Going bankrupt.
- Getting divorced.
- Getting sued. (For example, they get into a car accident and injure others and are now being sued for more than their insurance covers.)
- Having their business go bankrupt.

Why not protect the next generation's future and your legacy by using an **IRA Inheritance Protection Trust™**?

This is a highly specialized new Creditor Protection Trust developed after the *Clark v. Rameker* case, where the Supreme Court of the United States ruled that an *inherited* IRA payable to your children is reachable by their creditors. Your existing Revocable Living Trust cannot do the job to protect your IRA.

Not every attorney can draft this kind of trust, but we have. It is a perfect solution to protect the IRA you want to pass to your children but don't want to lose to their creditors.

<u>SO, REMEMBER, BAD THINGS CAN HAPPEN TO GOOD CHILDREN, BUT WE CAN HELP.</u>

TPC/sam/IRA INHERITANCE TRUST/WHY YOU NEED AN IRA TRUST/102214

<u>THE TOP 5 REASONS YOU NEED AN IRA INHERITANCE PROTECTION TRUST</u>™

1. **BANKRUPTCY AND CREDITOR PROTECTION:** This is one of the main reasons we get hired to do these specialized trusts. We can protect your IRA so a child who gets divorced or goes bankrupt can keep the inheritance you left them and creditors and a divorcing spouse don’t get them.

2. **PENSION-LESS GENERATION:** Your IRA may be the only pension for a pension-less generation, so when your child gets it, in many cases, it is all they have for their retirement. So, why not protect it?

3. **STRETCH OUT:** You want your children to “stretch out” the IRA and *not* yank out all the money at once, paying a huge tax bill. But without this trust, they will almost certainly “blow out” the IRA rather than stretch it, ignoring the wishes of their parents or grandparents who gave them the inheritance.

4. **DIVORCING SPOUSE:** Over 50% of all marriages end in divorce. Even an IRA that is inherited can be lost, and often an inherited IRA is the reason for the divorce! That’s because it can be split or taken in divorce and now the ex-spouse gets a nice tax-deferred retirement account for themselves!

5. **YOU’RE NOT GOING TO SPEND ALL OF YOUR IRA**: You may think you will spend down your IRA until it is $0, but the reason you have it in the first place is you’re a saver, not a spender. A leopard doesn’t change its spots, and just because you’re retired (or will be) doesn’t mean you will suddenly start spending.

THE IRA INHERITANCE PROTECTION TRUST™	THE REVOCABLE LIVING TRUST
Protects inherited IRAs from bankruptcy.	Absolutely no protection in bankruptcy.
Protects inherited IRAs from divorcing spouses.	Unlikely to offer much, if any, protection from divorcing spouses.
Ability to “stretch out” the inherited IRA over the life expectancy of each child so each child can maximize tax deferral and wealth accumulation.	No ability to stretch under the terms of the trust.

A PENSION FOR A PENSIONLESS GENERATION:

The Problem, the Solution, and the Math

Many of our clients are supporting children who are struggling with finances. And many children who aren't severely struggling with finances still don't have enough money to adequately fund their own retirement. Furthermore, even those children who are fortunate enough to be economically stable and paying their bills on time still rarely have enough to also pay for their children's college educations. You leaving them your IRA protected from creditors can help solve all of these problems.

Let's review the basic math on tax deferral. Remember, one of the reasons for doing an IRA INHERITANCE PROTECTION TRUST™ is so your children or beneficiaries "stretch out" the IRA, rather than "blow out" the IRA by taking the money out in one lump sum and paying a lot in taxes as a result.

So, here is some math on $50,000 of your IRA that your child inherits from you with tax deferred growth at 7 or 8%:

(Years After Your Death)

Growth Rate	15 years	20 years	30 years
7%	**$ 142,447.34**	**$ 201,936.94**	**$ 405,824.87**
8%	**$ 165,346.07**	**$ 246,340.14**	**$ 546,786.48**

These calculations do not take into account any distributions taken out, but it is clear to see the increasing value of an inherited IRA and the value of protecting it.

Help guarantee your loved ones get a retirement and protect your legacy with the IRA INHERITANCE PROTECTION TRUST™.

This Trust can protect any and all retirement plans that you intend to leave to your children – not just IRAs.