

Multi-Generational IRA

Why a Multi-Generational IRA?

A Multi-Generational IRA or stretch IRA is one of the distribution methods provided by the IRS to beneficiaries of IRA or TSA proceeds. When exercising a stretch IRA distribution, the beneficiary leaves the IRA in the name of the decedent and the amount continues to grow tax-deferred. The account is depleted annually over the life expectancy of the beneficiary rather than in a lump sum at the decedent's death.

Although this method is not new, recent changes in tax law have enhanced the benefits produced by exercising such an option. The differences between the two methods can be illustrated as follows:

<p style="text-align: center;">Lump Sum \$417,653</p>	<p style="text-align: center;">Multi-Generational IRA \$878,532</p>
<ul style="list-style-type: none"> • Tax deferred growth stops • Tax liability due on entire distribution 	<ul style="list-style-type: none"> • Continued Benefits from Tax Deferred Growth • Principal earns interest • Interest earns interest • Money that would have been paid to taxes earns interest • Management of the impending tax liability • Tax liability is spread out over many years • An income for the life of the beneficiary

Prepared for male age 63

Initial Premium: \$250,000

Interest Rate: 6.10%

IRA Balance at Death of Client: \$417,653

Spousal Continuation begins-Distributions during lifetime of Mrs. Client: \$258,565

IRA balance at death of Mrs. Client: \$333,167

Stretch Distribution Begins based on the single life expectancy of each:

Son	Daughter
50% 19.2 Years	50% 20.8 Years
\$301,232	\$318,735

Total Distribution Value of Client's IRA= \$878,532



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