

IRA should go to your family and not the IRS

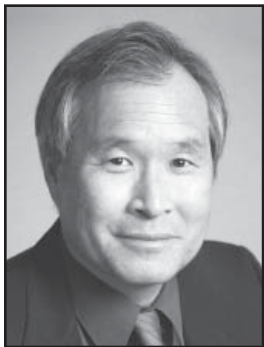
3 things need for MGIRA plan

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The Multi-Generational IRA or “stretch” IRA is a strategy of passing one’s assets and its resultant income to one’s spouse, kids, and grandkids with minimum taxation and maximum growth.



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The Multi-Generational IRA is designed to allow for a much greater time period of tax deferral and compounding of earnings. With a MGIRA Plan, you can truly create a financial legacy for your children or grandchildren.

Example: The classic example is that of Judy, the owner of a \$250,000 IRA who dies and leaves it to her son Kyle, age 30.

Let’s look at Kyle’s choices:

■ **Lump Sum** — Kyle would get about \$162,500 after taxes of about \$87,500 (assumes a combined Federal and State income tax rate of 35 percent)

■ **Stretch Option** — By electing this option Kyle would take a minimum distribution over 53.3 years based on his life expectancy, thereby “Stretching” \$250,000 into \$1,782,500.

If your child is like many, that \$162,500 will be spent on paying off debt, a new car, a vacation, and some expensive toys.

Two to three years later, there will be nothing remaining of the \$250,000, which took a lifetime of hard work to accumulate.

In contrast, if we used “MGIRA” planning, the assets “stretch” into \$1,782,500, or about 11 times as much.

The IRS will take 35 to 90 percent of your total

assets at death because of income and estate tax. The IRS will be your first beneficiary and not your family.

The MGIRA Plan allows the family to have 3 to 10 times the total assets and/or income from the estate.

The key question: Is your IRA an IOU to the IRS?

Three things are required to for a Multi-Generational IRA:

1. You must name designated beneficiaries
2. You must do so on specially prescribed paperwork
3. You must use a Custodian that allows for and can do Multi-Generational IRAs.

The October 2001 edition of *Business Week* stated, “It is a little known fact the IRAs, 401ks, 403bs, and other types of pension plans are not governed by wills or state inheritance laws but instead the disposition of your fund depends on two things: first, the fine print in your bank or fund companies’ Custodial Agreement and the tiny lines where you listed beneficiaries.”

Why won’t most Custodians Allow Multi-Generational Planning?

Most of the IRA, 401k, and other retirement plan markets are dominated by firms tied to Wall Street. Their business plan is based on accumulating assets under management.

These firms usually don’t care what happens once the owner dies and the assets are distributed.

Often, the companies don’t have the computer systems to track multiple beneficiaries and generations over 20-60 years.

This type of planning affects your nest egg and the services of an expert in this distribution planning should be consulted. Most CPAs and attorneys do not specialize in this and a mistake can wipe out your family’s future.

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