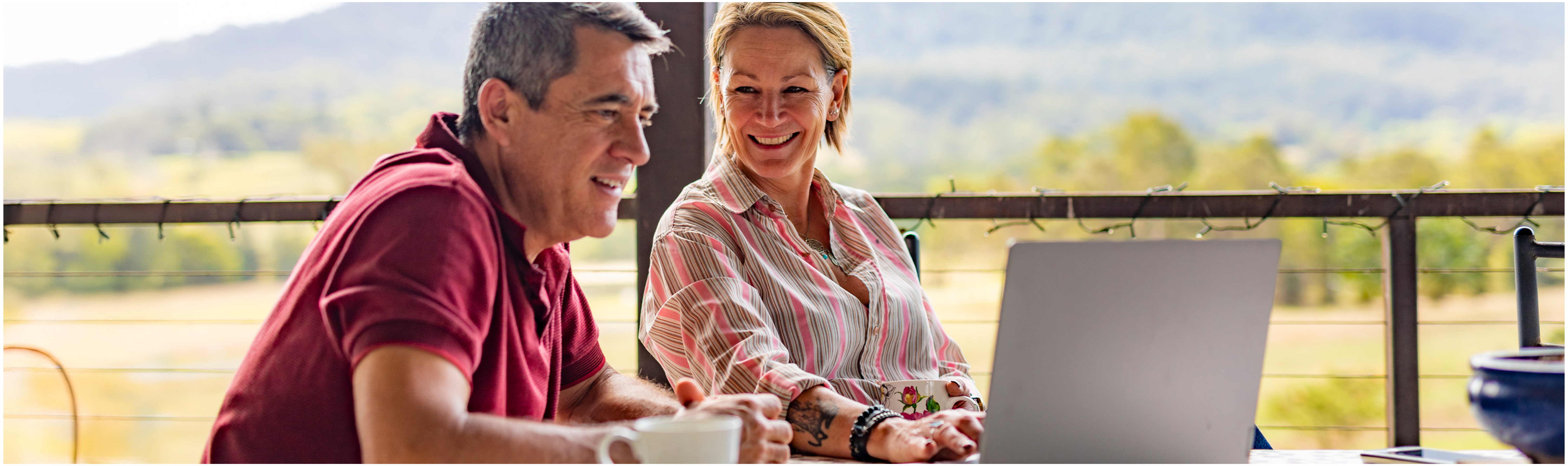
How Can You Extend the Benefits of an Inherited IRA?



Stretching the Benefits of an Inherited IRA

You've worked hard to grow your IRA for a secure retirement. But what happens to your savings when you don’t use all your funds? With thoughtful planning, you can pass on your IRA in a way that helps your loved ones, allowing them to continue tax-deferred growth and extend financial security for generations.

Building a Strong Financial Legacy is as Easy as 1, 2, 3

1. **Choose your primary and secondary beneficiaries carefully.**

2. **If your spouse is the primary beneficiary**, they can re-register the IRA in their name and stretch distributions over their lifetime.

3. **If a non-spousal beneficiary inherits the IRA**, they typically must withdraw the full amount within 10 years—but they can choose annual, periodic, or lump-sum distributions. *Note: Some non-spousal beneficiaries—such as minors, disabled individuals, or those not more than 10 years younger than the original owner—may qualify for a life expectancy-based distribution instead of the 10-year rule.*

How a Stretch IRA Works

Let’s look at an example of how an IRA can benefit multiple generations[1]:

Ed (Original IRA Owner)

- Starts with a $300,000 IRA
- Retires at 60
- By age 73, his IRA grows to $639,878
- Takes Required Minimum Distributions (RMDs) for 14 years, receiving $487,053
- Earns $555,467 during RMD years

Mary (Spouse & Primary Beneficiary)

- Inherits $708,292 and treats it as her own IRA
- Takes RMDs for 12 years, receiving $497,418
- Earns $497,670 on her account

Jim (Son & Secondary Beneficiary)

- Inherits $708,543
- Chooses to take the death distribution over a 10-year period
  Note: this account will need to be depleted by the end of the 10th year, following the year of Mary's death
- Receives a total of $1,120,348
- Earns $411,805 on the account

Smart Planning for a Bigger Financial Legacy

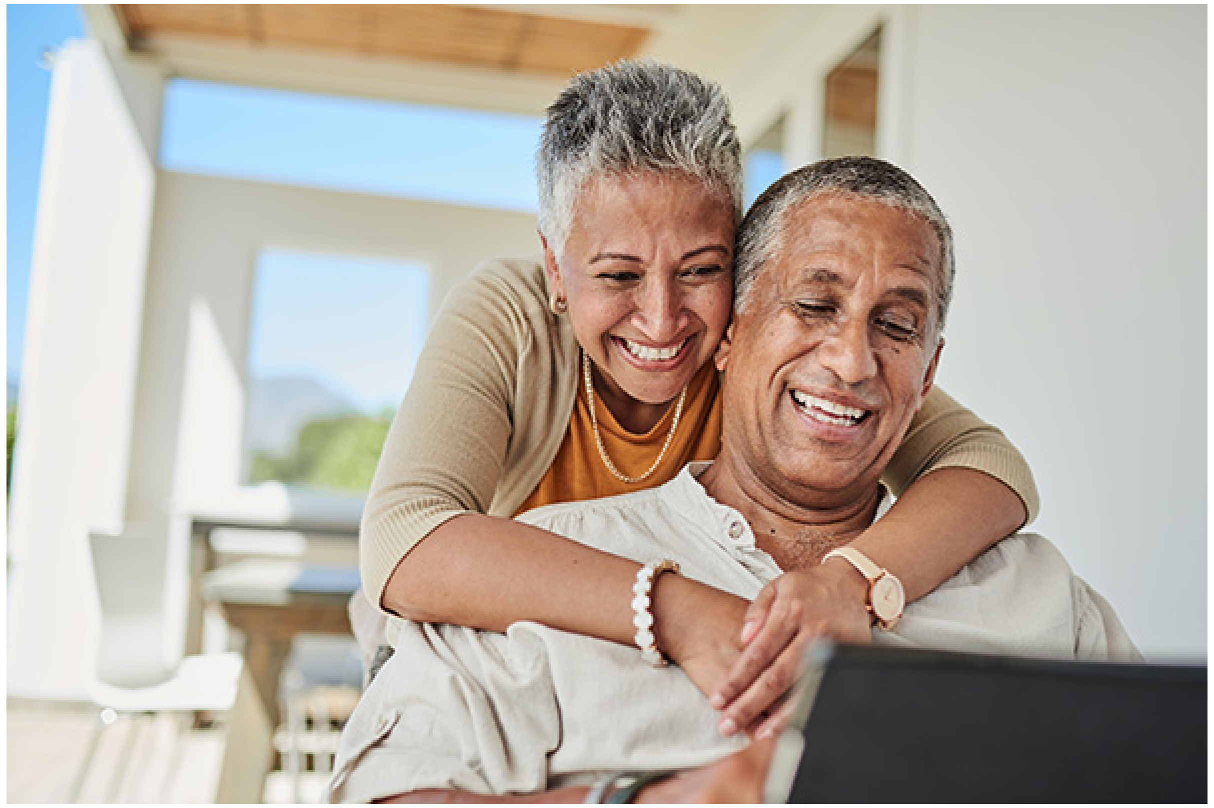
By strategically naming a spouse as the primary beneficiary, who then designates their own primary beneficiary, both heirs benefit from tax-deferred, compounded growth. Over 48 years, this approach helps an IRA grow to $2,104,820, benefiting three generations.

Making the Right Choice

With the right strategy, you can ensure your beneficiaries maximize their inheritance and continue growing their wealth for years to come.

[1] Example assumes a 6% return and a combined tax rate of 24%. RMD amount calculated is pretax. Depending on your product, contingent deferred sales charge (CDSC), market value adjustment (MVA), and other product charges may still apply upon withdrawals.

Additional Topics



What you need to know about Inherited IRAs

An Inherited IRA is an account passed down to beneficiaries when the original account holder passes away, allowing them to continue benefiting from tax-deferred growth. However, it comes with specific withdrawal rules.

Read More About IRAs

What you should know about Required Minimum Distributions (RMDs)

Required Minimum Distributions, or RMDs, are minimum amounts you must withdraw annually from your tax-deferred retirement account. We cover the ins and outs of RMDs.

Learn More About RMDs