

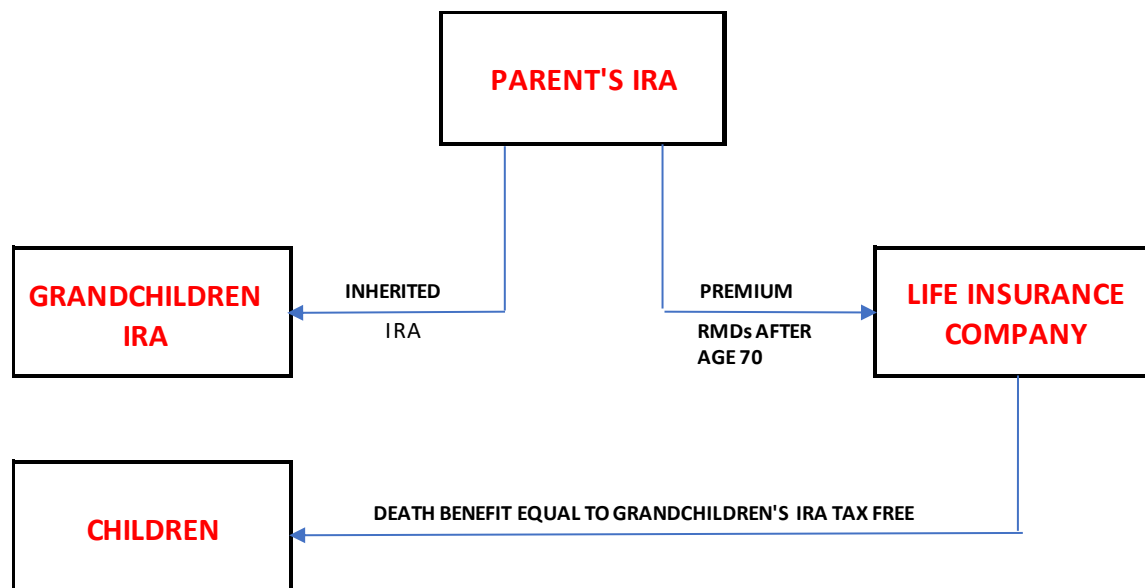
# STRETCHING IRA'S FOR GRANDCHILDREN

## THE WANT

The ability to stretch inherited IRAs is a huge benefit for parents and grandparents to consider, but it must be done by the book. There are many reasons why children and/or grandchildren inherit IRAs. The owner may be single, in a second marriage, or the surviving spouse may simply not need the IRA or RMDs for their survivorship and end up leaving it to their heirs. The best use of stretching is to leave the IRA to grandchildren, because their RMDs are much less. The problem is how to do this, without disinherit the children (parents).

## THE SOLUTION

A life insurance policy is taken out on the least expensive parent to insure, with the death benefit going to the children, while the IRA goes to the grandchildren. This makes the children's inheritance tax free and does not require RMDs. It allows the IRA to retain more long term value by dramatically reducing the RMDs that are required. The life insurance can, and probably should go into a trust for the children, as should the inherited IRA for the grandchildren. The life insurance could also go the surviving spouse, who would then leave it directly to the children or to a trust for the children. It is almost an absolute that inherited IRAs should go to the heirs with the lowest possible RMDs, which is usually the grandchildren, so long as the insured parent is in good health, because the children are made whole with tax free death benefit. The next page shows how advantageous it is to make the grandchildren the inheritor of the IRA.



**INHERITED IRA RMDS**  
**STARTING AT AGE 15 VERSUS AGE 45**

YEAR	AGE	GRANDCHILD AGE 15			AGE	CHILD AGE 45		
		INHERITED IRA BALANCE	RMDS	ACCUM 5% ROI		INHERITED IRA BALANCE	RMDS	ACCUM 5% ROI
1	15	\$1,000,000	\$14,728	\$1,034,536	45	\$1,000,000	\$25,773	\$1,022,938
2	16		\$15,464	\$1,070,026	46		\$26,990	\$1,045,745
3	17		\$16,213	\$1,106,504	47		\$28,263	\$1,068,356
4	18		\$17,023	\$1,143,955	48		\$29,677	\$1,090,613
5	19		\$17,874	\$1,182,385	49		\$31,072	\$1,112,519
6	20		\$18,768	\$1,221,797	50		\$32,530	\$1,133,988
7	21		\$19,675	\$1,262,229	51		\$34,054	\$1,154,931
8	22		\$20,658	\$1,303,649	52		\$35,756	\$1,175,134
9	23		\$21,691	\$1,346,055	53		\$37,425	\$1,194,595
10	24		\$22,776	\$1,389,444	54		\$39,167	\$1,213,199
11	25		\$23,874	\$1,433,848	55		\$40,986	\$1,230,823
12	26		\$25,067	\$1,479,220	56		\$42,886	\$1,247,334
13	27		\$26,321	\$1,525,545	57		\$44,707	\$1,262,758
14	28		\$27,587	\$1,572,856	58		\$46,769	\$1,276,789
15	29		\$28,966	\$1,621,084	59		\$48,919	\$1,289,263
16	30		\$30,414	\$1,670,203	60		\$51,161	\$1,300,007
17	31		\$31,874	\$1,720,246	61		\$53,279	\$1,309,064
18	32		\$33,468	\$1,771,117	62		\$55,705	\$1,316,028
19	33		\$35,141	\$1,822,774	63		\$57,975	\$1,320,955
20	34		\$36,898	\$1,875,170	64		\$60,594	\$1,323,379
21	35		\$38,663	\$1,928,332	65		\$63,018	\$1,323,379
22	36		\$40,596	\$1,982,122	66		\$65,514	\$1,320,759
23	37		\$42,626	\$2,036,471	67		\$68,080	\$1,315,312
24	38		\$44,659	\$2,091,402	68		\$70,716	\$1,306,826
25	39		\$46,892	\$2,146,735	69		\$73,417	\$1,295,080
26	40		\$49,237	\$2,202,373	70		\$76,181	\$1,279,843
27	41		\$51,578	\$2,258,335	71		\$78,518	\$1,261,392
28	42		\$54,157	\$2,314,387	72		\$81,380	\$1,239,012
29	43		\$56,865	\$2,370,399	73		\$83,717	\$1,213,060
30	44		\$59,558	\$2,426,383	74		\$86,033	\$1,183,379
31	45		\$62,536	\$2,482,040	75		\$88,312	\$1,149,820
32	46		\$65,489	\$2,537,378	76		\$90,537	\$1,112,247
33	47		\$68,578	\$2,592,240	77		\$91,921	\$1,071,342
34	48		\$72,007	\$2,646,245	78		\$93,977	\$1,026,233
35	49		\$75,392	\$2,699,396	79		\$95,022	\$977,772
36	50		\$78,930	\$2,751,490	80		\$95,860	\$926,008
37	51		\$82,627	\$2,802,306	81		\$95,465	\$872,070
38	52		\$86,759	\$2,851,324	82		\$95,832	\$815,050
39	53		\$90,807	\$2,898,544	83		\$94,773	\$756,291
40	54		\$95,034	\$2,943,685	84		\$93,369	\$696,068
41	55		\$99,449	\$2,986,448	85		\$91,588	\$634,704
42	56		\$104,057	\$3,026,510	86		\$89,395	\$572,574
43	57		\$108,477	\$3,063,935	87		\$85,459	\$511,471
44	58		\$113,479	\$3,097,978	88		\$81,186	\$451,800
45	59		\$118,696	\$3,128,246	89		\$76,576	\$393,985
46	60		\$124,137	<b>\$3,154,315</b>	90		\$71,634	<b>\$338,469</b>
			<b>\$2,415,764</b>				<b>\$3,001,168</b>	

MONEY  
REMAINING  
FOR  
GRANDKIDS

TOTAL RMDS  
RECEIVED

MONEY  
REMAINING  
FOR  
GRANDKIDS

TOTAL RMDS  
RECEIVED