

INHERITING A RETIREMENT ACCOUNT ***Avoid Common Mistakes***



A GUIDE FOR RETIREMENT ACCOUNT BENEFICIARIES

Our team of professionals can help.

The knowledge that you've inherited retirement plan assets often comes at a difficult time. In addition to dealing with a personal loss, you now face a new set of financial decisions that are likely unfamiliar and complicated. However, when executed properly, an inherited retirement plan can provide an excellent opportunity for a more secure future.

When you inherit assets registered as a retirement plan, you must decide what to do with your inheritance. Having several options from which to choose, North Star and its associates are here to serve as your guide in this difficult and complicated process.

Before making any decisions, we focus on your unique set of circumstances and get to know your goals and objectives. After we have a clear picture of your wishes, we will make recommendations aimed at simplifying the choices you have to make and present only the options that best fit your desired results. After reaching a decision that makes financial sense, our professionals will take you through each step for implementation.

As you navigate the unfamiliar territory of inheriting retirement plan assets, you are likely going to have many questions. Simply call us at 1-877-323-8877 and let us help you take the worry out of making this important decision.



Choosing The Right Option.

Under current regulations, there are three options from which you may choose. After we determine your goals and objectives, the right option will become clear. Since your decision is irrevocable in most cases, taking time to make the right one is the most important step.

Option 1: Open an account called an Inherited IRA (Individual Retirement Account).

Next, you can transfer the inherited retirement account to the newly opened account. That way your assets will keep growing tax-deferred or even tax-free in some cases.

You can generally begin withdrawing money immediately without paying a penalty, however, your North Star advisor can help you determine the most efficient withdrawal options.

Option 2: If you are a spouse, you can transfer the inherited retirement plan's assets to your own retirement account.

Don't have an IRA? We can help you open one. The money in the account is yours and available to you at any time, although penalties may apply if you make withdrawals without having a penalty exception. Otherwise, normal IRA distribution rules apply.

Option 3: Lump sum distribution.

This is the simplest option of the three—all the money in the account is distributed to you upon request. However, you'll immediately pay taxes on the distribution. Depending on your income tax situation, this could result in excessive taxes that might have been avoided under option 1 or 2. Your North Star advisor can help you determine the most efficient method of transfer.

You should discuss your options with one of our professionals before proceeding.



Before you can decide what to do with your inherited retirement plan, you need to determine what kind of plan it is. To learn more, please go to the next page.

Do You Know What Kind Of Plan You Inherited?

Knowing the capacity in which you have inherited the plan will help simplify your options. If you're not sure what type of beneficiary you are, call us at 1-877-323-8877 and we can tell you.

The retirement plan that you have inherited will be one of the following:

- An Individual Retirement Account, more commonly known as an IRA. There are two types of accounts in this category: a Traditional IRA (which also includes employer-sponsored plans such as SEP- and SIMPLE IRAs) and a Roth IRA.
- A qualified retirement plan. This is an employer sponsored retirement plan such as Profit-Sharing, Money Purchase, 401(k), Individual 401(k) and 403(b) plans.

Your inherited retirement plan.

You may already know which kind of retirement plan you have inherited, but if you're not sure, call us at 1-877-323-8877 and we can tell you more.

Are you the beneficiary?

When the original account holder established the retirement plan, he or she would have designated a beneficiary—either an individual such as a spouse, a family member, a friend, or an entity such as a trust or an estate—to inherit the assets in the plan.

When a trust inherits a retirement plan.

If you are the trustee of a trust that has inherited an IRA, your options for taking distributions depend on whether the trust is a “qualified trust,” according to certain IRS requirements.

When a trust is the beneficiary, different rules may apply. A North Star advisor can help you determine if the trust is qualified as well as the next steps to ensure a tax efficient transfer. In addition, the trustee must provide a copy of the trust agreement and/or a list of all beneficiaries of the trust to the financial institution that holds the IRA.

