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	Singular	Possesive	Current Age	Assumed Age @ Death
IRA Owner's First Name	Bill	Bill's	68	68
Surviving Spouse's First Name	Jane	Jane's	66	66
Last Name	Dough			
Oldest Beneficiary's Name	David	David's	45	N/A
Youngest Beneficiary's Name	Tyler	Tyler's	20	N/A
First Year of Analysis / Year of IRA Owner's Death	2006			
Federal Income Tax Rate	35.00%			
Federal Capital Gains Rate	15.00%			
State Income Tax Rate	5.00%			
State Capital Gains Rate	5.00%			
IRA Balance	\$ 500,000			
Outside Assets Balance	\$ -			
Growth Rate	8.00%			
Turnover on Growth	50.00%			
5-Year Payout Option (IRA Owner < 70)	Lump-Sum			

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Print IRA Memo

Denotes mandatory inputs

Bill & Jane Dough

Inherited IRA Analysis Overview

The Inherited IRA Analysis is a comprehensive income tax analysis designed to show the additional wealth that can be transferred through deferral. In particular, this analysis looks at six of the most common scenarios which affect IRA owners. These scenarios can be summarized as follows.

Immediate Distribution

In this scenario, it is assumed the IRA is liquidated in the year of death with the after-tax proceeds being re-invested in a taxable non-qualified account. This scenario is analogous to qualified retirement plan situations whereby the beneficiary is required, under the provisions of the qualified retirement plan, to take the entire balance out as one lump-sum.

IRA Payable to Non-Qualified Designated Beneficiary

This scenario assumes that the IRA is payable to a non-qualified beneficiary (e.g. estate, non-qualified trust, etc.). To the extent that the decedent-IRA owner is less than age 70½ at the time of death, the IRA must be fully distributed by December 31st of the year containing the fifth anniversary of the IRA owner's death. To the extent that the decedent-IRA owner is 70½ or older at the time of death, the IRA is payable over the decedent-IRA owner's "ghost" life expectancy. In this case, the factor used in the first year is determined by reference to the Single Life Table using the age of the decedent-IRA owner in the year of death. This factor is then reduced by one every year thereafter.

IRA Payable to Surviving Spouse (No Spousal Rollover)

In this scenario, it is assumed that the decedent-IRA owner's surviving spouse inherits the IRA, but chooses to keep the IRA in the decedent-IRA owner's name. To the extent that the surviving spouse is younger than the decedent-IRA owner, it is assumed that the surviving spouse's age is used to determine the annual IRA distributions. In this case, the factor used to determine the surviving spouse's annual IRA distribution is by reference to the Single Life Table. This process is then repeated each year until the surviving spouse passes away. On the other hand, if the decedent-IRA owner is younger than the surviving spouse, it is assumed that decedent-IRA owner's life expectancy is used to determine the annual IRA distributions. In this situation, the factor used to determine the annual IRA distribution is determined in the first year by reference to the Single Life Table using the decedent-IRA owner's age in the year of death. Every year thereafter, this factor is reduced by one. Furthermore, regardless of which method that is used, it is assumed that the first distribution will not take place until the decedent-IRA owner would have reached age 70½ (in the case where the decedent-IRA owner was under age 70½ at the time of death).

IRA Payable to Surviving Spouse (Spousal Rollover)

This particular scenario assumes that instead of keeping the IRA in the name of the decedent-IRA owner (see description above), the surviving spouse rolls over the decedent-IRA owner's IRA into her own IRA. In this case, the surviving spouse may defer taking withdrawals from the IRA until she turns age 70½. Once the surviving spouse turns age 70½, the annual IRA distribution is determined by reference to the Uniform Lifetime Table using the surviving spouse's age each distribution year.

IRA Payable to Oldest Non-Spousal Beneficiary

This scenario assumes that a qualified non-spousal beneficiary (e.g. child, grandchild, brother, sister, etc.) inherits the IRA from the decedent-IRA owner. In this case, the first annual IRA distribution is determined by reference to the Single Life Table using non-spousal beneficiary's age in the year following the year of the decedent-IRA owner's death. Every year thereafter, the life expectancy factor is reduced by one. Further, to the extent that the decedent-IRA owner is older than age 70½ at the time of death, the distribution for the year of death is determined by reference to the Uniform Lifetime Table using the decedent-IRA owner's age in the year of death.

IRA Payable to Youngest Non-Spousal Beneficiary

This scenario assumes that a qualified non-spousal beneficiary (e.g. child, grandchild, brother, sister, etc.) inherits the IRA from the decedent-IRA owner. In this case, the first annual IRA distribution is determined by reference to the Single Life Table using non-spousal beneficiary's age in the year following the year of the decedent-IRA owner's death. Every year thereafter, the life expectancy factor is reduced by one. Further, to the extent that the decedent-IRA owner is older than age 70½ at the time of death, the distribution for the year of death is determined by reference to the Uniform Lifetime Table using the decedent-IRA owner's age in the year of death.

Bill & Jane Dough
Inherited IRA Analysis
Assumptions

First Year of Analysis / Year of Death	2006
Bill's Age	68
Jane's Age	66
David's Age	45
Tyler's Age	20
Total IRA Account Balance	\$500,000
Outside Assets Balance	\$0
Growth Rate	8.00%
Turnover on Growth	50.00%
Federal Income Tax Rate	35.00%
State Income Tax Rate	<u>5.00%</u>
Effective Income Tax Rate	<u><u>40.00%</u></u>
Federal Capital Gains Tax Rate	15.00%
State Capital Gains Tax Rate	<u>5.00%</u>
Effective Capital Gains Tax Rate	<u><u>20.00%</u></u>

Bill & Jane Dough
Inherited IRA Analysis
Immediate Distribution

Bill's Age	RMD Factor	Year	Beginning IRA Balance	Required Distribution	Growth @ 8.00%	Ending IRA Balance	Beginning Outside Balance	Net IRA Receipts 40.00%	Growth @ 8.00%	Taxes on Growth @ 20.00%	Ending Outside Balance	Net Wealth to Family
68	N/A	2006	\$ 500,000	\$ (500,000)	\$ -	\$ -	\$ -	\$ 300,000	\$ 24,000	\$ (2,400)	\$ 321,600	\$ 321,600
	N/A	2007				\$ 321,600	\$ -	\$ -	\$ 25,728	\$ (2,573)	\$ 344,755	\$ 344,755
	N/A	2008				\$ 344,755	\$ -	\$ -	\$ 27,580	\$ (2,758)	\$ 369,578	\$ 369,578
	N/A	2009				\$ 369,578	\$ -	\$ -	\$ 29,566	\$ (2,957)	\$ 396,187	\$ 396,187
	N/A	2010				\$ 396,187	\$ -	\$ -	\$ 31,695	\$ (3,169)	\$ 424,713	\$ 424,713
	N/A	2011				\$ 424,713	\$ -	\$ -	\$ 33,977	\$ (3,398)	\$ 455,292	\$ 455,292
	N/A	2012				\$ 455,292	\$ -	\$ -	\$ 36,423	\$ (3,642)	\$ 488,073	\$ 488,073
	N/A	2013				\$ 488,073	\$ -	\$ -	\$ 39,046	\$ (3,905)	\$ 523,214	\$ 523,214
	N/A	2014				\$ 523,214	\$ -	\$ -	\$ 41,857	\$ (4,186)	\$ 560,886	\$ 560,886
	N/A	2015				\$ 560,886	\$ -	\$ -	\$ 44,871	\$ (4,487)	\$ 601,269	\$ 601,269
	N/A	2016				\$ 601,269	\$ -	\$ -	\$ 48,102	\$ (4,810)	\$ 644,561	\$ 644,561
	N/A	2017				\$ 644,561	\$ -	\$ -	\$ 51,565	\$ (5,156)	\$ 690,969	\$ 690,969
	N/A	2018				\$ 690,969	\$ -	\$ -	\$ 55,278	\$ (5,528)	\$ 740,719	\$ 740,719
	N/A	2019				\$ 740,719	\$ -	\$ -	\$ 59,258	\$ (5,926)	\$ 794,051	\$ 794,051
	N/A	2020				\$ 794,051	\$ -	\$ -	\$ 63,524	\$ (6,352)	\$ 851,222	\$ 851,222
	N/A	2021				\$ 851,222	\$ -	\$ -	\$ 68,098	\$ (6,810)	\$ 912,510	\$ 912,510
	N/A	2022				\$ 912,510	\$ -	\$ -	\$ 73,001	\$ (7,300)	\$ 978,211	\$ 978,211
	N/A	2023				\$ 978,211	\$ -	\$ -	\$ 78,257	\$ (7,826)	\$ 1,048,642	\$ 1,048,642
	N/A	2024				\$ 1,048,642	\$ -	\$ -	\$ 83,891	\$ (8,389)	\$ 1,124,145	\$ 1,124,145
	N/A	2025				\$ 1,124,145	\$ -	\$ -	\$ 89,932	\$ (8,993)	\$ 1,205,083	\$ 1,205,083
	N/A	2026				\$ 1,205,083	\$ -	\$ -	\$ 96,407	\$ (9,641)	\$ 1,291,849	\$ 1,291,849
	N/A	2027				\$ 1,291,849	\$ -	\$ -	\$ 103,348	\$ (10,335)	\$ 1,384,862	\$ 1,384,862
	N/A	2028				\$ 1,384,862	\$ -	\$ -	\$ 110,789	\$ (11,079)	\$ 1,484,572	\$ 1,484,572
	N/A	2029				\$ 1,484,572	\$ -	\$ -	\$ 118,766	\$ (11,877)	\$ 1,591,461	\$ 1,591,461
	N/A	2030				\$ 1,591,461	\$ -	\$ -	\$ 127,317	\$ (12,732)	\$ 1,706,047	\$ 1,706,047
	N/A	2031				\$ 1,706,047	\$ -	\$ -	\$ 136,484	\$ (13,648)	\$ 1,828,882	\$ 1,828,882
	N/A	2032				\$ 1,828,882	\$ -	\$ -	\$ 146,311	\$ (14,631)	\$ 1,960,561	\$ 1,960,561
	N/A	2033				\$ 1,960,561	\$ -	\$ -	\$ 156,845	\$ (15,684)	\$ 2,101,722	\$ 2,101,722
	N/A	2034				\$ 2,101,722	\$ -	\$ -	\$ 168,138	\$ (16,814)	\$ 2,253,046	\$ 2,253,046
	N/A	2035				\$ 2,253,046	\$ -	\$ -	\$ 180,244	\$ (18,024)	\$ 2,415,265	\$ 2,415,265
	N/A	2036				\$ 2,415,265	\$ -	\$ -	\$ 193,221	\$ (19,322)	\$ 2,589,164	\$ 2,589,164
	N/A	2037				\$ 2,589,164	\$ -	\$ -	\$ 207,133	\$ (20,713)	\$ 2,775,584	\$ 2,775,584
	N/A	2038				\$ 2,775,584	\$ -	\$ -	\$ 222,047	\$ (22,205)	\$ 2,975,426	\$ 2,975,426
	N/A	2039				\$ 2,975,426	\$ -	\$ -	\$ 238,034	\$ (23,803)	\$ 3,189,657	\$ 3,189,657
	N/A	2040				\$ 3,189,657	\$ -	\$ -	\$ 255,173	\$ (25,517)	\$ 3,419,312	\$ 3,419,312
	N/A	2041				\$ 3,419,312	\$ -	\$ -	\$ 273,545	\$ (27,354)	\$ 3,665,503	\$ 3,665,503
	N/A	2042				\$ 3,665,503	\$ -	\$ -	\$ 293,240	\$ (29,324)	\$ 3,929,419	\$ 3,929,419
	N/A	2043				\$ 3,929,419	\$ -	\$ -	\$ 314,353	\$ (31,435)	\$ 4,212,337	\$ 4,212,337
	N/A	2044				\$ 4,212,337	\$ -	\$ -	\$ 336,987	\$ (33,699)	\$ 4,515,625	\$ 4,515,625
	N/A	2045				\$ 4,515,625	\$ -	\$ -	\$ 361,250	\$ (36,125)	\$ 4,840,750	\$ 4,840,750

Bill & Jane Dough

Inherited IRA Analysis

IRA Payable to Non-Qualified Designated Beneficiary (i.e. 5-Year Rule)

Bill's Age	RMD Factor	Year	Beginning IRA Balance	Required Distribution	Growth @ 8.00%	Ending IRA Balance	Beginning Outside Balance	Net IRA Receipts 40.00%	Growth @ 8.00%	Taxes on Growth @ 20.00%	Ending Outside Balance	Net Wealth to Family
68	N/A	2006	\$ 500,000	\$ -	\$ 40,000	\$ 540,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,000
	N/A	2007	\$ 540,000	\$ -	\$ 43,200	\$ 583,200	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 583,200
	N/A	2008	\$ 583,200	\$ -	\$ 46,656	\$ 629,856	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 629,856
	N/A	2009	\$ 629,856	\$ -	\$ 50,388	\$ 680,244	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 680,244
	N/A	2010	\$ 680,244	\$ -	\$ 54,420	\$ 734,664	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 734,664
	N/A	2011	\$ 734,664	\$ (734,664)	\$ -	\$ -	\$ -	\$ 440,798	\$ 35,264	\$ (3,526)	\$ 472,536	\$ 472,536
	N/A	2012	\$ -	\$ -	\$ -	\$ -	\$ 472,536	\$ -	\$ 37,803	\$ (3,780)	\$ 506,558	\$ 506,558
	N/A	2013	\$ -	\$ -	\$ -	\$ -	\$ 506,558	\$ -	\$ 40,525	\$ (4,052)	\$ 543,031	\$ 543,031
	N/A	2014	\$ -	\$ -	\$ -	\$ -	\$ 543,031	\$ -	\$ 43,442	\$ (4,344)	\$ 582,129	\$ 582,129
	N/A	2015	\$ -	\$ -	\$ -	\$ -	\$ 582,129	\$ -	\$ 46,570	\$ (4,657)	\$ 624,042	\$ 624,042
	N/A	2016	\$ -	\$ -	\$ -	\$ -	\$ 624,042	\$ -	\$ 49,923	\$ (4,992)	\$ 668,973	\$ 668,973
	N/A	2017	\$ -	\$ -	\$ -	\$ -	\$ 668,973	\$ -	\$ 53,518	\$ (5,352)	\$ 717,139	\$ 717,139
	N/A	2018	\$ -	\$ -	\$ -	\$ -	\$ 717,139	\$ -	\$ 57,371	\$ (5,737)	\$ 768,773	\$ 768,773
	N/A	2019	\$ -	\$ -	\$ -	\$ -	\$ 768,773	\$ -	\$ 61,502	\$ (6,150)	\$ 824,125	\$ 824,125
	N/A	2020	\$ -	\$ -	\$ -	\$ -	\$ 824,125	\$ -	\$ 65,930	\$ (6,593)	\$ 883,462	\$ 883,462
	N/A	2021	\$ -	\$ -	\$ -	\$ -	\$ 883,462	\$ -	\$ 70,677	\$ (7,068)	\$ 947,071	\$ 947,071
	N/A	2022	\$ -	\$ -	\$ -	\$ -	\$ 947,071	\$ -	\$ 75,766	\$ (7,577)	\$ 1,015,260	\$ 1,015,260
	N/A	2023	\$ -	\$ -	\$ -	\$ -	\$ 1,015,260	\$ -	\$ 81,221	\$ (8,122)	\$ 1,088,359	\$ 1,088,359
	N/A	2024	\$ -	\$ -	\$ -	\$ -	\$ 1,088,359	\$ -	\$ 87,069	\$ (8,707)	\$ 1,166,721	\$ 1,166,721
	N/A	2025	\$ -	\$ -	\$ -	\$ -	\$ 1,166,721	\$ -	\$ 93,338	\$ (9,334)	\$ 1,250,725	\$ 1,250,725
	N/A	2026	\$ -	\$ -	\$ -	\$ -	\$ 1,250,725	\$ -	\$ 100,058	\$ (10,006)	\$ 1,340,777	\$ 1,340,777
	N/A	2027	\$ -	\$ -	\$ -	\$ -	\$ 1,340,777	\$ -	\$ 107,262	\$ (10,726)	\$ 1,437,313	\$ 1,437,313
	N/A	2028	\$ -	\$ -	\$ -	\$ -	\$ 1,437,313	\$ -	\$ 114,985	\$ (11,499)	\$ 1,540,800	\$ 1,540,800
	N/A	2029	\$ -	\$ -	\$ -	\$ -	\$ 1,540,800	\$ -	\$ 123,264	\$ (12,326)	\$ 1,651,737	\$ 1,651,737
	N/A	2030	\$ -	\$ -	\$ -	\$ -	\$ 1,651,737	\$ -	\$ 132,139	\$ (13,214)	\$ 1,770,662	\$ 1,770,662
	N/A	2031	\$ -	\$ -	\$ -	\$ -	\$ 1,770,662	\$ -	\$ 141,653	\$ (14,165)	\$ 1,898,150	\$ 1,898,150
	N/A	2032	\$ -	\$ -	\$ -	\$ -	\$ 1,898,150	\$ -	\$ 151,852	\$ (15,185)	\$ 2,034,817	\$ 2,034,817
	N/A	2033	\$ -	\$ -	\$ -	\$ -	\$ 2,034,817	\$ -	\$ 162,785	\$ (16,279)	\$ 2,181,324	\$ 2,181,324
	N/A	2034	\$ -	\$ -	\$ -	\$ -	\$ 2,181,324	\$ -	\$ 174,506	\$ (17,451)	\$ 2,338,379	\$ 2,338,379
	N/A	2035	\$ -	\$ -	\$ -	\$ -	\$ 2,338,379	\$ -	\$ 187,070	\$ (18,707)	\$ 2,506,742	\$ 2,506,742
	N/A	2036	\$ -	\$ -	\$ -	\$ -	\$ 2,506,742	\$ -	\$ 200,539	\$ (20,054)	\$ 2,687,228	\$ 2,687,228
	N/A	2037	\$ -	\$ -	\$ -	\$ -	\$ 2,687,228	\$ -	\$ 214,978	\$ (21,498)	\$ 2,880,708	\$ 2,880,708
	N/A	2038	\$ -	\$ -	\$ -	\$ -	\$ 2,880,708	\$ -	\$ 230,457	\$ (23,046)	\$ 3,088,119	\$ 3,088,119
	N/A	2039	\$ -	\$ -	\$ -	\$ -	\$ 3,088,119	\$ -	\$ 247,050	\$ (24,705)	\$ 3,310,464	\$ 3,310,464
	N/A	2040	\$ -	\$ -	\$ -	\$ -	\$ 3,310,464	\$ -	\$ 264,837	\$ (26,484)	\$ 3,548,817	\$ 3,548,817
	N/A	2041	\$ -	\$ -	\$ -	\$ -	\$ 3,548,817	\$ -	\$ 283,905	\$ (28,391)	\$ 3,804,332	\$ 3,804,332
	N/A	2042	\$ -	\$ -	\$ -	\$ -	\$ 3,804,332	\$ -	\$ 304,347	\$ (30,435)	\$ 4,078,244	\$ 4,078,244
	N/A	2043	\$ -	\$ -	\$ -	\$ -	\$ 4,078,244	\$ -	\$ 326,259	\$ (32,626)	\$ 4,371,877	\$ 4,371,877
	N/A	2044	\$ -	\$ -	\$ -	\$ -	\$ 4,371,877	\$ -	\$ 349,750	\$ (34,975)	\$ 4,686,652	\$ 4,686,652
	N/A	2045	\$ -	\$ -	\$ -	\$ -	\$ 4,686,652	\$ -	\$ 374,932	\$ (37,493)	\$ 5,024,091	\$ 5,024,091

Bill & Jane Dough

Inherited IRA Analysis

IRA Payable to Surviving Spouse (No Spousal Rollover)

Bill's Age	Jane's Age	David's Age	RMD Factor	Year	Beginning IRA Balance	Required Distribution	Growth @ 8.00%	Ending IRA Balance	Beginning Outside Balance	Net IRA Receipts 40.00%	Growth @ 8.00%	Taxes on Growth @ 20.00%	Ending Outside Balance	Net Wealth to Family
68	66	45	N/A	2006	\$ 500,000	\$ -	\$ 40,000	\$ 540,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,000
		46	37.9	2007	\$ 540,000	\$ (14,248)	\$ 42,060	\$ 567,812	\$ -	\$ 8,549	\$ 684	\$ (68)	\$ 9,164	\$ 576,976
		47	36.9	2008	\$ 567,812	\$ (15,388)	\$ 44,194	\$ 596,618	\$ 9,164	\$ 9,233	\$ 1,472	\$ (147)	\$ 19,722	\$ 616,340
		48	35.9	2009	\$ 596,618	\$ (16,619)	\$ 46,400	\$ 626,399	\$ 19,722	\$ 9,971	\$ 2,375	\$ (238)	\$ 31,831	\$ 658,230
		49	34.9	2010	\$ 626,399	\$ (17,948)	\$ 48,676	\$ 657,127	\$ 31,831	\$ 10,769	\$ 3,408	\$ (341)	\$ 45,667	\$ 702,794
		50	33.9	2011	\$ 657,127	\$ (19,384)	\$ 51,019	\$ 688,762	\$ 45,667	\$ 11,631	\$ 4,584	\$ (458)	\$ 61,423	\$ 750,185
		51	32.9	2012	\$ 688,762	\$ (20,935)	\$ 53,426	\$ 721,253	\$ 61,423	\$ 12,561	\$ 5,919	\$ (592)	\$ 79,311	\$ 800,564
		52	31.9	2013	\$ 721,253	\$ (22,610)	\$ 55,891	\$ 754,535	\$ 79,311	\$ 13,566	\$ 7,430	\$ (743)	\$ 99,564	\$ 854,099
		53	30.9	2014	\$ 754,535	\$ (24,419)	\$ 58,409	\$ 788,526	\$ 99,564	\$ 14,651	\$ 9,137	\$ (914)	\$ 122,439	\$ 910,964
		54	29.9	2015	\$ 788,526	\$ (26,372)	\$ 60,972	\$ 823,126	\$ 122,439	\$ 15,823	\$ 11,061	\$ (1,106)	\$ 148,217	\$ 971,343
		55	28.9	2016	\$ 823,126	\$ (28,482)	\$ 63,572	\$ 858,215	\$ 148,217	\$ 17,089	\$ 13,224	\$ (1,322)	\$ 177,208	\$ 1,035,423
		56	27.9	2017	\$ 858,215	\$ (30,760)	\$ 66,196	\$ 893,651	\$ 177,208	\$ 18,456	\$ 15,653	\$ (1,565)	\$ 209,752	\$ 1,103,403
		57	26.9	2018	\$ 893,651	\$ (33,221)	\$ 68,834	\$ 929,265	\$ 209,752	\$ 19,933	\$ 18,375	\$ (1,837)	\$ 246,222	\$ 1,175,487
		58	25.9	2019	\$ 929,265	\$ (35,879)	\$ 71,471	\$ 964,856	\$ 246,222	\$ 21,527	\$ 21,420	\$ (2,142)	\$ 287,027	\$ 1,251,884
		59	24.9	2020	\$ 964,856	\$ (38,749)	\$ 74,089	\$ 1,000,196	\$ 287,027	\$ 23,250	\$ 24,822	\$ (2,482)	\$ 332,617	\$ 1,332,813
		60	23.9	2021	\$ 1,000,196	\$ (41,849)	\$ 76,668	\$ 1,035,014	\$ 332,617	\$ 25,110	\$ 28,618	\$ (2,862)	\$ 383,483	\$ 1,418,497
		61	22.9	2022	\$ 1,035,014	\$ (45,197)	\$ 79,185	\$ 1,069,003	\$ 383,483	\$ 27,118	\$ 32,848	\$ (3,285)	\$ 440,164	\$ 1,509,167
		62	21.9	2023	\$ 1,069,003	\$ (48,813)	\$ 81,615	\$ 1,101,805	\$ 440,164	\$ 29,288	\$ 37,556	\$ (3,756)	\$ 503,252	\$ 1,605,057
		63	20.9	2024	\$ 1,101,805	\$ (52,718)	\$ 83,927	\$ 1,133,014	\$ 503,252	\$ 31,631	\$ 42,791	\$ (4,279)	\$ 573,395	\$ 1,706,409
		64	19.9	2025	\$ 1,133,014	\$ (56,935)	\$ 86,086	\$ 1,162,165	\$ 573,395	\$ 34,161	\$ 48,604	\$ (4,860)	\$ 651,300	\$ 1,813,465
		65	18.9	2026	\$ 1,162,165	\$ (61,490)	\$ 88,054	\$ 1,188,729	\$ 651,300	\$ 36,894	\$ 55,056	\$ (5,506)	\$ 737,744	\$ 1,926,473
		66	17.9	2027	\$ 1,188,729	\$ (66,409)	\$ 89,786	\$ 1,212,105	\$ 737,744	\$ 39,846	\$ 62,207	\$ (6,221)	\$ 833,576	\$ 2,045,681
		67	16.9	2028	\$ 1,212,105	\$ (71,722)	\$ 91,231	\$ 1,231,613	\$ 833,576	\$ 43,033	\$ 70,129	\$ (7,013)	\$ 939,725	\$ 2,171,339
		68	15.9	2029	\$ 1,231,613	\$ (77,460)	\$ 92,332	\$ 1,246,485	\$ 939,725	\$ 46,476	\$ 78,896	\$ (7,890)	\$ 1,057,208	\$ 2,303,693
		69	14.9	2030	\$ 1,246,485	\$ (83,657)	\$ 93,026	\$ 1,255,855	\$ 1,057,208	\$ 50,194	\$ 88,592	\$ (8,859)	\$ 1,187,135	\$ 2,442,990
		70	13.9	2031	\$ 1,255,855	\$ (90,349)	\$ 93,240	\$ 1,258,746	\$ 1,187,135	\$ 54,210	\$ 99,308	\$ (9,931)	\$ 1,330,721	\$ 2,589,467
		71	12.9	2032	\$ 1,258,746	\$ (97,577)	\$ 92,894	\$ 1,254,062	\$ 1,330,721	\$ 58,546	\$ 111,141	\$ (11,114)	\$ 1,489,295	\$ 2,743,357
		72	11.9	2033	\$ 1,254,062	\$ (105,383)	\$ 91,894	\$ 1,240,573	\$ 1,489,295	\$ 63,230	\$ 124,202	\$ (12,420)	\$ 1,664,307	\$ 2,904,880
		73	10.9	2034	\$ 1,240,573	\$ (113,814)	\$ 90,141	\$ 1,216,900	\$ 1,664,307	\$ 68,288	\$ 138,608	\$ (13,861)	\$ 1,857,342	\$ 3,074,242
		74	9.9	2035	\$ 1,216,900	\$ (122,919)	\$ 87,518	\$ 1,181,499	\$ 1,857,342	\$ 73,752	\$ 154,487	\$ (15,449)	\$ 2,070,132	\$ 3,251,632
		75	8.9	2036	\$ 1,181,499	\$ (132,753)	\$ 83,900	\$ 1,132,646	\$ 2,070,132	\$ 79,652	\$ 171,983	\$ (17,198)	\$ 2,304,568	\$ 3,437,215
		76	7.9	2037	\$ 1,132,646	\$ (143,373)	\$ 79,142	\$ 1,068,415	\$ 2,304,568	\$ 86,024	\$ 191,247	\$ (19,125)	\$ 2,562,715	\$ 3,631,130
		77	6.9	2038	\$ 1,068,415	\$ (154,843)	\$ 73,086	\$ 986,658	\$ 2,562,715	\$ 92,906	\$ 212,450	\$ (21,245)	\$ 2,846,825	\$ 3,833,483
		78	5.9	2039	\$ 986,658	\$ (167,230)	\$ 65,554	\$ 884,982	\$ 2,846,825	\$ 100,338	\$ 235,773	\$ (23,577)	\$ 3,159,359	\$ 4,044,341
		79	4.9	2040	\$ 884,982	\$ (180,609)	\$ 56,350	\$ 760,724	\$ 3,159,359	\$ 108,365	\$ 261,418	\$ (26,142)	\$ 3,503,000	\$ 4,263,724
		80	3.9	2041	\$ 760,724	\$ (195,057)	\$ 45,253	\$ 610,920	\$ 3,503,000	\$ 117,034	\$ 289,603	\$ (28,960)	\$ 3,880,677	\$ 4,491,597
		81	2.9	2042	\$ 610,920	\$ (210,662)	\$ 32,021	\$ 432,278	\$ 3,880,677	\$ 126,397	\$ 320,566	\$ (32,057)	\$ 4,295,584	\$ 4,727,862
		82	1.9	2043	\$ 432,278	\$ (227,515)	\$ 16,381	\$ 221,144	\$ 4,295,584	\$ 136,509	\$ 354,567	\$ (35,457)	\$ 4,751,203	\$ 4,972,348
		83	1.0	2044	\$ 221,144	\$ (221,144)	\$ -	\$ -	\$ 4,751,203	\$ 132,687	\$ 390,711	\$ (39,071)	\$ 5,235,530	\$ 5,235,530
		84	1.0	2045	\$ -	\$ -	\$ -	\$ -	\$ 5,235,530	\$ -	\$ 418,842	\$ (41,884)	\$ 5,612,488	\$ 5,612,488

Bill & Jane Dough
Inherited IRA Analysis
IRA Payable to Surviving Spouse (Spousal Rollover)

Bill's Age	Jane's Age	David's Age	RMD Factor	Year	Beginning IRA Balance	Required Distribution	Growth @ 8.00%	Ending IRA Balance	Beginning Outside Balance	Net IRA Receipts 40.00%	Growth @ 8.00%	Taxes on Growth @ 20.00%	Ending Outside Balance	Net Wealth to Family
68	66	45	N/A	2006	\$ 500,000	\$ -	\$ 40,000	\$ 540,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,000
		46	37.9	2007	\$ 540,000	\$ (14,248)	\$ 42,060	\$ 567,812	\$ -	\$ 8,549	\$ 684	\$ (68)	\$ 9,164	\$ 576,976
		47	36.9	2008	\$ 567,812	\$ (15,388)	\$ 44,194	\$ 596,618	\$ 9,164	\$ 9,233	\$ 1,472	\$ (147)	\$ 19,722	\$ 616,340
		48	35.9	2009	\$ 596,618	\$ (16,619)	\$ 46,400	\$ 626,399	\$ 19,722	\$ 9,971	\$ 2,375	\$ (238)	\$ 31,831	\$ 658,230
		49	34.9	2010	\$ 626,399	\$ (17,948)	\$ 48,676	\$ 657,127	\$ 31,831	\$ 10,769	\$ 3,408	\$ (341)	\$ 45,667	\$ 702,794
		50	33.9	2011	\$ 657,127	\$ (19,384)	\$ 51,019	\$ 688,762	\$ 45,667	\$ 11,631	\$ 4,584	\$ (458)	\$ 61,423	\$ 750,185
		51	32.9	2012	\$ 688,762	\$ (20,935)	\$ 53,426	\$ 721,253	\$ 61,423	\$ 12,561	\$ 5,919	\$ (592)	\$ 79,311	\$ 800,564
		52	31.9	2013	\$ 721,253	\$ (22,610)	\$ 55,891	\$ 754,535	\$ 79,311	\$ 13,566	\$ 7,430	\$ (743)	\$ 99,564	\$ 854,099
		53	30.9	2014	\$ 754,535	\$ (24,419)	\$ 58,409	\$ 788,526	\$ 99,564	\$ 14,651	\$ 9,137	\$ (914)	\$ 122,439	\$ 910,964
		54	29.9	2015	\$ 788,526	\$ (26,372)	\$ 60,972	\$ 823,126	\$ 122,439	\$ 15,823	\$ 11,061	\$ (1,106)	\$ 148,217	\$ 971,343
		55	28.9	2016	\$ 823,126	\$ (28,482)	\$ 63,572	\$ 858,215	\$ 148,217	\$ 17,089	\$ 13,224	\$ (1,322)	\$ 177,208	\$ 1,035,423
		56	27.9	2017	\$ 858,215	\$ (30,760)	\$ 66,196	\$ 893,651	\$ 177,208	\$ 18,456	\$ 15,653	\$ (1,565)	\$ 209,752	\$ 1,103,403
		57	26.9	2018	\$ 893,651	\$ (33,221)	\$ 68,834	\$ 929,265	\$ 209,752	\$ 19,933	\$ 18,375	\$ (1,837)	\$ 246,222	\$ 1,175,487
		58	25.9	2019	\$ 929,265	\$ (35,879)	\$ 71,471	\$ 964,856	\$ 246,222	\$ 21,527	\$ 21,420	\$ (2,142)	\$ 287,027	\$ 1,251,884
		59	24.9	2020	\$ 964,856	\$ (38,749)	\$ 74,089	\$ 1,000,196	\$ 287,027	\$ 23,250	\$ 24,822	\$ (2,482)	\$ 332,617	\$ 1,332,813
		60	23.9	2021	\$ 1,000,196	\$ (41,849)	\$ 76,668	\$ 1,035,014	\$ 332,617	\$ 25,110	\$ 28,618	\$ (2,862)	\$ 383,483	\$ 1,418,497
		61	22.9	2022	\$ 1,035,014	\$ (45,197)	\$ 79,185	\$ 1,069,003	\$ 383,483	\$ 27,118	\$ 32,848	\$ (3,285)	\$ 440,164	\$ 1,509,167
		62	21.9	2023	\$ 1,069,003	\$ (48,813)	\$ 81,615	\$ 1,101,805	\$ 440,164	\$ 29,288	\$ 37,556	\$ (3,756)	\$ 503,252	\$ 1,605,057
		63	20.9	2024	\$ 1,101,805	\$ (52,718)	\$ 83,927	\$ 1,133,014	\$ 503,252	\$ 31,631	\$ 42,791	\$ (4,279)	\$ 573,395	\$ 1,706,409
		64	19.9	2025	\$ 1,133,014	\$ (56,935)	\$ 86,086	\$ 1,162,165	\$ 573,395	\$ 34,161	\$ 48,604	\$ (4,860)	\$ 651,300	\$ 1,813,465
		65	18.9	2026	\$ 1,162,165	\$ (61,490)	\$ 88,054	\$ 1,188,729	\$ 651,300	\$ 36,894	\$ 55,056	\$ (5,506)	\$ 737,744	\$ 1,926,473
		66	17.9	2027	\$ 1,188,729	\$ (66,409)	\$ 89,786	\$ 1,212,105	\$ 737,744	\$ 39,846	\$ 62,207	\$ (6,221)	\$ 833,576	\$ 2,045,681
		67	16.9	2028	\$ 1,212,105	\$ (71,722)	\$ 91,231	\$ 1,231,613	\$ 833,576	\$ 43,033	\$ 70,129	\$ (7,013)	\$ 939,725	\$ 2,171,339
		68	15.9	2029	\$ 1,231,613	\$ (77,460)	\$ 92,332	\$ 1,246,485	\$ 939,725	\$ 46,476	\$ 78,896	\$ (7,890)	\$ 1,057,208	\$ 2,303,693
		69	14.9	2030	\$ 1,246,485	\$ (83,657)	\$ 93,026	\$ 1,255,855	\$ 1,057,208	\$ 50,194	\$ 88,592	\$ (8,859)	\$ 1,187,135	\$ 2,442,990
		70	13.9	2031	\$ 1,255,855	\$ (90,349)	\$ 93,240	\$ 1,258,746	\$ 1,187,135	\$ 54,210	\$ 99,308	\$ (9,931)	\$ 1,330,721	\$ 2,589,467
		71	12.9	2032	\$ 1,258,746	\$ (97,577)	\$ 92,894	\$ 1,254,062	\$ 1,330,721	\$ 58,546	\$ 111,141	\$ (11,114)	\$ 1,489,295	\$ 2,743,357
		72	11.9	2033	\$ 1,254,062	\$ (105,383)	\$ 91,894	\$ 1,240,573	\$ 1,489,295	\$ 63,230	\$ 124,202	\$ (12,420)	\$ 1,664,307	\$ 2,904,880
		73	10.9	2034	\$ 1,240,573	\$ (113,814)	\$ 90,141	\$ 1,216,900	\$ 1,664,307	\$ 68,288	\$ 138,608	\$ (13,861)	\$ 1,857,342	\$ 3,074,242
		74	9.9	2035	\$ 1,216,900	\$ (122,919)	\$ 87,518	\$ 1,181,499	\$ 1,857,342	\$ 73,752	\$ 154,487	\$ (15,449)	\$ 2,070,132	\$ 3,251,632
		75	8.9	2036	\$ 1,181,499	\$ (132,753)	\$ 83,900	\$ 1,132,646	\$ 2,070,132	\$ 79,652	\$ 171,983	\$ (17,198)	\$ 2,304,568	\$ 3,437,215
		76	7.9	2037	\$ 1,132,646	\$ (143,373)	\$ 79,142	\$ 1,068,415	\$ 2,304,568	\$ 86,024	\$ 191,247	\$ (19,125)	\$ 2,562,715	\$ 3,631,130
		77	6.9	2038	\$ 1,068,415	\$ (154,843)	\$ 73,086	\$ 986,658	\$ 2,562,715	\$ 92,906	\$ 212,450	\$ (21,245)	\$ 2,846,825	\$ 3,833,483
		78	5.9	2039	\$ 986,658	\$ (167,230)	\$ 65,554	\$ 884,982	\$ 2,846,825	\$ 100,338	\$ 235,773	\$ (23,577)	\$ 3,159,359	\$ 4,044,341
		79	4.9	2040	\$ 884,982	\$ (180,609)	\$ 56,350	\$ 760,724	\$ 3,159,359	\$ 108,365	\$ 261,418	\$ (26,142)	\$ 3,503,000	\$ 4,263,724
		80	3.9	2041	\$ 760,724	\$ (195,057)	\$ 45,253	\$ 610,920	\$ 3,503,000	\$ 117,034	\$ 289,603	\$ (28,960)	\$ 3,880,677	\$ 4,491,597
		81	2.9	2042	\$ 610,920	\$ (210,662)	\$ 32,021	\$ 432,278	\$ 3,880,677	\$ 126,397	\$ 320,566	\$ (32,057)	\$ 4,295,584	\$ 4,727,862
		82	1.9	2043	\$ 432,278	\$ (227,515)	\$ 16,381	\$ 221,144	\$ 4,295,584	\$ 136,509	\$ 354,567	\$ (35,457)	\$ 4,751,203	\$ 4,972,348
		83	1.0	2044	\$ 221,144	\$ (221,144)	\$ -	\$ -	\$ 4,751,203	\$ 132,687	\$ 390,711	\$ (39,071)	\$ 5,235,530	\$ 5,235,530
		84	1.0	2045	\$ -	\$ -	\$ -	\$ -	\$ 5,235,530	\$ -	\$ 418,842	\$ (41,884)	\$ 5,612,488	\$ 5,612,488

Bill & Jane Dough
Inherited IRA Analysis
IRA Payable to Oldest Non-Spousal Beneficiary

Bill's Age	David's Age	RMD Factor	Year	Beginning IRA Balance	Required Distribution	Growth @ 8.00%	Ending IRA Balance	Beginning Outside Balance	Net IRA Receipts 40.00%	Growth @ 8.00%	Taxes on Growth @ 20.00%	Ending Outside Balance	Net Wealth to Family
68	45	N/A	2006	\$ 500,000	\$ -	\$ 40,000	\$ 540,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,000
	46	37.9	2007	\$ 540,000	\$ (14,248)	\$ 42,060	\$ 567,812	\$ -	\$ 8,549	\$ 684	\$ (68)	\$ 9,164	\$ 576,976
	47	36.9	2008	\$ 567,812	\$ (15,388)	\$ 44,194	\$ 596,618	\$ 9,164	\$ 9,233	\$ 1,472	\$ (147)	\$ 19,722	\$ 616,340
	48	35.9	2009	\$ 596,618	\$ (16,619)	\$ 46,400	\$ 626,399	\$ 19,722	\$ 9,971	\$ 2,375	\$ (238)	\$ 31,831	\$ 658,230
	49	34.9	2010	\$ 626,399	\$ (17,948)	\$ 48,676	\$ 657,127	\$ 31,831	\$ 10,769	\$ 3,408	\$ (341)	\$ 45,667	\$ 702,794
	50	33.9	2011	\$ 657,127	\$ (19,384)	\$ 51,019	\$ 688,762	\$ 45,667	\$ 11,631	\$ 4,584	\$ (458)	\$ 61,423	\$ 750,185
	51	32.9	2012	\$ 688,762	\$ (20,935)	\$ 53,426	\$ 721,253	\$ 61,423	\$ 12,561	\$ 5,919	\$ (592)	\$ 79,311	\$ 800,564
	52	31.9	2013	\$ 721,253	\$ (22,610)	\$ 55,891	\$ 754,535	\$ 79,311	\$ 13,566	\$ 7,430	\$ (743)	\$ 99,564	\$ 854,099
	53	30.9	2014	\$ 754,535	\$ (24,419)	\$ 58,409	\$ 788,526	\$ 99,564	\$ 14,651	\$ 9,137	\$ (914)	\$ 122,439	\$ 910,964
	54	29.9	2015	\$ 788,526	\$ (26,372)	\$ 60,972	\$ 823,126	\$ 122,439	\$ 15,823	\$ 11,061	\$ (1,106)	\$ 148,217	\$ 971,343
	55	28.9	2016	\$ 823,126	\$ (28,482)	\$ 63,572	\$ 858,215	\$ 148,217	\$ 17,089	\$ 13,224	\$ (1,322)	\$ 177,208	\$ 1,035,423
	56	27.9	2017	\$ 858,215	\$ (30,760)	\$ 66,196	\$ 893,651	\$ 177,208	\$ 18,456	\$ 15,653	\$ (1,565)	\$ 209,752	\$ 1,103,403
	57	26.9	2018	\$ 893,651	\$ (33,221)	\$ 68,834	\$ 929,265	\$ 209,752	\$ 19,933	\$ 18,375	\$ (1,837)	\$ 246,222	\$ 1,175,487
	58	25.9	2019	\$ 929,265	\$ (35,879)	\$ 71,471	\$ 964,856	\$ 246,222	\$ 21,527	\$ 21,420	\$ (2,142)	\$ 287,027	\$ 1,251,884
	59	24.9	2020	\$ 964,856	\$ (38,749)	\$ 74,089	\$ 1,000,196	\$ 287,027	\$ 23,250	\$ 24,822	\$ (2,482)	\$ 332,617	\$ 1,332,813
	60	23.9	2021	\$ 1,000,196	\$ (41,849)	\$ 76,868	\$ 1,035,014	\$ 332,617	\$ 25,110	\$ 28,618	\$ (2,862)	\$ 383,483	\$ 1,418,497
	61	22.9	2022	\$ 1,035,014	\$ (45,197)	\$ 79,185	\$ 1,069,003	\$ 383,483	\$ 27,118	\$ 32,848	\$ (3,285)	\$ 440,164	\$ 1,509,167
	62	21.9	2023	\$ 1,069,003	\$ (48,813)	\$ 81,615	\$ 1,101,805	\$ 440,164	\$ 29,288	\$ 37,556	\$ (3,756)	\$ 503,252	\$ 1,605,057
	63	20.9	2024	\$ 1,101,805	\$ (52,718)	\$ 83,927	\$ 1,133,014	\$ 503,252	\$ 31,631	\$ 42,791	\$ (4,279)	\$ 573,395	\$ 1,706,409
	64	19.9	2025	\$ 1,133,014	\$ (56,935)	\$ 86,086	\$ 1,162,165	\$ 573,395	\$ 34,161	\$ 48,604	\$ (4,860)	\$ 651,300	\$ 1,813,465
	65	18.9	2026	\$ 1,162,165	\$ (61,490)	\$ 88,054	\$ 1,188,729	\$ 651,300	\$ 36,894	\$ 55,056	\$ (5,506)	\$ 737,744	\$ 1,926,473
	66	17.9	2027	\$ 1,188,729	\$ (66,409)	\$ 89,786	\$ 1,212,105	\$ 737,744	\$ 39,846	\$ 62,207	\$ (6,221)	\$ 833,576	\$ 2,045,681
	67	16.9	2028	\$ 1,212,105	\$ (71,722)	\$ 91,231	\$ 1,231,613	\$ 833,576	\$ 43,033	\$ 70,129	\$ (7,013)	\$ 939,725	\$ 2,171,339
	68	15.9	2029	\$ 1,231,613	\$ (77,460)	\$ 92,332	\$ 1,246,485	\$ 939,725	\$ 46,476	\$ 78,896	\$ (7,890)	\$ 1,057,208	\$ 2,303,693
	69	14.9	2030	\$ 1,246,485	\$ (83,657)	\$ 93,026	\$ 1,255,855	\$ 1,057,208	\$ 50,194	\$ 88,592	\$ (8,859)	\$ 1,187,135	\$ 2,442,990
	70	13.9	2031	\$ 1,255,855	\$ (90,349)	\$ 93,240	\$ 1,258,746	\$ 1,187,135	\$ 54,210	\$ 99,308	\$ (9,931)	\$ 1,330,721	\$ 2,589,467
	71	12.9	2032	\$ 1,258,746	\$ (97,577)	\$ 92,894	\$ 1,254,062	\$ 1,330,721	\$ 58,546	\$ 111,141	\$ (11,114)	\$ 1,489,295	\$ 2,743,357
	72	11.9	2033	\$ 1,254,062	\$ (105,383)	\$ 91,894	\$ 1,240,573	\$ 1,489,295	\$ 63,230	\$ 124,202	\$ (12,420)	\$ 1,664,307	\$ 2,904,880
	73	10.9	2034	\$ 1,240,573	\$ (113,814)	\$ 90,141	\$ 1,216,900	\$ 1,664,307	\$ 68,288	\$ 138,608	\$ (13,861)	\$ 1,857,342	\$ 3,074,242
	74	9.9	2035	\$ 1,216,900	\$ (122,919)	\$ 87,518	\$ 1,181,499	\$ 1,857,342	\$ 73,752	\$ 154,487	\$ (15,449)	\$ 2,070,132	\$ 3,251,632
	75	8.9	2036	\$ 1,181,499	\$ (132,753)	\$ 83,900	\$ 1,132,646	\$ 2,070,132	\$ 79,652	\$ 171,983	\$ (17,198)	\$ 2,304,568	\$ 3,437,215
	76	7.9	2037	\$ 1,132,646	\$ (143,373)	\$ 79,142	\$ 1,068,415	\$ 2,304,568	\$ 86,024	\$ 191,247	\$ (19,125)	\$ 2,562,715	\$ 3,631,130
	77	6.9	2038	\$ 1,068,415	\$ (154,843)	\$ 73,086	\$ 986,658	\$ 2,562,715	\$ 92,906	\$ 212,450	\$ (21,245)	\$ 2,846,825	\$ 3,833,483
	78	5.9	2039	\$ 986,658	\$ (167,230)	\$ 65,554	\$ 884,982	\$ 2,846,825	\$ 100,338	\$ 235,773	\$ (23,577)	\$ 3,159,359	\$ 4,044,341
	79	4.9	2040	\$ 884,982	\$ (180,609)	\$ 56,350	\$ 760,724	\$ 3,159,359	\$ 108,365	\$ 261,418	\$ (26,142)	\$ 3,503,000	\$ 4,263,724
	80	3.9	2041	\$ 760,724	\$ (195,057)	\$ 45,253	\$ 610,920	\$ 3,503,000	\$ 117,034	\$ 289,603	\$ (28,960)	\$ 3,880,677	\$ 4,491,597
	81	2.9	2042	\$ 610,920	\$ (210,662)	\$ 32,021	\$ 432,278	\$ 3,880,677	\$ 126,397	\$ 320,566	\$ (32,057)	\$ 4,295,584	\$ 4,727,862
	82	1.9	2043	\$ 432,278	\$ (227,515)	\$ 16,381	\$ 221,144	\$ 4,295,584	\$ 136,509	\$ 354,567	\$ (35,457)	\$ 4,751,203	\$ 4,972,348
	83	1.0	2044	\$ 221,144	\$ (221,144)	\$ -	\$ -	\$ 4,751,203	\$ 132,687	\$ 390,711	\$ (39,071)	\$ 5,235,530	\$ 5,235,530
	84	1.0	2045	\$ -	\$ -	\$ -	\$ -	\$ 5,235,530	\$ -	\$ 418,842	\$ (41,884)	\$ 5,612,488	\$ 5,612,488

Bill & Jane Dough

Inherited IRA Analysis

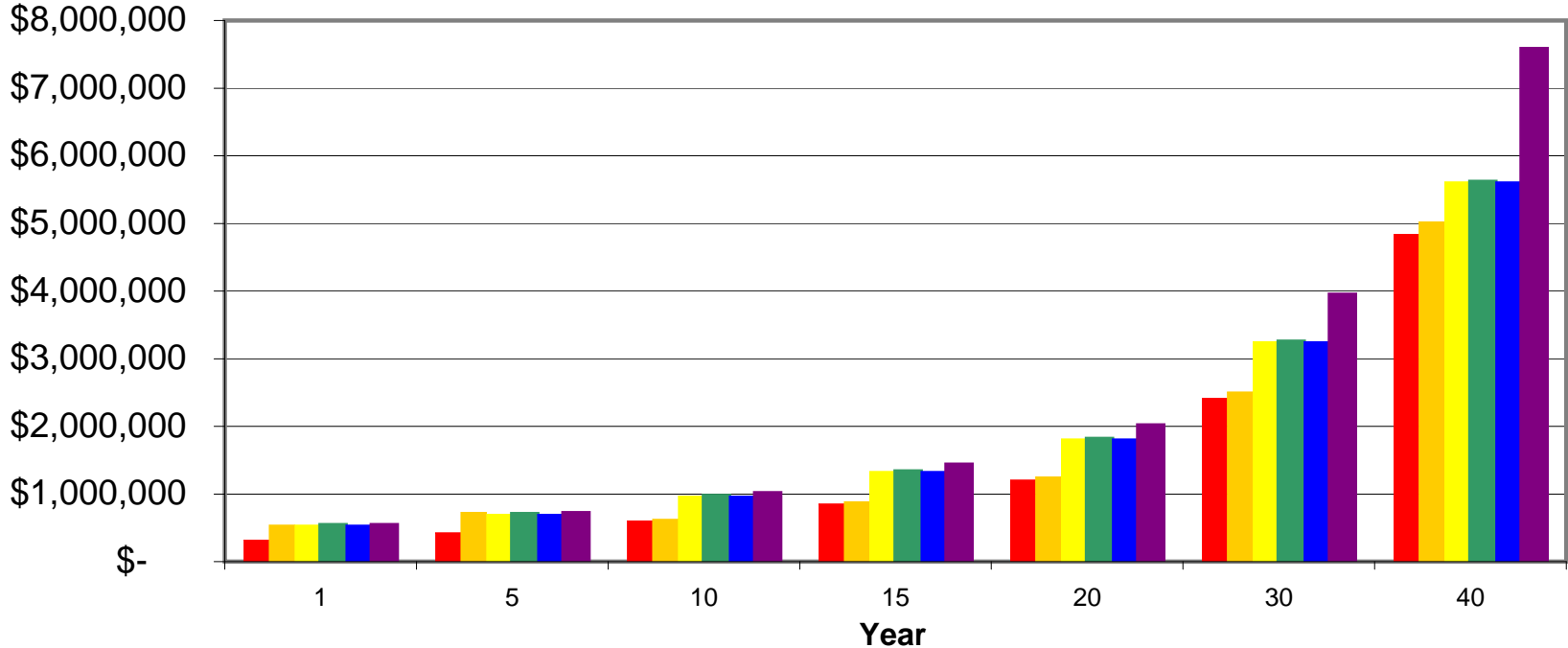
IRA Payable to Youngest Non-Spousal Beneficiary

Bill's Age	Tyler's Age	RMD Factor	Year	Beginning IRA Balance	Required Distribution	Growth @ 8.00%	Ending IRA Balance	Beginning Outside Balance	Net IRA Receipts 40.00%	Growth @ 8.00%	Taxes on Growth @ 20.00%	Ending Outside Balance	Net Wealth to Family
68	20	N/A	2006	\$ 500,000	\$ -	\$ 40,000	\$ 540,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 540,000
	21	62.1	2007	\$ 540,000	\$ (8,696)	\$ 42,504	\$ 573,809	\$ -	\$ 5,217	\$ 417	\$ (42)	\$ 5,593	\$ 579,402
	22	61.1	2008	\$ 573,809	\$ (9,391)	\$ 45,153	\$ 609,571	\$ 5,593	\$ 5,635	\$ 898	\$ (90)	\$ 12,036	\$ 621,607
	23	60.1	2009	\$ 609,571	\$ (10,143)	\$ 47,954	\$ 647,382	\$ 12,036	\$ 6,086	\$ 1,450	\$ (145)	\$ 19,427	\$ 666,809
	24	59.1	2010	\$ 647,382	\$ (10,954)	\$ 50,914	\$ 687,343	\$ 19,427	\$ 6,572	\$ 2,080	\$ (208)	\$ 27,871	\$ 715,214
	25	58.1	2011	\$ 687,343	\$ (11,830)	\$ 54,041	\$ 729,553	\$ 27,871	\$ 7,098	\$ 2,798	\$ (280)	\$ 37,487	\$ 767,040
	26	57.1	2012	\$ 729,553	\$ (12,777)	\$ 57,342	\$ 774,119	\$ 37,487	\$ 7,666	\$ 3,612	\$ (361)	\$ 48,404	\$ 822,523
	27	56.1	2013	\$ 774,119	\$ (13,799)	\$ 60,826	\$ 821,145	\$ 48,404	\$ 8,279	\$ 4,535	\$ (453)	\$ 60,764	\$ 881,910
	28	55.1	2014	\$ 821,145	\$ (14,903)	\$ 64,499	\$ 870,742	\$ 60,764	\$ 8,942	\$ 5,576	\$ (558)	\$ 74,725	\$ 945,467
	29	54.1	2015	\$ 870,742	\$ (16,095)	\$ 68,372	\$ 923,019	\$ 74,725	\$ 9,657	\$ 6,751	\$ (675)	\$ 90,458	\$ 1,013,476
	30	53.1	2016	\$ 923,019	\$ (17,383)	\$ 72,451	\$ 978,087	\$ 90,458	\$ 10,430	\$ 8,071	\$ (807)	\$ 108,151	\$ 1,086,238
	31	52.1	2017	\$ 978,087	\$ (18,773)	\$ 76,745	\$ 1,036,059	\$ 108,151	\$ 11,264	\$ 9,553	\$ (955)	\$ 128,013	\$ 1,164,072
	32	51.1	2018	\$ 1,036,059	\$ (20,275)	\$ 81,263	\$ 1,097,046	\$ 128,013	\$ 12,165	\$ 11,214	\$ (1,121)	\$ 150,271	\$ 1,247,317
	33	50.1	2019	\$ 1,097,046	\$ (21,897)	\$ 86,012	\$ 1,161,161	\$ 150,271	\$ 13,138	\$ 13,073	\$ (1,307)	\$ 175,174	\$ 1,336,336
	34	49.1	2020	\$ 1,161,161	\$ (23,649)	\$ 91,001	\$ 1,228,513	\$ 175,174	\$ 14,189	\$ 15,149	\$ (1,515)	\$ 202,998	\$ 1,431,511
	35	48.1	2021	\$ 1,228,513	\$ (25,541)	\$ 96,238	\$ 1,299,210	\$ 202,998	\$ 15,324	\$ 17,466	\$ (1,747)	\$ 234,042	\$ 1,533,252
	36	47.1	2022	\$ 1,299,210	\$ (27,584)	\$ 101,730	\$ 1,373,356	\$ 234,042	\$ 16,550	\$ 20,047	\$ (2,005)	\$ 268,635	\$ 1,641,991
	37	46.1	2023	\$ 1,373,356	\$ (29,791)	\$ 107,485	\$ 1,451,051	\$ 268,635	\$ 17,874	\$ 22,921	\$ (2,292)	\$ 307,138	\$ 1,758,189
	38	45.1	2024	\$ 1,451,051	\$ (32,174)	\$ 113,510	\$ 1,532,387	\$ 307,138	\$ 19,304	\$ 26,115	\$ (2,612)	\$ 349,946	\$ 1,882,333
	39	44.1	2025	\$ 1,532,387	\$ (34,748)	\$ 119,811	\$ 1,617,450	\$ 349,946	\$ 20,849	\$ 29,664	\$ (2,966)	\$ 397,492	\$ 2,014,942
	40	43.1	2026	\$ 1,617,450	\$ (37,528)	\$ 126,394	\$ 1,706,316	\$ 397,492	\$ 22,517	\$ 33,601	\$ (3,360)	\$ 450,250	\$ 2,156,565
	41	42.1	2027	\$ 1,706,316	\$ (40,530)	\$ 133,263	\$ 1,799,048	\$ 450,250	\$ 24,318	\$ 37,965	\$ (3,797)	\$ 508,737	\$ 2,307,785
	42	41.1	2028	\$ 1,799,048	\$ (43,772)	\$ 140,422	\$ 1,895,698	\$ 508,737	\$ 26,263	\$ 42,800	\$ (4,280)	\$ 573,520	\$ 2,469,218
	43	40.1	2029	\$ 1,895,698	\$ (47,274)	\$ 147,874	\$ 1,996,298	\$ 573,520	\$ 28,365	\$ 48,151	\$ (4,815)	\$ 645,220	\$ 2,641,518
	44	39.1	2030	\$ 1,996,298	\$ (51,056)	\$ 155,619	\$ 2,100,861	\$ 645,220	\$ 30,634	\$ 54,068	\$ (5,407)	\$ 724,515	\$ 2,825,376
	45	38.1	2031	\$ 2,100,861	\$ (55,141)	\$ 163,658	\$ 2,209,378	\$ 724,515	\$ 33,084	\$ 60,608	\$ (6,061)	\$ 812,147	\$ 3,021,525
	46	37.1	2032	\$ 2,209,378	\$ (59,552)	\$ 171,986	\$ 2,321,812	\$ 812,147	\$ 35,731	\$ 67,830	\$ (6,783)	\$ 908,926	\$ 3,230,737
	47	36.1	2033	\$ 2,321,812	\$ (64,316)	\$ 180,600	\$ 2,438,095	\$ 908,926	\$ 38,590	\$ 75,801	\$ (7,580)	\$ 1,015,736	\$ 3,453,832
	48	35.1	2034	\$ 2,438,095	\$ (69,461)	\$ 189,491	\$ 2,558,125	\$ 1,015,736	\$ 41,677	\$ 84,593	\$ (8,459)	\$ 1,133,547	\$ 3,691,671
	49	34.1	2035	\$ 2,558,125	\$ (75,018)	\$ 198,649	\$ 2,681,755	\$ 1,133,547	\$ 45,011	\$ 94,285	\$ (9,428)	\$ 1,263,414	\$ 3,945,169
	50	33.1	2036	\$ 2,681,755	\$ (81,020)	\$ 208,059	\$ 2,808,794	\$ 1,263,414	\$ 48,612	\$ 104,962	\$ (10,496)	\$ 1,406,492	\$ 4,215,286
	51	32.1	2037	\$ 2,808,794	\$ (87,501)	\$ 217,703	\$ 2,938,996	\$ 1,406,492	\$ 52,501	\$ 116,719	\$ (11,672)	\$ 1,564,040	\$ 4,503,036
	52	31.1	2038	\$ 2,938,996	\$ (94,501)	\$ 227,560	\$ 3,072,054	\$ 1,564,040	\$ 56,701	\$ 129,659	\$ (12,966)	\$ 1,737,434	\$ 4,809,488
	53	30.1	2039	\$ 3,072,054	\$ (102,062)	\$ 237,599	\$ 3,207,592	\$ 1,737,434	\$ 61,237	\$ 143,894	\$ (14,389)	\$ 1,928,176	\$ 5,135,767
	54	29.1	2040	\$ 3,207,592	\$ (110,227)	\$ 247,789	\$ 3,345,154	\$ 1,928,176	\$ 66,136	\$ 159,545	\$ (15,954)	\$ 2,137,902	\$ 5,483,056
	55	28.1	2041	\$ 3,345,154	\$ (119,045)	\$ 258,089	\$ 3,484,199	\$ 2,137,902	\$ 71,427	\$ 176,746	\$ (17,675)	\$ 2,368,400	\$ 5,852,599
	56	27.1	2042	\$ 3,484,199	\$ (128,568)	\$ 268,450	\$ 3,624,081	\$ 2,368,400	\$ 77,141	\$ 195,643	\$ (19,564)	\$ 2,621,620	\$ 6,245,701
	57	26.1	2043	\$ 3,624,081	\$ (138,854)	\$ 278,818	\$ 3,764,045	\$ 2,621,620	\$ 83,312	\$ 216,395	\$ (21,639)	\$ 2,899,688	\$ 6,663,733
	58	25.1	2044	\$ 3,764,045	\$ (149,962)	\$ 289,127	\$ 3,903,210	\$ 2,899,688	\$ 89,977	\$ 239,173	\$ (23,917)	\$ 3,204,921	\$ 7,108,131
	59	24.1	2045	\$ 3,903,210	\$ (161,959)	\$ 299,300	\$ 4,040,551	\$ 3,204,921	\$ 97,175	\$ 264,168	\$ (26,417)	\$ 3,539,847	\$ 7,580,398

Bill & Jane Dough
Inherited IRA Analysis
IRA Transfer to Family Summary

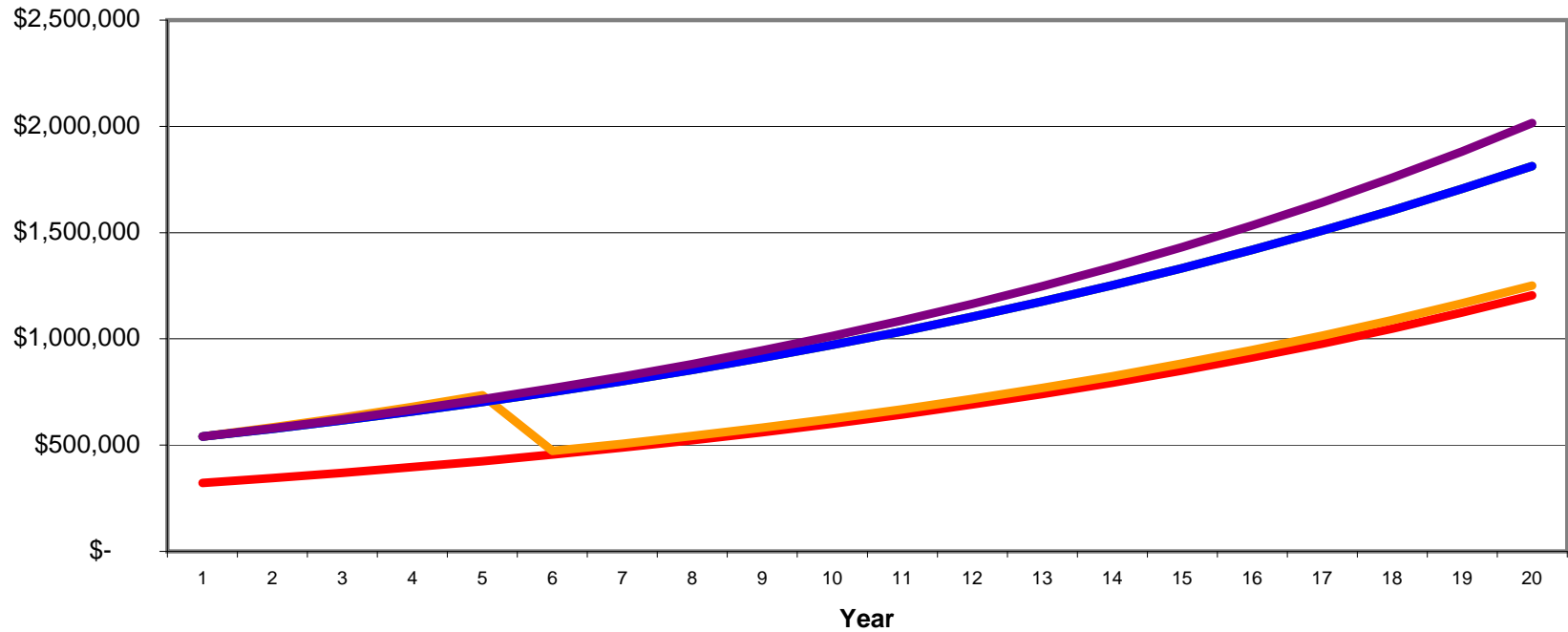
Year	Immediate Distribution	IRA Payable to Non-Qualified Designated Beneficiary (i.e. 5-Year Rule)	IRA Payable to Surviving Spouse (No Spousal Rollover)	IRA Payable to Surviving Spouse (Spousal Rollover)	IRA Payable to Oldest Non-Spousal Beneficiary	IRA Payable to Youngest Non-Spousal Beneficiary
2006	\$ 321,600	\$ 540,000	\$ 540,000	\$ 540,000	\$ 540,000	\$ 540,000
2007	\$ 344,755	\$ 583,200	\$ 576,976	\$ 576,976	\$ 576,976	\$ 579,402
2008	\$ 369,578	\$ 629,856	\$ 616,340	\$ 616,340	\$ 616,340	\$ 621,607
2009	\$ 396,187	\$ 680,244	\$ 658,230	\$ 658,230	\$ 658,230	\$ 666,809
2010	\$ 424,713	\$ 734,664	\$ 702,794	\$ 702,794	\$ 702,794	\$ 715,214
2011	\$ 455,292	\$ 472,536	\$ 750,185	\$ 750,185	\$ 750,185	\$ 767,040
2012	\$ 488,073	\$ 506,558	\$ 800,564	\$ 800,564	\$ 800,564	\$ 822,523
2013	\$ 523,214	\$ 543,031	\$ 854,099	\$ 854,099	\$ 854,099	\$ 881,910
2014	\$ 560,886	\$ 582,129	\$ 910,964	\$ 910,964	\$ 910,964	\$ 945,467
2015	\$ 601,269	\$ 624,042	\$ 971,343	\$ 971,343	\$ 971,343	\$ 1,013,476
2016	\$ 644,561	\$ 668,973	\$ 1,035,423	\$ 1,035,423	\$ 1,035,423	\$ 1,086,238
2017	\$ 690,969	\$ 717,139	\$ 1,103,403	\$ 1,103,403	\$ 1,103,403	\$ 1,164,072
2018	\$ 740,719	\$ 768,773	\$ 1,175,487	\$ 1,175,487	\$ 1,175,487	\$ 1,247,317
2019	\$ 794,051	\$ 824,125	\$ 1,251,884	\$ 1,251,884	\$ 1,251,884	\$ 1,336,336
2020	\$ 851,222	\$ 883,462	\$ 1,332,813	\$ 1,332,813	\$ 1,332,813	\$ 1,431,511
2021	\$ 912,510	\$ 947,071	\$ 1,418,497	\$ 1,418,497	\$ 1,418,497	\$ 1,533,252
2022	\$ 978,211	\$ 1,015,260	\$ 1,509,167	\$ 1,509,167	\$ 1,509,167	\$ 1,641,991
2023	\$ 1,048,642	\$ 1,088,359	\$ 1,605,057	\$ 1,605,057	\$ 1,605,057	\$ 1,758,189
2024	\$ 1,124,145	\$ 1,166,721	\$ 1,706,409	\$ 1,706,409	\$ 1,706,409	\$ 1,882,333
2025	\$ 1,205,083	\$ 1,250,725	\$ 1,813,465	\$ 1,813,465	\$ 1,813,465	\$ 2,014,942
2026	\$ 1,291,849	\$ 1,340,777	\$ 1,926,473	\$ 1,926,473	\$ 1,926,473	\$ 2,156,565
2027	\$ 1,384,862	\$ 1,437,313	\$ 2,045,681	\$ 2,045,681	\$ 2,045,681	\$ 2,307,785
2028	\$ 1,484,572	\$ 1,540,800	\$ 2,171,339	\$ 2,171,339	\$ 2,171,339	\$ 2,469,218
2029	\$ 1,591,461	\$ 1,651,737	\$ 2,303,693	\$ 2,303,693	\$ 2,303,693	\$ 2,641,518
2030	\$ 1,706,047	\$ 1,770,662	\$ 2,442,990	\$ 2,442,990	\$ 2,442,990	\$ 2,825,376
2031	\$ 1,828,882	\$ 1,898,150	\$ 2,589,467	\$ 2,589,467	\$ 2,589,467	\$ 3,021,525
2032	\$ 1,960,561	\$ 2,034,817	\$ 2,743,357	\$ 2,743,357	\$ 2,743,357	\$ 3,230,737
2033	\$ 2,101,722	\$ 2,181,324	\$ 2,904,880	\$ 2,904,880	\$ 2,904,880	\$ 3,453,832
2034	\$ 2,253,046	\$ 2,338,379	\$ 3,074,242	\$ 3,074,242	\$ 3,074,242	\$ 3,691,671
2035	\$ 2,415,265	\$ 2,506,742	\$ 3,251,632	\$ 3,251,632	\$ 3,251,632	\$ 3,945,169
2036	\$ 2,589,164	\$ 2,687,228	\$ 3,437,215	\$ 3,437,215	\$ 3,437,215	\$ 4,215,286
2037	\$ 2,775,584	\$ 2,880,708	\$ 3,631,130	\$ 3,631,130	\$ 3,631,130	\$ 4,503,036
2038	\$ 2,975,426	\$ 3,088,119	\$ 3,833,483	\$ 3,833,483	\$ 3,833,483	\$ 4,809,488
2039	\$ 3,189,657	\$ 3,310,464	\$ 4,044,341	\$ 4,044,341	\$ 4,044,341	\$ 5,135,767
2040	\$ 3,419,312	\$ 3,548,817	\$ 4,263,724	\$ 4,263,724	\$ 4,263,724	\$ 5,483,056
2041	\$ 3,665,503	\$ 3,804,332	\$ 4,491,597	\$ 4,491,597	\$ 4,491,597	\$ 5,852,599
2042	\$ 3,929,419	\$ 4,078,244	\$ 4,727,862	\$ 4,727,862	\$ 4,727,862	\$ 6,245,701
2043	\$ 4,212,337	\$ 4,371,877	\$ 4,972,348	\$ 4,972,348	\$ 4,972,348	\$ 6,663,733
2044	\$ 4,515,625	\$ 4,686,652	\$ 5,235,530	\$ 5,235,530	\$ 5,235,530	\$ 7,108,131
2045	\$ 4,840,750	\$ 5,024,091	\$ 5,612,488	\$ 5,612,488	\$ 5,612,488	\$ 7,580,398

IRA Transfer to Family (The Power of Deferral)



- Immediate Distribution
- IRA Payable to Non-Qualified Designated Beneficiary (i.e. 5-Year Rule)
- IRA Payable to Surviving Spouse (No Spousal Rollover)
- IRA Payable to Surviving Spouse (Spousal Rollover)
- IRA Payable to Oldest Non-Spousal Beneficiary
- IRA Payable to Youngest Non-Spousal Beneficiary

IRA Transfer to Family (The Power of Deferral)



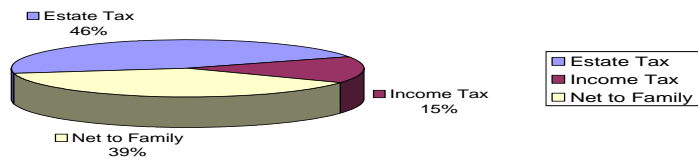
- Immediate Distribution
- IRA Payable to Non-Qualified Designated Beneficiary (i.e. 5-Year Rule)
- IRA Payable to Surviving Spouse (No Spousal Rollover)
- IRA Payable to Surviving Spouse (Spousal Rollover)
- IRA Payable to Oldest Non-Spousal Beneficiary
- IRA Payable to Youngest Non-Spousal Beneficiary

Bill and Jane Dough
Inherited IRA

INTRODUCTION

For many, qualified retirement assets represent a substantial portion of their wealth. Balances within IRAs have grown substantially and will likely continue to grow. The benefits afforded by allowing assets growing in a tax-deferred environment have given rise to tremendous wealth accumulation during the life of the owner and, if structured properly, will give rise to tremendous wealth accumulation for the owner's family. This memo will discuss and illustrate the power of allowing retirement assets to grow in a tax-deferred environment and how retirement assets can be structured to provide the greatest benefit to Bill & Jane's family.

Failure to properly structure Bill's IRA may result in the loss of the benefits afforded by tax deferral, namely additional accumulation in a tax-free environment. In addition, an estate tax may be generated at Bill's death, which would significantly reduce the net IRA proceeds passing to the family after factoring in the income tax. This can be shown as follows:



Thus, it will be imperative that the IRA be structured to minimize both income and estate tax. The "Inherited IRA" concept recognizes and takes into consideration these objectives, maximizing the legislative grace allowed in the Tax Code. Prior to explaining the Inherited IRA concept, we should first review the IRA distribution provisions of the law.

BASIC IRA DISTRIBUTION RULES

The law allows Bill to contribute pre-tax dollars to an IRA, which may continue to grow on a tax-deferred basis. Upon distribution of the IRA assets, the distribution will be taxed as ordinary income to the recipient. Congress intended that IRAs be used as retirement rather than as general wealth accumulation vehicles. Thus, rules were created that require certain amounts of the IRA to be distributed after the IRA owner reaches a specified age.

The date by which Bill must begin forced distributions is known as the "Required Beginning Date" (RBD). This is generally defined as the April 1st following the calendar year in which Bill reaches age 70 ½. The failure to take a distribution will result in a 50-percent penalty on the amount that should have been distributed.

Your life expectancy factor is determined in one of two ways :

1. If the sole beneficiary is Jane, the "applicable period" is the longer of the distribution period determined under the "Uniform Table" or the true joint life expectancy table (which uses the participant's and spouse's ages in the distribution year). In other words, if the sole beneficiary is Jane, and Jane is more than 10 years younger than Bill, the true joint life expectancy of Bill and Jane is used. Otherwise, the Uniform Table is used.
2. If the sole beneficiary is anyone other than a spouse who is more than 10 years younger than the participant, the "Uniform Table" is used.

Your applicable life expectancy factor is utilized to calculate your "Required Minimum Distribution" (RMD) in the following fashion:

Required Minimum Distribution = $\frac{\text{Prior Year December 31}^{\text{st}} \text{ IRA Balance}}{\text{Life Expectancy Factor}}$

For example, assume that Bill is age 70 and has an IRA balance on December 31st of the previous year of \$500,000 and a life expectancy factor of 27.4. The RMD for this year would be \$18,248 (\$500,000 / 27.4).

Recognize, however, that where Jane is the primary beneficiary, there is always the option of rolling the IRA proceeds into Jane's own name upon Bill's death. Upon so doing, the IRA is deemed to have a new RBD.

CHOICE OF BENEFICIARY

The rules allow Bill to choose a beneficiary based solely on whom Bill wants to leave the death benefits to. There is no concern that leaving benefits to the beneficiary who is the best choice for post-death distributions will accelerate required distributions to the participant during his life.

DESIGNATED BENEFICIARY

For post-death required minimum distributions, it must be possible to identify an age in order to calculate a life expectancy factor. Therefore, the designated beneficiary must generally be an individual with a determinable life expectancy.

A beneficiary is the person, persons or entity that will receive the remaining balance in the IRA or qualified retirement plan upon Bill's death. However, for IRAs and qualified retirement plans, it is critical that the beneficiary qualifies under the law as a "designated beneficiary". Only individuals and certain types of trusts qualify under the law as a "designated beneficiary". Estates and charities do not. The failure to have a designated beneficiary will result in either of the following:

1. If Bill dies before the RBD, the IRA must be distributed no later than December 31st of the fifth anniversary year of Bill's death, OR
2. If Bill dies after the RBD, the IRA must be distributed based upon Bill's life expectancy in the year of death. This factor is reduced by one for each succeeding year.

Thus, it is critical that a qualified designated beneficiary be named.

Required distributions to the beneficiaries who inherit the benefits are based on the life expectancies of those beneficiaries. The designated beneficiary is determined based on the beneficiaries designated as of September 30th of the calendar year following the calendar year of Bill's death. Any person who was a beneficiary as of the date of Bill's death, but is not a beneficiary as of that later date (e.g., because the person disclaims entitlement to the benefit to which the person is entitled before that date) is not taken into account in determining Bill designated beneficiary for purposes of determining the distribution period for RMDs after Bill's death.

Under the regulations, post-death distributions are taken out over the life expectancy of the designated beneficiary by referencing the Single Life Table.

Spouse as Designated Beneficiary

If Bill designates Jane as the primary beneficiary, there are several favorable options not available to other designated beneficiaries.

If Jane is the primary beneficiary, the RMDs may be deferred until the end of the calendar year in which Bill would have attained age 70½ had death not occurred. If Jane dies before the distributions begin, the rules will be applied as if Jane were the owner and died before the RBD. This means that a new determination of who is the designated beneficiary of the now-deceased surviving spouse will be made as of September 30 following the year of the surviving spouse's death. Benefits will be distributed based on the life expectancy of Jane's beneficiary.

When the surviving spouse, as beneficiary, begins receiving minimum distributions, her life expectancy is recalculated each year. Upon the spouse's death, the remaining plan balance is then distributed over a fixed number of years representing the spouse's life expectancy as determined by his or her age at the birthday in the year of death.

An option only available to a spouse as beneficiary is the rollover option. Whether Jane is the only beneficiary or one of several beneficiaries, she can roll her portion into either a new or existing traditional IRA.

An important strategy is to keep the IRA in the name of the deceased spouse until the surviving spouse attains age 59½. Then a rollover should be executed. This strategy provides two important benefits. First, a surviving spouse who is younger than 59½ can take distributions from the deceased spouse's IRA without incurring the 10-percent additional tax. Second, executing a rollover at age 59½ allows the surviving spouse to name new beneficiaries so that if death occurs after the RBD distributions to the beneficiaries will be based on their life expectancy as opposed to the shorter life expectancy of the IRA owner.

Multiple Beneficiaries

If there are multiple beneficiaries where "separate accounts" were not established, and all are individuals (even if one is the spouse), the beneficiaries must take distributions over the oldest beneficiary's life expectancy. This determination is made based on the beneficiary's age on his or her birthday in the year following the year of death. For each succeeding year, this factor is reduced by one. Distributions must begin no later than December 31st of that same year. If Bill dies after the required beginning date, a RMD must be taken for the year of death based upon Bill's age in the year of death.

If the IRA is carved into "separate accounts" by December 31st of the year following the year of the account owner's death, each beneficiary can independently calculate his or her RMDs based on his or her individual life expectancy.

Year of Death Distribution

If Bill dies on or after the RBD, the minimum distribution for the year in which Bill dies is based on the required distribution schedule. If Bill had not yet taken the minimum distribution for the year of death, the beneficiaries must take out that distribution before the end of the year in which the death occurred.

INHERITED IRA CONCEPT

The inherited IRA concept contemplates arranging Bill's assets in such a way so that the IRA balance can be inherited intact by children and/or grandchildren or a trust for their benefit. As previously discussed, the key advantage of this strategy is that it allows the beneficiaries to keep the IRA in a tax-deferred environment. If properly executed, this strategy can create substantial wealth transfer opportunities for Bill's family.

In order for this technique to be successful, at the second death, there must be another source of cash flow other than the IRA. Because the estate tax is due within nine months of the date of death, the IRA will typically be structured so as to avoid estate tax at the first death. This is accomplished by splitting the IRA, thereby creating two IRAs. The first IRA would contain no more than the estate tax exemption amount and would be payable to children or grandchildren. The second IRA would be payable to Jane.

Assuming Bill predeceases Jane, the second IRA would be rolled over by Jane, whereupon the children would be named as primary beneficiaries. The estate tax is therefore deferred until Jane's death.

USE OF ILIT TO PAY ESTATE TAX

A key element to making the Inherited IRA work is to ensure that it remains intact. Unless the estate tax can come from some other source, the IRA will have to be "invaded" in order to pay the tax liability. The withdrawal from the IRA to cover the estate tax will cause an income tax which, in turn, will require an additional withdrawal from the IRA, thereby causing a "negative tax spiral" to occur. In some circumstances, there might be enough non-IRA assets to pay the estate tax. However, in many cases, IRA or qualified plan assets represent the bulk of the estate. It is therefore important to consider how the estate tax will be paid. Accordingly, purchasing life insurance will facilitate the liquidity necessary to keep the IRA "intact".

The Inherited IRA concept is complemented by establishing an irrevocable life insurance trust (ILIT) with children as beneficiaries. Bill will then make annual exclusion gifts of cash to the trust and the trustee will acquire a life insurance policy. At Bill's death, the life insurance proceeds are paid to the trust. The ILIT could either loan proceeds to, or purchase assets from, the estate. This will prevent the need to withdraw funds from the IRA in order to pay the tax.

By structuring the ILIT to avoid estate tax inclusion, the proceeds of the ILIT remain outside of Bill's estate. However, the liquidity provided by the ILIT will be the source from which estate taxes are paid. Thus, the IRA may remain intact for the beneficiaries.

The steps to accomplish an inherited IRA are as follows:

Step 1. Children and/or grandchildren are designated primary beneficiaries of the IRA. Consideration should be given to splitting the IRA into separate IRAs for the benefit of each primary beneficiary. With proper planning, the creation of separate IRAs can be accomplished after death.

Step 2. Create an ILIT, whereupon a portion of the IRA distributions made to the owner are gifted to the ILIT.

Step 3. The trustee of the ILIT uses the cash gifts to purchase a life insurance policy.

Step 4. Ensure that proper tax apportionment clauses are in place.

Step 5. At Bill's death, the children and/or grandchildren begin minimum distributions over their own life expectancies.

Step 6. The primary beneficiaries use the life insurance proceeds to pay the estate tax liability and the IRA remains intact.

Step 7. Each of the primary beneficiaries enjoys distributions from the IRA over his or her own single life expectancy.

CONCLUSION

The Inherited IRA concept offers a tremendous opportunity for those individuals who have had the foresight to accumulate wealth in a tax-deferred vehicle.