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Wealth Management Update

Stretching an IRA

Many retirees depend on their individual retirement accounts to fund living expenses during their golden years. However, there are retirees who find themselves in the enviable position of having no need to withdraw from their IRAs. If you are fortunate enough to be in this camp, or if you are fairly confident that you will have plenty of money left in your account when you leave this world (even after taking required distributions), you will want to make sure you preserve as much of your IRA assets as possible for future generations. You can accomplish this by implementing a stretch strategy.

The first step in setting up a stretch IRA strategy is to simply name one or more beneficiaries. If you are married, your spouse can serve as your primary beneficiary while your children or even grandchildren can serve as your secondary beneficiaries. You can also name others as beneficiaries, such as family members or friends. You worked hard to accumulate the funds in your IRA, be sure they are transferred properly.

When you pass on, providing certain conditions are met, each beneficiary who elects to go with a stretch strategy will have a range of options to choose from—depending upon your age at death (and whether or not you have begun to take required minimum distributions from the IRA) and whether a spousal or non-spousal beneficiary is involved. If you happen to be named a beneficiary and choose to implement a stretch strategy, be sure you know what comes next. In some cases you may be able to keep the assets growing on a tax-deferred basis while in other cases distributions will need to be taken soon. Because of the many rules, it is highly advisable that you speak with a financial advisor or tax professional when it comes to stretch strategies.

Advisor Corner



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I pride myself in offering you expert financial advice along with personalized service. Assisting you in reaching your financial goals is my business and I take that responsibility very seriously.

As an objective and independent fee-only wealth manager, my sole interest is to ensure my recommendations meet your financial goals.

COMPASS Wealth Management, LLC is a client-focused wealth management firm dedicated to providing superior advice to individuals, families, and corporate retirement plans.

Our wealth management services include investment management, retirement and gift planning, education funding, and other advisory services.

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