

Just a "head's up"

I will be calling you soon to set up a time to come in and discuss any of the following:

- **Income tax planning** - Can we help you lower your tax bill?
- **Retirement planning** - Need to review your future financial security?
- **Risk / Cash Flow Assessment** - Want a 2nd opinion on your current investments?
- **Insurance** - Want an unbiased opinion on life, health, auto or home?
- **Rothing your IRA** - How much should you do this year?
- **College planning** - Can we help you qualify for financial aid?
- **Living Trust** - Are your beneficiaries up to date? Is everything in your trust(s)?
- **Social Security** - When is it time to start drawing?
- **Portfolio management** - What amount of risk should you have?
- **Select Investors Fund** - Want to avoid capital gains on highly appreciated assets? Tax-favored cash-flow in retirement?
- **Your IRA Beneficiaries** - SEE ENCLOSED!

Myron heads out of town in 6-7 weeks, so check your calendar. Or if you want, give us a call at (847) 824-4078

Keith

Your IRA & ROTH Beneficiaries

If you're married, most of you have named your spouse as beneficiaries of those accounts, and that's usually fine. But, again, we see over and over that the back-up beneficiaries are your children - a very poor choice if you have grandchildren (or like me, great grandchildren).

With an inherited IRA, the required minimum distribution (RMD) begins the year after your death, and is based on the life expectancy of the beneficiary (if they are properly named as "designated beneficiaries"). Thus, if your child is 55 years old, he'll have to take distributions over 29.6 years and it will be gone.

However, if you name a great-grandchild as a designated beneficiary, and he's three years old, he'll be given 79.7 years to empty the account! At an 8% return, your investment would double every nine years; only \$20,000 would grow to \$10,240,000!

What a gift!

ROTH accounts are fantastic - none of that income would ever be taxed! You should strongly consider ROTHing your IRA's and equivalent before-tax accounts. Pay the tax on the \$20,000 now and that \$10 million accrual will be tax-free to your heirs!

There are several traps to avoid to make sure all this will work for you. We'll cover this in your annual review.

Myron