The Wealth Advisor
A monthly newsletter for our valued clients

How to Protect Your Retirement Account

Shocking to most people, your retirement accounts can be seized once they pass to your loved ones. During your lifetime, your retirement funds have asset protection, meaning they can't be taken in a lawsuit. Unfortunately, as soon as retirement accounts are inherited, the protection evaporates. This means your hard earned money can legally be snatched by strangers and the courts.

As estate planning attorneys, we constantly look for ways to protect our clients as well as their loved ones and assets. That's why we suggest we have a conversation about your retirement accounts and together determine whether a retirement trust would make sense for you.

What is a Standalone Retirement Trust & Why is it Good For You?

A Standalone Retirement Trust (SRT) is a special type of revocable trust.

From Robert Smith

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More than just a law firm. We provide legal and financial services to businesses and wealthy individuals. We are problem solvers and opportunity seekers. We deliver and manage a wide variety of professional services for our clients. Once we identify your needs, we offer state of the art financial products to allow our clients to build and retain wealth and reduce risks. We either provide or broker/manage: legal, accounting, financial and real estate advisory services through our "best in the industry" model that allows our clients to receive outstanding professional services at competitive and fair prices.

The SRT is popular because it:

- Protects inherited retirement accounts from beneficiaries' creditors as well as predators and lawsuits
- Ensures retirement accounts go to whom you designate – and nobody else
- Allows for experienced management and oversight of assets by a professional trustee
- Prevents beneficiaries from reckless spending or gambling
- Enables proper planning for a special needs beneficiary

- Permits you to name minor beneficiaries as immediate beneficiaries *without* court-supervised guardianship
- Facilitates generation-skipping transfer tax planning

Divorce Creditor - A Common Example

Many parents are concerned that their in-laws may someday become the outlaws; they may someday get divorced and inherited assets can be seized by a divorcing spouse.

Here's the story of Mary and Tom - which outcome would you prefer for your children?

Option 1: *Mary and Tom love their son-in-law, Mike, and think his marriage to their daughter Liz will last. They gave Liz her share of their retirement plans outright at their deaths. Five years later, Liz and Mike divorced and Mike was able to take 50% of Liz's inherited retirement funds.*

Option 2: *Mary and Tom love their son-in-law, Mike, but recognize that 50% of all couples end up in divorce. It's an unfortunate reality, so when they did their estate planning, they provided for their children, but made sure the inheritances couldn't be taken from them. Instead of outright distributions, they passed their retirement plans in trust. Five years later, Liz and Mike divorced and Mike was not able to take any of Liz's inheritance.*

Want to know more? Contact us today to schedule a conversation. While every situation is different, we can help you determine with an SRT is right for you.

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