



Avoiding Costly Errors of The SECURE Act

A quick worksheet to see if you're avoiding unnecessary taxes and penalties from the government's new rules around IRA inheritance.

How to use this worksheet

This document is meant to help with retirement strategy, enhancing your knowledge of rule changes and potential obstacles regarding wealth transfers. Most people complete this in 10-15 minutes.

Review Your Beneficiary Designations

To protect your legacy, it's essential to keep your beneficiary details up to date. Check any of the following best practices that you already complete on a regular basis:

- Review beneficiaries after major life events (birth, death, marriage, divorce).
- Verify primary and contingent beneficiaries are current.
- Determine whether your beneficiary qualifies as an Eligible Designated Beneficiary (EDB).
- Make sure your retirement account designations align with your will and trust documents.

Determine Eligibility for the 10-Year Rule

You don't want heirs to be blindsided with penalties or tax consequences as a result of the 10-year rule, which requires most beneficiaries to deplete an inherited IRA within a decade. Some heirs are exempt from the 10-year rule as "eligible designated beneficiaries" (EDBs) though.

Check if any beneficiaries set to inherit your retirement account(s) fit these categories:

- Spouse
- Disabled or Chronically Ill
- Aged 10 years younger than the account-holder
- Minor child (biological or adopted)

Beneficiaries fitting any of these EDB categories will not have to navigate the 10-year rule. For everyone else, you'll need to plan around it.

Plan for the Tax Impact on Heirs

The 10-year rule imposes Required Minimum Distributions (RMDs) on heirs, which can carry significant tax consequences if you're not prepared. Before considering strategies, do a baseline assessment of the impact of RMDs by:

- Estimating the potential tax brackets your beneficiaries may face with RMDs.
- Evaluating whether large inherited IRA withdrawals could push them into higher tax brackets.
- Considering how imbalanced distributions, done strategically across the 10-year window, could lower the tax burden.

Strategies to Maximize Wealth

Below are some of the best strategies for navigating the 10-year rule. Consider discussing these with your financial advisor or estate planner:

- Roth Conversion Opportunities
- Charitable Giving Strategies, including Qualified Charitable Distributions
- Naming a trust as a beneficiary
- Coordinate RMD planning with your overall financial strategy

How IMA Private Wealth Can Help

The SECURE Act significantly changed how retirement assets transfer to heirs. Proactive planning — not reactive withdrawals — is the key to preserving wealth and minimizing unnecessary taxes.

Going over your options and coordinating your strategy with a financial advisor is the best way to maximize results.

IMA Private Wealth builds trusted relationships with clients to guide them through important decisions regarding their retirement savings. We can help you weigh your options, and then, walk you through the next steps.

Our goal is always to remove layers of complexity and to create a framework that makes fiduciary responsibilities more sustainable over time.

This checklist is intended as an educational resource and does not constitute legal advice. Plan sponsors should consult appropriate professionals regarding their specific fiduciary responsibilities.

Visit us

at IMAPrivateWealth.com or contact us by calling 316.266.6574 or 877.305.1864 (toll-free).

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