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6 Things to Consider When Reviewing Your Retirement Accounts

Everyone has some sort of retirement account, be it a 401K, 403B, 457, Sep IRA, IRA Rollover, Traditional IRA or Roth IRA. Here are 5 very important issues.

#1: Make Sure You have a Copy of the Beneficiary Forms.

Retirement accounts are not just investments. The Beneficiary Form you fill out is a legal document. Make sure that every time you change who your beneficiaries are that you make a copy for yourself. Three years later you may not remember whom you named as beneficiaries. And make sure your beneficiaries or the person who will settle your estate have copies.

#2: Never Name a Minor Child as a Beneficiary

Anyone with children should never name minors as beneficiaries on retirement plans or life insurance. As minors they are not legally able to fill out the Claim Forms and thus cannot directly receive the benefits of these assets. If you name an adult in the hope they will take care of your children, you risk that the adult will not do right by your children. And, at death, the money is considered legally theirs and not for your children.

#3: Always Name a Contingent Beneficiary.

You should not make the mistake of assuming that whomever you name as the Primary Beneficiary will always survive you, or not be incapacitated at the time

they need to claim the proceeds. Always have a backup, or Contingent Beneficiary, in mind to fill in that section of the form.

#4: Create a Living Trust.

A Living Trust is not just an Estate Planning legal document, it is the most efficient management tool for controlling the disposition of your estate. You can name your Trust as the Primary Beneficiary if you have minor children. Your Trust can then be managed by an adult of your choice as the Trustee to be legally responsible for taking care of your children. Or name it as a Contingent beneficiary as a backup plan.

#5: Never Rush to Roll an IRA Over After Someone Dies.

When someone dies, people often rush to start dealing with the assets and accounts of the decedent before seeing an estate professional who understands all the IRS rollover and taxation issues related to retirement accounts. This can be a huge mistake causing the unnecessary payment of taxes.

#6: Seek Professional Advice

First seek to understand all the issues, and the choices available. Yes, choices. There are many choices when it comes to rollovers or inheritance of retirement accounts.