

The Stretch IRA: Cementing Your Family's Future

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With the stretch IRA, you ensure your family's security over their lifetimes. Simply name a beneficiary and request that the IRS spread out required post-death distributions over their life expectancy. Here's how it works.

What Is A Stretch IRA?

A stretch IRA is one that spreads out required distributions over a beneficiary's lifetime using calculations from the IRS's Single Life Expectancy Table for Inherited IRAs. And you can change beneficiaries at any time without having to increase the required distribution amounts.

What Are It's Rules?

There are a few basic rules that apply to this type of IRA:

- You must name a beneficiary specifically. This is the single biggest mistake that most advisors make regarding the stretch IRA.
- Your name must remain on the account after you're deceased and the account must indicate that it is an inherited IRA.
- Every IRA can now be a stretch IRA as there are no limitations to the age of the IRA owner.

The Bottom Line

There's simply no better way to make your IRA mean more to your beneficiary than a stretch IRA situation. The named beneficiary and IRA language are the keys to making this Congressional favor work for you and your loved ones.

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