

Troy Ruboyianes' Tax Tips

Don't Pay Unnecessary Taxes on Inherited IRAs

Nowadays, it has become more and more common for individuals to inherit IRAs, meaning they are entitled to the assets in the IRA account of a deceased relative. Usually the person inherits the IRA because they were a beneficiary of the IRA or they were named in a will.

Many people inheriting IRAs believe that if they simply distribute the IRA and roll it over into their own IRA within the 60 day rule, the result will be a tax-free transfer. Unfortunately this reasonable assumption is completely incorrect and can result in a large tax bill. The only individual exempt from the above rules, and who can roll over distributions in a tax-free transfer is the surviving spouse of the deceased account owner.

Fortunately for the taxpayer inheriting the IRA, there is a loophole that allows them to continue to defer the tax on the inherited IRA. The loophole can be used for IRAs with one beneficiary or multiple beneficiaries. The secret comes in not distributing the assets of the IRA, but simply splitting the original IRA into multiple IRAs, one for each beneficiary, and keeping the title of the new IRAs in the decedent's name. The new IRA accounts must be set up by September 30th of the year following the decedent's death

If you have recently inherited an IRA or expect to inherit an IRA in the near future, please call so that we can properly plan in order to reduce any unnecessary taxes.

During this time of year I am thankful to all my friends and family and for all of their support over the past year. Please have a wonderful Thanksgiving with your friends and family.

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P.S. Please don't keep me a secret. You may have a friend or family members who can benefit from this free service. If you appreciate this service, the biggest compliment that I can receive is a referral.

Troy Ruboyianes is a Certified Public Accountant who graduated from the University of Arizona with a degree in accounting, finance, and entrepreneurship and is working for DeBenedetti & Co., PC. He is committed to providing personalized, quality service to business and individual clients and is always interested in developing new client relationships.

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