



### **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 The Ruboyianes Company so that we can properly plan in order to reduce any unnecessary taxes.