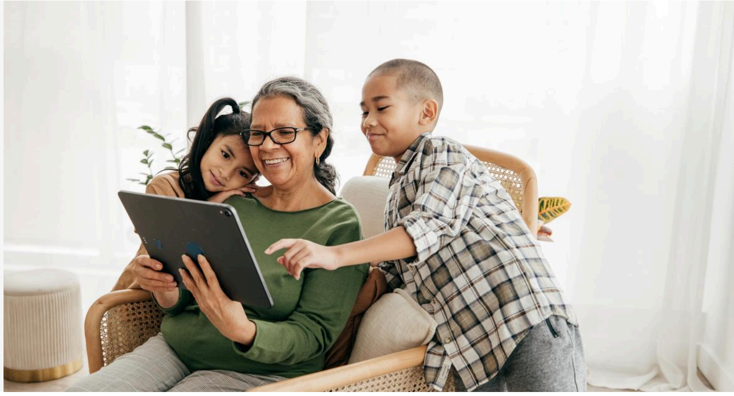
Leave a Larger Legacy Using IRA (RMD) Maximization

ASSET PROTECTION | ESTATE PLANNING

> If you don't require the income from your annual IRA required minimum distributions (RMDs), you can reposition these distributions more tax-efficiently—and create more wealth for your heirs.



Once you reach age 73, the IRS mandates that you start taking distributions from any of your Individual Retirement Accounts (IRAs) or be subject to a 25% penalty. Many people use their RMDs to pay for living expenses. However, if you don't need (or want) this excess income, IRA Maximization could be beneficial if your goal is to leave a legacy.

By repurposing your RMDs, you can use the distributions to pay life insurance premiums. This strategy can be especially beneficial due to the SECURE Act. As of January 1, 2020, most "non-spousal" beneficiaries must now take full distribution of the Inherited IRA within 10 years. This means that the entire balance of the IRA is fully taxable (at the beneficiary's tax bracket) within 10 years—which can place a sizable, unintended tax burden on the IRA holder's heirs. Tax-free life insurance proceeds could help mitigate that tax liability.

How it Works

- A life insurance policy is purchased using after-tax distributions from your IRA or other qualified plans to pay the premiums.
- The remaining balance in the IRA or qualified plan will pass to the designated beneficiaries upon your death.
- The life insurance death benefit will be paid income tax-free to the named beneficiaries.

Potential Advantages

- The death benefit can potentially be more significant than the total of the RMDs used to pay for the insurance.
- The death benefit payment is usually free of federal taxes, so your heirs shouldn't get bumped into a higher tax bracket due to their inheritance.

Is IRA Maximization the right strategy for your needs? Contact your Janney Financial Advisor to learn more.

Working With Janney

Depending on your financial needs and personal preferences, as well as the fees and costs associated with those services, you may opt to engage in a brokerage relationship, an advisory relationship, or a combination of both. Each time you open an account, we will make recommendations on which type of relationship is in your best interest based on the information you provide when you complete or update your client profile.

If you engage in a brokerage relationship, you will buy and sell securities on a transaction basis and pay a commission for these services. Our recommendations for the purchase and sale of securities will be based on what is in your best interest and reflect reasonably available alternatives at that time.

If you engage in an advisory relationship, you will pay an asset-based fee, which encompasses, among other things, a defined investment strategy, ongoing monitoring, and performance reporting. Your Financial Advisor will serve in a fiduciary capacity for your advisory relationships.

For more information about Janney, please see Janney's Relationship Summary (Form CRS) on www.janney.com/crs which details all material facts about the scope and terms of our relationship with you and any potential conflicts of interest.

By establishing a relationship with us, we can build a tailored financial plan and make recommendations about solutions that are aligned with your best interest and unique needs, goals, and preferences.

Contact us today to discuss how we can put a plan in place designed to help you reach your financial goals.
