

## Knowledge is Power

### April 2022 Question Of The Month

*“Hi, Brian. I inherited a traditional IRA from my father a few years ago and will be inheriting a traditional IRA from another relative very soon. I would like to combine these two inherited IRAs and move them to another custodian. However, I am not sure of my options as I have heard there have been some recent rule and law changes pertaining to inheriting IRAs. Can you please advise me about what I can and can't do with these inherited IRAs? Thank you.” Timothy*

Hello, Timothy. You are correct; there have been some major rule and law changes pertaining to non-spouse beneficiaries of inherited IRAs. Most of these rule and law changes occurred in the SECURE Act, which went into effect January 1, 2020. And since a significant percentage of IRA assets are passed on to non-spouse beneficiaries, for which special rules apply, you will need to know, understand, and follow these new rules and laws in order to maximize your inheritance and minimize the tax issues.

Here is what you need to know and do if you inherit an IRA from someone who is not your spouse:

- ★ Learn about and consider all of your options before doing anything with your inherited IRA.
- ★ This is not an immediate taxable event as long as the beneficiary IRA account is set up properly.
- ★ You cannot contribute to an inherited IRA or combine inherited IRAs from different owners.
- ★ You can transfer an inherited IRA to another custodian at any time.
- ★ If you are age 70½ or older, you can take advantage of a qualified charitable distribution (QCD) and move your IRA funds directly to the charity of your choice via a tax-free transfer.
- ★ You cannot convert an inherited IRA to a Roth IRA.
- ★ Non-spouse inherited IRAs are subject to required minimum distributions (RMDs). The RMD rules are different for accounts inherited before and after January 1, 2020.
- ★ Any distributions will be taxable, but there will not be any penalty. If the inherited IRA is a Roth, then any distributions would not be taxable.
- ★ Make sure you name a successor beneficiary to your inherited IRA.

Many people will inherit some type of account at some point in their lives, and IRAs are a very common type of inherited account. But in order to maximize the inheritance and minimize the tax issues, you must know and understand all the rules and options.

To receive more detailed answers regarding this question and many other questions we have received over the last month, tune into The Retirement Money Matters Show this weekend. The show airs on Saturday afternoon at 4 on WFRN (93.7 FM), Sunday morning at 8 on WWKI (100.5 FM), or online at [www.theretirementmoneymattersshow.com](http://www.theretirementmoneymattersshow.com). You can also obtain this information by reaching out to us at Hayes Advisory Group at 765-452-PLAN (7526), 800-939-1603, or [brian@hayesadvisorygroup.com](mailto:brian@hayesadvisorygroup.com).

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