

## TRUSTEED IRAs



TRUST

**Jessica E.**  
Member-owner

# Trusteed IRAs from BECU Trust Services

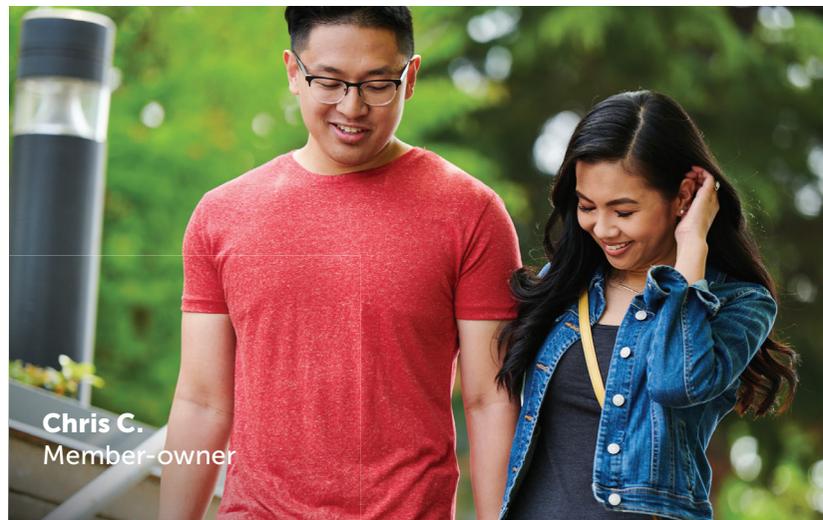
To create a lasting legacy, you may need more than an IRA and a simple will. BECU Trust Services is at the forefront of Trusteed IRA solutions. A Trusteed IRA combines the tax benefits of an IRA with the flexibility and control of a trust, providing maximum control over how the assets are passed on to future generations.

Typically, a named IRA beneficiary has unrestricted rights to withdraw any and all funds from an IRA. In the past, with a standard custodial account, a separate IRA trust would have to be drafted to exert more control over IRA assets after death. Now, thanks to the Trusteed IRA, you can control the timing and the amounts of distributions from your IRA accounts for multiple generations—all through a single account that combines an IRA and a trust.

By opening a Trusteed IRA with BECU Trust Services, you can provide protection for your beneficiaries, avoid guardianship and probate proceedings, incorporate your IRA into a comprehensive estate plan, and ensure that your IRA assets are professionally managed and invested.



**John & Trudy S.**  
Member-owners



**Chris C.**  
Member-owner

# Solutions to Match Your Goals

Trusteed IRAs offer the tax advantages of an IRA with the flexibility and control of a trust. BECU Trust Services can assist you in crafting a Trusteed IRA to meet your needs in the following circumstances:

## YOUR GOALS

Create a comprehensive estate plan with IRAs

Control who receives your IRA assets, in what amounts and when

Provide for current spouse and children from a prior marriage

Incapacity planning and consistent professional management without the costs and complication of court appointments

Maximize estate tax savings

Extend tax advantages by implementing stretch IRA benefits

Find a professional corporate trustee to manage assets

## BECU TRUST SERVICES

BECU Trust Services can work with you and your attorney using the Trusteed IRA to develop a comprehensive estate plan.

A Trusteed IRA allows you to customize who receives your IRA assets as well as the timing, amounts and how often. This can be especially helpful if you are concerned about the financial management expertise of your heirs.

A Trusteed IRA allows you to name a spouse as beneficiary to receive both income and/or principal distributions at the discretion of BECU Trust Services based on the health, education, maintenance and support standard with the children of the prior marriage named as remainder beneficiaries. After the death of the Trusteed IRA owner, these remainder beneficiary designations cannot be changed by the surviving spouse.

If you become incapacitated, BECU Trust Services as trustee of your Trusteed IRA may pay bills, make required minimum distributions (RMDs) and continue the administration and investment management of your IRA. This avoids the expensive process of guardianship or the risk that often arises with the use of a durable power of attorney. This continuity will continue after death.

Selections on your Trusteed IRA beneficiary designation form may enable you to reduce federal estate taxes. Additionally, disclaimers by a spouse can be utilized to take advantage of unused portions of your estate tax exemption.

A Trusteed IRA allows you to roll over from a 401(k) or other qualified retirement plans and enables you to preserve the tax advantages of these vehicles and pass them on to succeeding generations. BECU Trust Services can make the "stretch" under terms that you specify, so that IRA assets can continue to grow tax-deferred or tax-free, depending on the type of IRA.

BECU Trust Services can help you structure your beneficiary designations to meet the unique needs and circumstances of each beneficiary.

# Trusteed IRAs: Specific Situations for Powerful Planning Opportunities

## Spendthrift Protection for Beneficiaries

Trusteed IRAs can help make sure your savings last, even where you may have account beneficiaries that have not exhibited the financial experience to manage large sums of money. With a Trusteed IRA, you may restrict the payouts to the beneficiaries so that they cannot demand a withdrawal of all the funds or close the IRA. You can also elect to terminate these restrictions upon the heirs reaching a certain age. The Trusteed IRA can provide you with an estate planning tool without the cost of a separate conduit trust.

## The Blended Family

Trusteed IRAs allow you to name your surviving spouse as the primary beneficiary but restrict the distributions to income and RMDs while allowing BECU Trust Services as Trustee to use discretion to make principal distributions for his or her benefit based on the health, education, maintenance and support standard. Children from the prior marriage are named as the successor beneficiaries. After the death of the IRA owner, the remainder beneficiary designations are irrevocable and may not be changed by the surviving spouse. Essentially, the Trusteed IRA can act as a marital trust to provide support to the surviving spouse while the remaining balance is then paid to the children.

## Avoidance of Guardianship & Probate

With a Custodial IRA, your incapacity as the IRA owner would require your family members to petition a court for a guardianship appointment unless a durable power of attorney is in place. BECU Trust Services, acting as Trustee of the Trusteed IRA with investment discretion during your incapacity, can invest your IRA assets, ensure RMDs are made and pay your routine bills. This avoids the expensive process of a guardianship or the risk that often arises with the use of a durable power of attorney. The Trusteed IRA allows the account owner to name contingent and remainder beneficiaries to avoid probate of the IRA in the event a primary beneficiary predeceases the account owner.

## Implement a Stretch Trusteed IRA

You can roll over your 401(k) or other qualified retirement plan into a Trusteed IRA and preserve the tax advantages of these vehicles for future beneficiaries. With a typical IRA, the named beneficiary has unrestricted rights to withdraw any and all funds from an IRA. If this happens, there is a taxable event. With a Trusteed IRA, distributions can be regulated among your beneficiaries, allowing assets to continue to grow tax-deferred or tax-free, depending on the type of IRA. Thus, you can stretch the tax benefits of these qualified assets beyond your lifetime. You can also allow BECU Trust Services as Trustee to use discretion to make principal distributions for health, education, maintenance and support.

# Should You Consider a Trusteed Roth IRA to Maximize Tax Savings?

You also have the option to roll your IRA, 401(k) or other qualified plan asset into a Trusteed Roth IRA.

## The Main Advantages of a Trusteed Roth IRA include:

- Federal (and possibly state) income tax-free accumulation of earnings
- RMDs are not required during the original owner's lifetime. This allows funds to remain in the account and accumulate income tax free earnings

## Considerations for a Conversion:

You should always consult your tax advisor before converting funds to a Trusteed Roth IRA, and generally consider the following factors:

### Timing:

- » With a conversion to a Roth, you pay federal income taxes now on the conversion amount, but none on any future earnings as long as when withdrawals are taken, a five-year aging period has been met and you are age 59½ or over, disabled, or deceased.
- Generally, conversion may not make sense if your time horizon is less than five years, because if you have not met the five-year aging requirement, any withdrawals are subject to a 10% penalty.

### Tax Planning:

- » If you think your tax rate will be higher in retirement than it is today, you may want to consider a Roth IRA conversion.
- » If your taxable income is lower this year than in a typical year, or if you have accounts that have lost value, you may want to consider a Roth IRA conversion because you may pay less in taxes.
- » If you plan to leave your assets to your beneficiaries, consider conversion because they may not have to pay federal taxes on that money.
- » If you expect the value of IRA assets to greatly appreciate in the future, you can potentially make tax-free withdrawals later.

### Cost:

- You will have to pay income taxes now on any conversion, and you should analyze whether you have the resources to pay income taxes on the conversion from assets outside your IRA.

# Opening a Trusteed IRA with BECU Trust Services

BECU Trust Services is a leading provider of trust, investment and wealth management services. Our network of offices spans across the country. You will benefit from the personal service of a local trust liaison officer as well as our team of professionals in our corporate headquarters who

hold the highest industry designations like CFA®, CFP® and JD as well as years of experience.

Our team can assist you in opening and administering Trusteed IRAs as well as any other wealth management needs you may have.

# Your Investments: Why You Should Know the Fiduciary Difference!

## Exchange Traded Funds (ETFs)

Exchange Traded Funds (ETFs) are used in our portfolio design, making us one of the first trust companies in the United States to recognize the lower cost, diversification and tax efficiency of ETFs. Using ETFs as our primary investment vehicle allows us to implement prudent investment standards, a core guiding principle for us as a fiduciary money manager.

and goals that will determine their risk tolerance, cash and income needs, investment time horizon, and tax sensitivity.

Our Investment Team uses these factors to develop an investment strategy for your "ETF Portfolio Advantage" account. Our mutual understanding of your goals, personal situation and the investment plan are reduced to a written document referred to as your personal Investment Policy Statement. This written document will serve as our blueprint to design a portfolio to meet your unique needs and circumstances while managing investment risk over the long term. Then, annually or upon notice of change of circumstances, we will meet with you to evaluate whether your personal Investment Policy Statement is currently compatible with your needs and objectives.

## Fiduciary Process That Manages Investment Risk

Members Trust Company offers a fiduciary process to manage investment risk with the goal of delivering a customized investment solution. We want to understand each of our client's unique circumstances



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