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Financial Planning Insights

Keeping Your Retirement Plan Directives Consistent With Your Will

Have you planned for your retirement plan? Retirement planning has become an even more critical component of one's financial plan since **IRAs and 401(k)s comprise a larger portion of people's retirement assets**. However there are a number of retirement planning areas that are often overlooked. Have you considered how your assets will pass if you were to die, what your estate tax implications are, and whether you're missing out on any retirement planning opportunities?

Often people think that their retirement plan assets will pass to their beneficiaries through their will. This isn't the case! Your IRA or 401(k) plan assets will be distributed to the beneficiaries that you select on the beneficiary designation form, although you may need to include specific language on this form to ensure that they pass as you intend them to. Naming a trust as a retirement plan beneficiary can also be an effective means to control how assets are distributed. And if properly structured, naming a trust as a plan beneficiary can be used to reduce estate taxes.

In addition to naming trusts as plan beneficiaries, there are many other retirement planning opportunities available. Here's a situation we encountered regarding the inheritance of a spouse's IRA. *Laura's husband had passed away and she wasn't familiar with all of the rules and choices related to the distribution of the inherited IRA. Since her husband was 10 years older and she didn't immediately need the assets for retirement income, we recommended that she roll the inherited IRA into her IRA to further extend the tax-deferred growth.*

This is just one of many planning opportunities available. There are countless, confusing rules related to retirement plans, but **these rules can often create opportunities**. Let us help you navigate the maze of rules to determine whether you can take advantage of these opportunities. In reviewing our clients' retirement plans, we've found that more than 50% of them have made beneficiary designation changes. It's important to remember that each person's financial situation is different and that retirement plan planning is just one component of a financial plan that is interconnected with other planning areas, such as estate planning and tax management.

The planning opportunities are too numerous to cover in our Financial Planning Insights, so we'd like to share some of our retirement planning expertise and explore opportunities that might benefit you. I am hosting one-hour personal workshops. For your convenience, I can arrange to host the workshop either online through WebEx conferencing or here at our office. *Simply call me at (719) 579-8000 extension 5 or reply by email to rich@carnick.com to confirm that you'd like to attend the workshop. Be sure to provide me with your name, telephone number, a convenient date and time that you'd like to schedule the workshop, and whether you prefer the online conference or to meet at our office.* After that I'll make all of the necessary arrangements.

Sincerely,

Rich Klaber
Financial Planning Team

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