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Ask the Biz Brain

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I have both a traditional Individual Retirement Account and a Roth IRA. Do both become part of my estate when I die?

-- R.I.P. Olsen

All your assets and liabilities become part of your estate at death.

That means your real estate, personal stuff -- car, household furnishings, and other tangible items -- and intangible property -- stock certificates, IRAs and bank accounts in your name -- all become part of your estate.

It also means your obligations -- any unpaid debts -- become part of the estate, too. Life insurance proceeds are exempt, unless the estate was made the beneficiary.

Before we go any further, read this carefully: Seek help!

IRA inheritance is complicated, and a mistake could saddle your heirs with a hefty tax bill and the loss of tens of thousands of dollars in lost tax-deferred earnings.

"Inheriting an IRA can be tricky business, even for many financial service providers," according to a guide published by the Financial Planning Association. "So don't make any decisions before consulting a financial professional."

Marnie Aznar, a licensed certified financial planner and owner of Aznar Financial Advisors in Morris Plains, said a spouse can roll his or her deceased partner's IRA into their own without many problems.

Other relatives, she said, cannot roll an inherited IRA into their own, but they can take annual withdrawals IRA owner designated them a beneficiary.

One more safety reminder: You may face federal estate taxes if your estate exceeds \$1.5 million or \$675,000 in New Jersey, where inheritances tax can hurt. It doesn't take much to trigger New Jersey's considering the appreciation of real estate in recent years

"This can be a very complex question because it all depends on the beneficiary's relationship to the deceased, if the account owner designates a beneficiary, and how the beneficiary chooses to distribute the funds and how they handle the IRA," Aznar warned. "It can get very messy."

Once again -- we cannot say it too much -- consult a financial professional who is familiar with IRA inheritance rules before joining the ranks of the departed.

-- George E. Jordan