

Disaster-Proof Your IRA with These IRA New Year's Resolutions

The thing about New Year's resolutions is that you rarely make it out of January before you go right back to your old habits. It's no different for IRA owners who have been advised about steps to take to ensure that their IRA can live on long after they do, so here is a reminder of what should be done right now.

Protect your IRA. The IRA rules guarantee the stretch option for beneficiaries but only if they are named and the IRA beneficiary form can be found when it is needed. It's time to address this. Don't leave this for the IRA institution to take care of. If beneficiary forms are lost or misplaced, beneficiaries may lose the ability to maintain the inherited IRA over their lifetime.

IRA New Year's Resolutions

This year...

- I will obtain a copy of the IRA beneficiary form for each IRA.
- I will make sure that a primary beneficiary and a secondary (contingent) beneficiary are named for each IRA.
- If there are multiple beneficiaries on one IRA, I will make sure that each beneficiary's share is clearly identified with a fraction, a percentage or the word "equally" if that is applicable. I will also make sure the beneficiary designation is "per stirpes" unless I specifically want other treatment for contingent beneficiaries.
- I will make sure that the financial institution has the beneficiary selections on file and that their records agree with my choices.
- I will keep a copy of all IRA beneficiary forms and make sure my financial advisor and attorney have copies.
- I will let the beneficiaries know where to locate my IRA beneficiary forms.
- I will review the IRA beneficiary forms at least once each year to make sure they are correct and reflect any changes during the year due to new tax laws or major life events such as a death, birth, adoption, marriage, divorce, or some beneficiary forgetting my birthday!