USING SEPARATE IRA CONDUIT TRUSTS

PRIOR TO READING THIS PAPER, IT IS RECOMMENDED THAT YOU REVIEW THE OTHER PAPERS IN THE LIBRARY REGARDING RETIREMENT PLANS

When an IRA Conduit Trust is incorporated into an estate plan, it may be designed as a single trust for the benefit of many heirs or it may be divided into separate shares, one for each heir.

The new IRA Conduit Trust at Q4BCenter.com has been converted from a single trust for all of the trust beneficiaries to separate trusts for each trust beneficiary. Each **individual** beneficiary will share in the IRA Conduit Trust (equally or unequally) on the same basis that he shares in other trust assets.[1] Charities or other non-persons are not included in the IRA Conduit Trust.

Note: in the unlikely event that a trust beneficiary is adopted as an adult after the Trustor is deceased (or after both Trustors are deceased, in a married trust) but before the IRA Conduit Trust is divided into separate shares, that beneficiary is excluded. The purpose of the exclusion is to make ascertainable the "oldest" beneficiary, for purposes of determining required distributions under the "stretch" rules.

Each beneficiary's IRA Conduit Trust is subject to the same set of rules[2]:

1. The trustee will withdraw the required minimum amount each year, based on the age of the oldest beneficiary[3].

2. The trustee may withdraw additional amounts, if desired, for the beneficiary's health care, maintenance, support and education.

3. All amounts withdrawn in any calendar year will be distributed to the beneficiary in the same calendar year[4].

4. The trustee (and not the beneficiary himself) will control the beneficiary's share until the beneficiary attains the final age of "control" defined in the trust document;

---

[1] If there is a desire to benefit some but not all of the trust beneficiaries or if there is a desire to benefit them in different portions, custom drafting is required.

[2] If different rules are desired for different beneficiaries, custom drafting is required.

[3] See article entitled "**IRA BENEFICIARY OPTIONS**" [August 2009] regarding the requirements for using beneficiaries' separate ages for determining required withdrawal.

[4] This is a legal requirement in order for the "stretch" rules to apply.

after that, the beneficiary may serve as sole trustee of his IRA Conduit Trust; the same distribution rules apply.

5. When the beneficiary dies, minimum required distributions (determined on the same basis as when the beneficiary was alive) will continue to be paid to the beneficiary's successors in interest (as designated in the trust).

6. Each IRA Conduit Trust will continue indefinitely until all funds are distributed.