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InSight Into Estate Planning *Winter 2015 Newsletter*

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IRA Beneficiary Designations post *Clark v. Rameker*



The *Clark* case presents a classic example of one of the primary fears a parent has when leaving assets to his or her children.

Overview of Case

Ruth Heffron (Mom) died in 2001 and left her \$450,000 IRA to her daughter Heidi Heffron-Clark (Daughter), individually, as beneficiary. In 2010, the IRA was worth approximately \$300,000 when Daughter and her husband filed bankruptcy. Prior to *Clark* there was a split of opinion in the Circuit Courts on whether an inherited IRA was afforded creditor protection. The *Clark* case found its way to the U.S. Supreme Court to decide the issue whether inherited IRAs (traditional or Roth) were exempt assets under the bankruptcy code.

The Daughter's attorney argued that the bankruptcy statute, 11 U. S. C. Section 522 (b) (3) (C), should exempt Daughter's inherited IRA assets from creditor claims against her bankruptcy estate. The Court stated that the bankruptcy statute protects "retirement funds" to the extent that those funds are in a fund or account that is exempt from taxation under sections 401, 403, 408, 408A, 414, 457 or 501 (a) of the Internal Revenue Code.

Although Mom's funds were in an account exempt from taxation under IRC §408 (an IRA), the Court held that once the daughter inherited the IRA, it was not considered "retirement funds" anymore.

Preserving Your Legacy through Estate Planning



As we all fly through our days of work, soccer practice, dance classes, hitting the gym, grocery shopping, social functions, laundry, etc. we often times just press play and forget the pause button.

Stop and take a second to think about why we do all these things every day. What are we all working so hard for?

Real wealth is our health, our happiness, the people we love, our strength of character, our friends, our vision, and our values. Not the money in the bank or the cars we drive. So how can you really pass on your wealth? Tell your story.

Legacy Planning is Key

Legacy Planning offers a way to do it. It gives you the opportunity to share with your loved ones your life lessons, your wishes for them in life, insights on your personal life journey, military stories, family values, faith, what is love, and angels and heroes in your life. Leaving behind a legacy for your family is extremely valuable to them. Especially, if you are parent.

Legacy Planning allows you to memorialize your stories. You do not have to write a book. It can be as simple as answering some questions on an audio tape, writing out a few life stories, leaving letters for you loved ones in your estate plan, customizing your trust to explain why you are making certain distributions, or even videotaping pictures and things you would want your loved ones to see and know. A five minute story could last them a lifetime. Do it. Share your stories. Do not just pass on your monetary wealth in your estate plan, pass on your legacy.

[Learn More About Legacy Planning Here](#)

Long-Term Care - Why You Need to be Prepared

It is an undeniable fact - we are living longer. By the year 2050, people in their 90s will increase four fold. That means the number of senior citizens (i.e. age 65+) will more than double, according to an article by J. Brendan Ryan. Many seniors need long-term care. In fact, over ninety percent of seniors' health care costs today are attributable to chronic diseases like arthritis, diabetes, etc.

The likelihood of a senior citizen needing long-term care at some point in their lives is extremely high - nearly 70 percent.

Millions of unpaid caregivers helps the sick, elderly and disabled. This includes significant

others, family members, etc. who are helping out a loved one during this phase of their life. A study in MetLife estimated that the monetary loss for these unpaid caregiver exceeds \$500,000.

In many cases, the needs for the disabled or infirm simply become too demanding necessitating professional care in a nursing facility. How can you prepare for the potential need of long-term care?

[Learn more here.](#)

Attend an InSight Event in January

The Truth About Estate Planning (Morning Session)

Date: January 13, 2016

Time: 10:00 am - 12:00 pm

Location: InSightLaw's Ashburn Office

[Register Here](#)

The Truth About Estate Planning (Evening Session)

Date: January 13, 2016

Time: 7:00 pm - 9:00 pm

Location: InSightLaw's Ashburn Office

[Register Here](#)

Estate Planning For Your Pets

Date: February 3, 2016

Time: 12:00 pm - 2:00 pm

Location: InSightLaw's Ashburn Office

[Register Here](#)

Truth About Business Planning

Date: February 25, 2016

Time: 1:00 pm - 3:00 pm

Location: InSightLaw's Ashburn Office

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