

ANBTX TRUSTEED IRA

Frequently Asked Questions (FAQs)

What is the key benefit of establishing a trustee IRA rather than a custodial IRA?

The IRA owner can control the distribution of the IRA assets after death without needing to create an additional trust for that purpose.

Do trustee IRAs offer any tax advantages that custodial IRAs don't?

No. The tax rules for trustee IRAs and custodial IRAs are the same.

Is there a downside to using a trustee IRA over a custodial IRA?

An IRA owner can elect to have a trustee IRA payout directly to a beneficiary upon their death or to have it retained in trust with payouts restricted as they elect. So, there is greater flexibility. However, trustee's standard fees will apply upon initial IRA owner's incapacity, and/or if the IRA remains in the trust after the initial IRA owner's death. Note: To restrict payouts of a custodial IRA after account owner's death, a separate trust typically needs to be drafted by an attorney during account owner's lifetime and named as beneficiary of the IRA.

What is the target market for the trustee IRA?

Clients with \$500,000 to \$3 million in IRA assets that represent the bulk of their estate are the typical target.

Is there a minimum account size for the trustee IRA?

There is not a minimum to establish a trustee IRA. However, once the IRA owner dies the trustee ANBTX Trust Division reserves the right to pay out the balance directly to beneficiaries—even if a restricted payout is chosen—if the account is deemed too small to administer or does not meet the minimum account size.

Can a trustee IRA be moved once established?

The IRA owner may transfer, withdraw funds, or close the account during their lifetime, subject to the same rules as a custodial IRA.

When the trustee IRA owner dies, can a beneficiary move the IRA?

Once the IRA owner dies, the trust becomes irrevocable. It may be possible for the IRA beneficiary to move the IRA to a different trustee (subject to their acceptance of the trust's terms), but the terms of the trust (such as payout restrictions), will remain in effect.

Can ANBTX Trust Division use trustee IRA assets for the benefit of a disabled account owner and/or their family?

Yes. A trustee can be authorized to continue to use the assets for the benefit of a disabled account owner and/or their family, in accordance with IRS rules regarding IRA distributions.

Once beneficiary designations and payout options have been selected, can they be changed?

Yes, the account owner can change beneficiaries and payout options at any time during their lifetime.

Can payout options vary by beneficiary? For example, if there are two beneficiaries, can one be restricted (held in trust) and the other not restricted (paid out)?

Payout options can vary between beneficiaries. For example, one child can be given more liberal access to funds than another. In some case, parents feel that it is in the best interests of a particular child to restrict the availability of funds over time.