



## A Family Law Newsletter from De Gennaro Law Firm

The Family Law Newsletter is provided by De Gennaro Law Firm to help individuals and families navigate through the myriad of legal concerns they will confront in both life and death.

### Holiday gifts that keep on giving.

The holiday season is here and your struggling to find the right gift for your children and grandchildren.

What to give them? If you own an IRA, consider an IRA Retirement Trust for your children and grandchildren. An IRA Retirement Trust is a gift that keeps on giving because it provides for **tax deferred growth** and **asset protection** for your beneficiaries long after your death.

The IRS estimates that 85% of all beneficiaries of IRA accounts withdraw the entire balance within six months of the account holder's death. For many beneficiaries, this could mean taxes of 45% or more of the account's balance. With tax deferred growth, your IRA Retirement Trust can postpone or extend distributions of the funds until the beneficiaries are likely to be in a lower tax bracket.

Here is an example of the benefit of an IRA Retirement Trust. Suppose you leave a \$200,000 IRA Retirement Trust to a 38 year child. If the IRA grows at 8%, over the course of your child's lifetime your child will receive more than \$2,000,000 before income taxes.

And, if you want to leave your IRA to a grandchild, using the same \$200,000 for a 13 year old grandchild, over the course of your grandchild's lifetime, and assuming 8% growth, your grandchild will receive income of \$9.2 million before income tax.

And, if high taxes and losing the opportunity for tax deferred growth isn't enough, the Supreme Court ruled this past summer that an inherited IRA by a non-spouse is not protected from creditors under federal bankruptcy law. (Since a spouse can roll over the inherited funds into his or her own IRA, that money should be protected from creditors.)

Because you can give your trustee broad discretion over when, how much and to whom to distribute your IRA funds, an IRA Retirement Trust can be used to protect the funds against creditors of a spendthrift child or grandchild, that is, someone who spends money beyond his or her means.

What else can you do for your grandchildren that will be meaningful and provide a lasting and loving memory? You can create an Educational Trust that provides primarily for the educational needs of your grandchildren. The trust would be in your name, for example, the "Jane and John Educational Trust for the Benefit of ..."). Every time your grandchild receives a check from the trust, your grandchild will be reminded of the love and affection you have for him or her.

An IRA Retirement Trust and an Educational Trust are gifts that keep on giving long after traditional holiday gifts have found their way into a closet, perhaps never to be seen again.

### Did you know?

1. More than 55% of adults do not have a will. Without a will, the state where the decedent was domiciled gets to decide who gets what and how much. Do you want the state to make those decisions for you?

2. Over 2/3 of the adult population have no living will or advance care directive indicating what life sustaining measures one wants or does not want during one's final illness. Do you want to put the burden of making this decision on others without letting them know what care you want or do not want during this critical time?

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### **Complimentary Consultation with Living Will**

**For a complimentary consultation, please contact De Gennaro Law Firm at 248.350.0404, or email us at [service@degennarolaw.com](mailto:service@degennarolaw.com).**

**As part of your complimentary consultation you will receive a completed Living Will/Medical Durable Power of Attorney.**

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For over forty-four years, he has taught and practiced extensively in the areas of family law, business organizations, contracts, commercial litigation, and estate planning, and conducts personalized estate planning seminars for the firm's clients and their families. He has served as a hearing officer for the Michigan Department of Civil Rights, and a mediator for the Wayne County Circuit court.

De Gennaro law firm collaborates with a network of professional firms to provide additional support services, including divorce and commercial litigation, and will work with your existing financial and tax professionals to ensure a comprehensive approach to your business, family and estate planning needs.

Visit our website for detailed information about the [legal support services](#) provided.

*This newsletter and any description of current law and its application are not intended as legal advice. Readers are directed to seek individual consultation with regard to their particular concerns.*