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## **The Inherited IRA Tax Trap**

# **A Special Report Revealing the 2026 Tax Law Changes and Three Ways to Pass Wealth Tax-Free**

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## **What Your Advisor Won't Tell You About Your Family's Financial Future**

How would you feel if your children inherited your IRA... only to lose nearly half to taxes?

Why do so many 'trusted' advisors gloss over the fact that inherited IRAs can create a tax nightmare for your family?

If you could prevent a \$50,000+ tax shock for your heirs, would you want to know how?

What happens when the money you saved for your kids actually becomes their biggest financial headache?

Could the legacy you're building be setting them up for a tax disaster?

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## **The 2026 Inherited IRA Reality Check**

Did you know that, thanks to the SECURE Act, most non-spouse heirs must now empty inherited IRAs within 10 years of your death... often during their highest earning years (1)?

What does that mean for your family's tax bill?

If your children are forced to take large distributions, could they be pushed into the top tax brackets, losing 37% or more to federal taxes... plus state taxes if they live in a high-tax state (2)?

Are you comfortable knowing that your life's work might leave your children with less than half of what you intended?

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What if you missed a required minimum distribution (RMD)?

Are you aware the penalty is now 25% of the amount not withdrawn, only reduced to 10% if corrected within two years (3)?

Is your advisor proactively planning for these new rules, or are they still giving advice like it's 2018?

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## **Why Traditional Planning Fails Affluent Families**

Why do so many 'fiduciary' advisors focus on growing your account balance, but never ask what you actually want your legacy to accomplish?

If their compensation depends on keeping your assets under management, are they truly incentivized to help you spend with confidence... or to keep your money invested for as long as possible (4)?

If you could retire with less than \$1 million and still live abundantly, would you want to know how?

Why do so many plans focus on growing your pile, not your lifestyle freedom... or your family's future?

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## **The \$67,000 Tax Bomb: How Inherited IRAs Become a Nightmare**

Let's get specific:

If you leave a \$500,000 IRA to your children, and they're in a 37% federal bracket plus 10% state tax, they could lose \$235,000+ to taxes... nearly half your legacy (5).

In high-tax states, the combined burden can exceed 50% (6).

In extreme cases, the total tax burden can approach or exceed 94% if all taxes apply and distributions are not planned carefully (7).

How would you feel if your children inherited your IRA... only to discover it's their biggest financial headache?

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## **Three Questions Every Affluent Professional Should Ask Their Advisor**

1. 'Exactly how much will my children pay in taxes when they inherit my retirement accounts?'
2. 'What specific strategies are you implementing to minimize the tax impact on my heirs?'
3. 'How does your compensation change based on the advice you're giving me?'

What happens if your advisor can't answer these questions with clarity and confidence?

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## **The Lifestyle-First Problem Nobody Talks About**

If you've spent your career building wealth to live the lifestyle you deserve, why would you use a strategy that guarantees your children will live a lesser lifestyle because of taxes?

What's the point of accumulating wealth if half of it goes to the IRS instead of funding your family's dreams?

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## **Why the 'Stretch IRA' Strategy Is Dead**

Remember when advisors talked about 'stretching' IRA distributions over a beneficiary's lifetime?

That strategy died with the SECURE Act. Now, most non-spouse beneficiaries must deplete inherited IRAs within 10 years, period (8).

Are you sure your advisor got the memo?

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## **The Fiduciary Myth That's Costing You Thousands**

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Did you know that many 'fiduciary' advisors can still recommend investments that benefit them more than you?

Being a fiduciary doesn't mean they have to give you the most tax-efficient strategy... just one that's 'suitable' (9).

Is that good enough for your family?

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## **Three Proven Ways to Pass Wealth Tax-Free**

While traditional advisors focus on accumulation, lifestyle-first planning focuses on distribution... both to you during your lifetime and to your heirs after your death. Here are three strategies the ultra-wealthy use to avoid the inherited IRA tax trap:

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### **1. Irrevocable Life Insurance Trusts (ILITs)**

What if you could pass millions to your heirs completely income tax-free AND estate tax-free?

Life insurance death benefits paid to a properly structured trust are excluded from both your taxable estate and your heirs' taxable income (10).

Unlike inherited IRAs, insurance proceeds provide immediate liquidity with zero tax consequences.

Would you rather leave your children a \$500,000 IRA that becomes \$300,000 after taxes, or a \$500,000 tax-free insurance benefit they can use immediately?

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### **2. Strategic Roth Conversions**

What's the highest tax rate you're comfortable paying to guarantee your children pay zero?

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Strategic Roth conversions allow you to pay taxes at your current rate while ensuring your heirs receive completely tax-free distributions (11).

The question isn't whether you should convert... it's how much you should convert to optimize both your current lifestyle and your family's future security.

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### **3. Advanced Trust Structures (IDGTs and Dynasty Trusts)**

What if you could create a wealth transfer vehicle that protects your legacy regardless of future tax law changes?

Intentionally Defective Grantor Trusts (IDGTs) and Dynasty Trusts offer multi-generational tax efficiency and asset protection (12).

You can remove appreciating assets from your estate while continuing to pay the income tax on trust earnings... effectively making additional tax-free gifts to your heirs every year (13).

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### **My Story: Why I Don't Do Risky Investments**

After watching myself and my clients lose years of progress in the dot-com crash, I made a decision:

I would never again let my clients' dreams depend on a market they can't control.

What would it mean for you to have a partner who's more interested in your lifestyle than your account balance?

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### **The Real Cost of Waiting**

Every day you delay addressing the inherited IRA tax trap, the problem gets worse. Your account grows.

Tax rates might increase.

Your children's income rises, pushing them into higher brackets.

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What seems like a \$50,000 problem today could easily become a \$100,000 problem by the time your children inherit.

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## **The Lifestyle-First Difference**

Traditional advisors ask:

'How can we grow your money?'

Isn't the better question...

'How can we guarantee you live the lifestyle you want while ensuring your children aren't punished by taxes?'

That's the difference between asset-first and lifestyle-first planning.

Which approach do you think serves your family better?

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## **Your Next Step: Protect Your Family's Legacy**

Are you ready to discover how much your family could save in taxes... and how much more lifestyle you could enjoy with proper planning?

If you want to know exactly where you stand and what opportunities might exist for your specific situation, schedule your complimentary 15-Minute Retirement Health Check.

**Schedule Your 15-Minute Retirement Health Check Now... [HERE!](#)**

In just 15 minutes, we'll:

- Reveal the exact tax impact your current retirement accounts will have on your heirs
  - Assess whether your current strategy aligns with your lifestyle goals
  - Uncover the one question you should ask your current advisor (most can't answer it)
  - Identify immediate steps you can take to protect your family
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*No sales pitch. No pressure. Just straight answers about your retirement and your legacy.*

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## **Disclosure:**

This report is for educational purposes only and does not constitute investment, tax, or legal advice. Please consult with qualified professionals before implementing any strategies discussed herein. Individual results may vary.

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## **Citations**

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