

Turning an Inherited IRA Into Living Care Security

Transform an Unexpected Gift Into Something That Works for You

Inheriting a retirement account can be a meaningful financial event, but often comes with timing and tax pressures. Under current rules most beneficiaries must withdraw inherited IRA funds within 10 years, which can create a large taxable event if handled poorly. Instead of simply cashing out, many beneficiaries are finding a potential smarter option: repositioning some or all of those inherited dollars into a purpose-built, Asset-Based Long-Term Care strategy that delivers meaningful protection today.

45 million U.S. households will transfer $72.6 trillion of assets to heirs through 2045.[1]

The Options



Withdraw inherited IRA, pay taxes now, and either spend, invest, or pass a smaller net sum to heirs.



Reposition inherited dollars to help create security. Tax-managed distributions fund a solution that protects you now with care benefits, and preserves value for heirs later with a death benefit or return of premium features.



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Benefits of This Approach

Turn Taxable Distributions Into Care Funding

Rather than taking a lump-sum taxable distribution, redirect scheduled distributions, or a portion of the inherited IRA, into a funded Asset-Based Long-Term Care strategy that provides tax-efficient long-term care benefits.

Match the 10-Year Rule with Funding Needs

Many solutions offer a funding schedule, like a 10-pay option, that aligns with the SECURE Act distribution window. These options spread taxable income, satisfy the timing rules and help manage tax brackets while converting money into protection.

Why Pay for Something You May Not Use

With an asset-based plan you can access care benefits if you need if you need them, and get them back if you don't. Some plans have features that will return unused premium.

Leverage Bonuses & Enhanced Value

Some strategies include funding bonuses or crediting features that increase the premium available (illustrative example: a 25% funding bonus turning $250,000 into $312,500 of premium available for coverage). Use these design features to multiply the care protection potential of inherited dollars.

When You Should Consider This Strategy

- If you have inherited an IRA or qualified plan and do not need the extra current income.
- If you are a conservative to moderate investor who has $100k+ in inherited or low-yield assets and want to repurpose those dollars for protection rather than immediate consumption.
- If you are concerned about long-term care or have witnessed a family LTC event and want to plan proactively for your future potential care.

Don't let taxes erode the value of your inheritance. By repositioning inherited IRA dollars into an Asset-Based Long-Term Care strategy, you can turn a required withdrawal into meaningful long-term care protection, safeguarding your assets in the event you need care.

1. https://www.cerulli.com/press-releases/cerulli-anticipates-84-trillion-in-wealth-transfers-through-2045. Jan. 20, 2022

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