



Managing an Inheritance



Inheriting wealth can be a burden and a blessing. Even if you have an inclination that a family member may remember you in their last will and testament, there are many facets to the process of inheritance that you may not have considered. Here are some things you may want to keep in mind if it comes to pass.

Keep in mind this article is for informational purposes only and is not a replacement for real-life advice, so consider speaking with a legal or tax professional before making any decisions with an inheritance.



Take your time.

If someone cared about you enough to leave you an inheritance, then you may need time to grieve and cope with their loss. This is important, and many of the more major decisions about your inheritance can likely wait. You may be able to make more informed decisions once some time has passed.

Don't go it alone.

There are so many laws, choices, and potential pitfalls – the knowledge an experienced professional can provide on this subject may prove critical.

Think of your own family.

When an inheritance is received, it may alter the course of your own financial strategy. Be sure to take that into consideration.

The taxman may visit.

If you've inherited an IRA, it is important to consider the tax implications. Distributions to non-spouse beneficiaries are generally required to be distributed by the end of the 10th calendar year following the year of the account owner's death. For the year of the account owner's death, the RMD due is the amount the account owner would have been required to withdraw, if any, but did not withdraw. Beginning the year following the owner's death, the RMD depends on certain characteristics of the designated beneficiary. A surviving spouse of the IRA owner, disabled or chronically ill individuals, individuals who are not more than 10 years younger than the IRA owner, and children of the IRA owner who have not reached the age of majority may have other minimum distribution requirements.



Stay informed.

The estate laws have seen many changes over the years, so what you thought you knew about them may no longer be correct.

Remember to do what's appropriate for your situation.

While it's natural for emotion to play a part and you may wish to leave your inheritance as it is out of respect for your relative, what happens if the inheritance isn't appropriate for your financial situation? A financial professional can help determine if the inheritance fits with your overall goals, time horizon, and risk tolerance.





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