

Is Your Inherited IRA Protected From Creditors?

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To Our Clients and Friends:

As life expectancies have increased, the possibility that your retirement will last for several decades is a realistic one. This is a happy thought, but how will you pay for it? Probably you will utilize a combination of Social Security, personal savings, and of course assets held within retirement vehicles such as 401(k) plans and Individual Retirement Accounts (IRAs).

While no-one likes to contemplate the possibility of a personal financial crisis, it's a fact that there were over one million non-business bankruptcy filings in the United States during 2013 alone. What will become of your crucial retirement assets in that situation? Are they protected from creditors?

Not as much as they used to be. Last month, the U.S. Supreme Court ruled that inherited IRAs are not protected from creditors under federal bankruptcy law. Protection under state law, if any, can vary widely by jurisdiction. Since significant wealth is often transferred by decedents who have not exhausted their IRA holdings, this can be an issue for financially troubled beneficiaries who are counting on these assets for their own future needs.

At Anchin, we have tax specialists that will work with you to design a solution that

better insulates your IRA from this risk. For more information, please contact your Anchin Relationship Partner, [Deborah de Vrie](#) or [Clarence Kehoe](#), Co-Practice Leaders of Anchin's Compensation and Benefits Services Group, at 212.840.3456.