

Using IRA assets to address your wealth transfer goals

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The passage of the Setting Every Community Up for Retirement Enhancement (SECURE) Act into law made important changes to IRAs beginning January 1, 2020, including Trusteed IRAs and Inherited IRA assets. Talk with your advisor for more information.

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
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Bank of America Trust Services — helping you simplify your life, give lasting meaning to your wealth and prepare for whatever the future may hold.

Whether you're creating a trust as part of your own estate plan or serving as a trustee or executor for someone else, our focus is on what's important to you — your unique goals for today and the future. We are dedicated to providing the services that address your specific needs in the way that works best for you.

As the leading provider of personal trust services,¹ we are able to offer a broad array of specialized services through a nationwide network of local offices. It is all part of our commitment to providing an unmatched level of personal service and care to you and your family, wherever you may call home.

Let us help you make your vision for the future a reality.





Why choose a Trusteed IRA?

Beyond retirement security



How Trusteed IRAs can help you leave a lasting legacy

A substantial balance in an IRA or other qualified plan can do more than offer financial security for you at retirement. If properly structured and managed, your retirement assets may help you leave a legacy that can have a lasting effect on your family.

This guide outlines the benefits of Trusteed IRAs and explains how you can use them to help meet family and financial objectives that are important to you.

Benefits of a Bank of America Trusteed IRA²

Assets in a custodial IRA that are left to a spouse, children or other beneficiaries can be withdrawn and used at any time, making it difficult to ensure the assets are distributed and used as you intend.

A Trusteed IRA can enable you to:

- Preserve and pass on the potential tax benefits of your IRA.
- Provide for professional management now, in the event of your incapacity and upon your death.
- Protect the assets from spendthrifts and the effects of a child's divorce or a spouse's remarriage.
- Control who will inherit the assets and how quickly they can withdraw them.³
- These features can make your IRA and retirement plan assets an important element in your overall wealth transfer plan.



Why choose a Trusteed IRA?

Why choose a Trusteed IRA

A Trusteed IRA can be especially valuable if you:

Want the ability to control who receives your IRA assets, in what amounts and when.

Are concerned about IRA management in the event of incapacity.

Want to extend the potential tax deferral of a traditional IRA or any tax-free earnings accumulation of a Roth IRA to benefit children, grandchildren or other heirs.

Have remarried and want to provide for a current spouse and children from a previous marriage.

Want to preserve the continuity of IRA management during your lifetime and after your death.

Are concerned about the financial discipline or sophistication of heirs.

Trusteed IRAs from Bank of America

Bank of America Trusteed IRAs combine the potential tax advantages of traditional or Roth IRAs with protection and control features of a trust in a single account.

Trusteed IRAs are IRS-approved, providing flexibility and security that can be difficult to achieve any other way. And they are professionally managed and invested on a fiduciary basis.





A valuable estate planning tool

A Bank of America Trusteed IRA may be a helpful alternative if you have a substantial IRA, or are thinking about rolling over 401(k) or other qualified retirement plan assets⁴ into an IRA. Bank of America Trusteed IRAs combine the potential tax advantages of an IRA with the flexibility and control of a trust, all in a single account. The result is a valuable planning tool that can provide tax-deferred or tax-free asset accumulation, along with the ability to control how, when and in what amounts your IRA assets are distributed to your heirs.³

Designate future beneficiaries and level of support

With a custodial IRA you can designate beneficiaries, but those beneficiaries have unlimited access to the IRA and select who will inherit any unused assets. A Trusteed IRA allows you to identify the circumstances under which you would like Bank of America, as trustee, to make additional distributions and even establish different levels of support for different beneficiaries. It also enables you to control who will inherit any assets that remain unused.

“Stretch” your IRA benefits⁵

Restricting withdrawals to the required minimums allows you and your future beneficiaries to maximize the potential benefits of tax-deferred or tax-free accumulation. Trusteed IRAs allow you to preserve and pass these potential tax benefits on to your beneficiaries.

Plan for the unexpected

If you become incapacitated, you may be unable to make investment decisions or take required minimum distributions (RMDs). With a Trusteed IRA, you can give Bank of America authority to invest your IRA assets, make RMDs, pay bills and address other needs.

Provide for your spouse and children

Trusteed IRAs allow you to arrange for your spouse to receive income for life and also give Bank of America, as trustee, discretion to use the IRA principal for your spouse's benefit. Upon your spouse's death, the IRA can be split into separate accounts for your children and/or grandchildren.

Make arrangements for a spouse who is not a U.S. citizen

Trusteed IRAs can be structured to avoid estate taxes on assets passed to a non-U.S. citizen surviving spouse until the principal is distributed.



Using IRA assets to help meet your estate planning goals

Before Trusteed IRAs, the most common way to meet specific goals for your IRA, 401(k) or other qualified plan assets was to establish a trust and designate it as beneficiary of your custodial IRA or qualified retirement plan. Bank of America Trusteed IRAs provide a simpler option — all in a single account.

My goal is to:

Trusteed IRA solution from Bank of America:

Help provide financial security and professional management of my IRA in the event of my incapacity or that of my heirs



In the event of your incapacity, Bank of America can continue to provide professional investment management, pay bills, make any RMDs and provide for your loved ones, all within the Trusteed IRA. We can also work with an agent under a properly drafted power of attorney. If you have neither, your IRA assets can only be accessed through a court's involvement.

Use a "stretch" IRA strategy to extend the potential tax advantages for beneficiaries



Bank of America can make the stretch under the terms you specify, so IRA assets have the opportunity for continued tax-deferred or tax-free growth, depending on the type of IRA. For IRAs outside a trust, your heirs may withdraw the entire IRA — defeating your plan to provide them with an income stream and extend potential tax-advantaged growth.⁵

Control who receives IRA assets, in what amounts and when



Trusteed IRAs allow you to customize who receives your IRA assets, in what amounts and when. This can help you care for heirs you want to support in the way you specify. It allows much more flexibility, customization and control than a custodial IRA.

Transfer IRA assets at death efficiently



Trusteed IRAs simplify integrating your IRA into your estate plan. By combining an IRA and a trust into a single account, they can eliminate the cost and complexity of separate IRA and trust accounts often used when planning for IRAs.

Find a trustee to integrate my IRA with a trust I have already created



Bank of America can work with attorney-drafted trust documents to implement estate planning with IRAs.

Reduce estate taxes



Selections on the beneficiary designation forms may enable you to reduce federal estate tax while providing for your intended beneficiaries in the manner you direct.

Retain the existing tax benefits of my qualified plan and pass them on to heirs



Trusteed IRAs accept rollovers from 401(k), 403(b) and other qualified plans,⁴ as well as IRAs, Keoghs, SEPs and other retirement vehicles.

Help ensure that at the death of my beneficiaries, remaining assets pass as I intend



Trusteed IRAs allow you to direct how and to whom remaining assets pass at the death of a beneficiary.



Roth vs. traditional: Choosing the Trusteed IRA that is right for you

To help you address your specific goals, Bank of America offers both Trusteed traditional and Trusteed Roth IRAs.

What are the advantages of a Trusteed IRA?

A Trusteed Roth IRA offers:

- Federal (and possibly state) income-tax-free accumulation of earnings.
- The opportunity for funds to stay in the account potentially accumulating earnings on a tax-free basis because RMDs need not be made during the original owner's lifetime.
- The potential to help minimize estate taxes.

Should you consider a Trusteed Roth IRA?

In general, a conversion to a Trusteed Roth IRA could be beneficial if you:

- Don't expect to need the IRA assets to fund your retirement and could benefit from income-tax-free accumulation of earnings.
- Wish to leave assets to children and other heirs income tax free.
- Have the resources to pay income taxes on the conversion from non-IRA assets.
- Wish to reduce the taxable value of your estate.
- Expect the value of IRA assets to appreciate substantially in the future.
- May be in the same or a higher tax bracket when you retire.

What are the tax consequences of converting?

Income tax. Typically, Roth IRA conversions require you to pay income tax on any of the rollover-eligible pre-tax assets converted, with the tax due in the year of conversion. You should always consult a tax professional prior to taking any distributions from your retirement savings or converting funds to a Bank of America Trusteed Roth IRA.

Estate tax. As with a traditional IRA, the value of a Roth IRA will be included in your gross estate for federal estate-tax purposes. However, the amount of income tax paid on the conversion will reduce the size of your gross estate, which could result in federal estate-tax savings if your estate is large enough to be subject to estate tax.



Creating a Trusteed IRA

Personalized service and specialized knowledge

You can establish a Trusteed IRA as easily as opening a rollover IRA.

Your advisor can:

- Explain the features of Trusteed IRAs.
- Help you evaluate options.
- Draw on the experience and knowledge of Bank of America trust professionals.
- Provide access to wide array of innovative open-architecture investment alternatives that have fiduciary investment oversight from Bank of America. Portfolio options include a variety of managed mutual funds, exchange-traded funds, separately managed accounts and diversified portfolios.

A Trusteed IRA can also receive rollover distributions from your 401(k) or other qualified retirement plans⁴ when you retire or change jobs.

Coordinating with your other advisors

Your advisor will work with your attorney, accountant and other professionals. Together they can help you address the goals you have for your IRA.





Bank of America Trust Services works closely with your advisor—who knows you, your needs and your goals for your wealth. Together with your attorney, we focus on your unique situation, helping you identify trust solutions that align with your priorities and integrate them into your overall estate and wealth management plans.



To find out more about the ways we can help you simplify your life and create lasting meaning for your wealth, reach out to your advisor.





Important information

- ¹ Top 25 Industry Ranking — Personal Trust Assets Under Management (FDIC call reports, as of September 30, 2023).
- ² Trust, fiduciary and investment management services are provided by Bank of America, N.A., Member FDIC and wholly owned subsidiary of Bank of America Corporation (“BoFA Corp.”), and its agents.
- ³ Distribution of inherited IRA assets must be made within 10 years of the death of the IRA account owner, unless a spouse or other exception under the recently passed SECURE Act applies.
- ⁴ **You have choices about what to do with your 401(k) or other type of plan-sponsored accounts. Depending on your financial circumstances, needs and goals, you may choose to roll over to an IRA or convert to a Roth IRA, roll over a 401(k) from a prior employer to a 401(k) at your new employer, take a distribution, or leave the account where it is. Each choice may offer different investments and services, fees and expenses, withdrawal options, required minimum distributions, tax treatment (particularly with reference to employer stock), and provide different protection from creditors and legal judgments. These are complex choices and should be considered with care.**
- ⁵ The “stretch” IRA is not a type of IRA, but rather a technique to extend the assets of an IRA beyond your lifetime, possibly to multiple generations. The stretch IRA strategy is designed for individuals who will not need to use assets during retirement. Distribution of inherited IRA assets must be made within 10 years of the death of the IRA account owner, unless a spouse or other exception under the SECURE Act applies. It is helpful to consult your tax and financial advisor(s) to assist you in determining whether a stretch IRA strategy can help you to enhance your retirement and estate plans

Under the SECURE Act, there is a reduction in the availability of “stretch” distributions to beneficiaries (for deaths occurring after 2019). However, this new rule would not apply to any distribution payable to an “eligible designated beneficiary.” An eligible designated beneficiary is any designated beneficiary who is: the surviving spouse; a child of the IRA owner under the age of majority; disabled or chronically ill; or any other person who is not more than 10 years younger than the IRA owner. Therefore, with respect to spousal beneficiaries under the Marital Payout Option, nothing will change for the surviving spouse. The surviving spouse will continue to receive annual distributions over their life expectancy (i.e., greater of net income or the required minimum distribution). For non-spouse beneficiaries, the impact is a bit more complicated. Since an eligible designated beneficiary includes someone who is a child of the IRA owner under the age of majority; disabled or chronically ill; or not more than 10 years younger than the IRA owner, those types of beneficiaries under the Minimum Payout Option will also continue to receive annual distributions over their life expectancy. After the death of an eligible designated beneficiary (or any grandfathered beneficiary), the ten-year rule would apply. For non-spouse beneficiaries more than 10 years younger than the IRA owner, the beneficiary will now receive annual distributions based on their life expectancy over a 10-year period following the year of death, with a lump-sum distribution occurring by the end of year 10. Limited Payout Option HEMS provisions (health, education, maintenance, and support-discretionary distribution requests) remain unaffected by the SECURE Act. Provisions for deaths in 2019 or prior years remain unchanged.

For a withdrawal from a Roth IRA to be federal income tax free, it must be considered qualified. There is a five-year holding period when determining whether earnings can be withdrawn tax-free as part of a qualified distribution from a Roth IRA. This period begins January 1 of the tax year of the first contribution or the year of conversion to any Roth IRA. The distribution must be made after the five-year holding period, and the individual must have reached age 59½, be deceased, disabled or use the funds for a first-time home purchase (lifetime limit of \$10,000). There is a 10% additional federal tax (in addition to ordinary income tax) for non-qualified withdrawals of earnings taken before age 59½, unless an exception defined by the Internal Revenue Code applies. A special provision applies for converted assets. If a non-qualified withdrawal is made within five years of the conversion, the earnings withdrawn will be subject to income tax, and the entire withdrawal may be subject to a 10% additional federal tax unless an exception applies.

Bank of America, Merrill, and their affiliates and advisors do not provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

Trust, fiduciary and investment management services are provided by Bank of America, N.A., Member FDIC and wholly owned subsidiary of Bank of America Corporation (“BoFA Corp.”), and its agents.

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