

# What To Do When Inheriting Assets

## A checklist



### RETIREMENT

We understand that inheriting assets may mean you're going through an emotional time, and you may not want to make long-term decisions. As difficult as it may seem, it is wise to meet with your Financial Advisor to help ensure you take steps to preserve tax advantages and meet any legally required deadlines associated with the assets you have inherited.

Use the checklist below to begin the process, beginning with the most time-sensitive needs first (see the steps outlined below). Please remember to consult your tax and legal advisors during the process so they may offer their expertise.

This checklist can serve as reference as you keep track of your progress. There are details on each step on the following pages.

To Do	Action Time Frame
<ol style="list-style-type: none"><li>1. <b>Take inventory</b> of the assets you have inherited.</li><li>2. <b>Determine</b> Required Minimum Distribution (RMD) status of the account.<sup>1</sup></li><li>3. <b>Change</b> beneficiaries on your own accounts.</li><li>4. <b>Consider</b> initiating the asset transfer process.</li></ol>	<b>Within 3 months of Learning of Inheritance</b>
<ol style="list-style-type: none"><li>5. <b>Discuss</b> your RMD obligations once you roll the inherited assets.</li><li>6. <b>Consider</b> enrolling in the Beneficiary RMD service.</li><li>7. <b>Streamline</b> your financial life.</li></ol>	<b>3 to 6 months after Learning of Inheritance</b>
<ol style="list-style-type: none"><li>8. <b>Review</b> your current investment strategy.</li><li>9. <b>Review</b> your current estate and insurance plans.</li><li>10. <b>Consider</b> retirement and education goals.</li><li>11. <b>Consider giving</b> to future generations with legacy planning.</li></ol>	<b>After Receipt of Inheritance</b>

Merrill Lynch Wealth Management makes available products and services offered by Merrill Lynch, Pierce, Fenner & Smith Incorporated (MLPF&S) and other subsidiaries of Bank of America Corporation.

Investment products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
----------------------	-------------------------	----------------

MLPF&S is a registered broker-dealer, member Securities Investor Protection Corporation (SIPC) and a wholly owned subsidiary of Bank of America Corporation.

## How to begin (within 3 months of learning of inheritance)

### 1. Take inventory of the assets you have inherited.

Identify retirement assets, like IRAs, pensions, or 401(k)-type plans, as well as non-retirement assets such as life insurance proceeds, real estate, cash, mutual funds, individual stocks and bonds and family businesses. It is important for you to understand and consider the implications of inheriting each of these types of assets to help determine the best courses of action.

### 2. Determine RMD status of the account.

If the account owner was already taking RMDs, immediately determine if the annual RMD has been satisfied or not. You may need to make arrangements to satisfy the RMD on behalf of the deceased account owner by December 31 of the year of death.

### 3. Change beneficiaries on your own accounts.

As difficult as it may be, make changes immediately to any accounts, insurance policies, or annuities on which you've named the person who passed away as your own primary or contingent beneficiary.

### 4. Consider initiating the asset transfer process.

Set up an Inherited IRA account for IRA assets that you have inherited. A spousal beneficiary may choose to move the assets into an existing IRA if preferred. Work with the current account custodian (the company where the assets are held) to complete the necessary steps to transfer assets to your name.

Additional options are available. However you should discuss them with your Financial Advisor and consider seeking an opinion from a tax advisor.

- **Consider disclaiming inherited assets if you do not need the assets.** You will have no control over to whom the disclaimed assets pass. If there are other beneficiaries they will receive the assets. If no other beneficiaries are named, the assets will likely pass to the decedent's estate. You must do this in writing within nine months of date of death and you must make sure not to receive any benefit from the account you are disclaiming.
- **Consider taking a lump-sum distribution of inherited retirement assets.** You may choose to receive the assets in a lump sum as opposed to other strategies that preserve tax-deferred benefits. All or part of a lump-sum distribution may be taxed as ordinary income in the year you receive it. It may move you into a higher tax bracket for that year as well. You will lose the advantage of future tax-deferred growth potential on the assets that are distributed.

## What to do next (3 to 6 months after learning of inheritance)

### 5. Discuss your RMD obligations once you roll the inherited assets.

If you elect to roll inherited assets into an existing IRA (if spousal beneficiary) or an Inherited IRA your Merrill Lynch Financial Advisor can help you determine your RMD obligations, including when they will need to begin.

### 6. Consider enrolling in the Beneficiary RMD service if the assets were transferred to an Inherited IRA.

To help ensure timely and accurate distributions and reduce the amount of work, you can enroll in Merrill Lynch's "Beneficiary RMD Service," for automatic calculation and distribution of required distribution amounts from Inherited IRAs. This flexible service allows you to choose the frequency and type of payment and it's easy to enroll.

### 7. Streamline your financial life.

To simplify and streamline your financial life, you may want to take steps to get organized by considering consolidating accounts with your Merrill Lynch Financial Advisor. This may help ensure an easier process at tax preparation time, as well as a more comprehensive view of your own financial life.

## Long-term considerations (after receipt of inheritance)

### 8. Review your current investment strategy.

Reassess your portfolio strategy in light of your changed situation. You might choose to set some new financial goals, and will need a plan to help you meet them. It may be wise to reallocate or move to a different investment philosophy based on the life events that have occurred.

### 9. Review your current estate and insurance plans.

Take a look at your current insurance coverage, will and estate plan. Inheriting can significantly change your current plans, and presents a good opportunity to reevaluate your financial investing and wealth preservation strategies. You may have estate planning wishes that you want to include in your plans, in light of your changed financial situation.

### 10. Consider retirement and education goals.

Your inherited assets may play an important role in future education and retirement funding for yourself or those you care about. A gift of education can help ensure your family legacy wishes are met and can ease the financial burden of obtaining a college education.

### 11. Consider giving to future generations with legacy planning.

Learn more about beneficiary strategies that can help extend the life of your IRA assets for generations to come. The “stretch IRA” strategy is one way to possibly extend the tax deferred growth potential of assets beyond your lifetime. The strategy is designed for individuals who will not need to use assets during retirement. Implementing the strategy can be complicated. You should consult your tax advisor and your Merrill Lynch Financial Advisor to assist you in determining whether the stretch IRA strategy can help you enhance your retirement and estate plans. You may also want to consider a “Trusteed IRA” to ensure your legacy wishes are met, if you are concerned about leaving a gift that will be honored as you intend.

#### How to Begin (Within 3 months of Learning of Inheritance)

Notes:

---

---

---

#### What to Do Next (3 to 6 months after Learning of Inheritance)

Notes:

---

---

---

#### Long-Term Considerations (After Receipt of Inheritance)

Notes:

---

---

---

**Want help to put your plan in place? Contact a Merrill Lynch Financial Advisor.**

Discuss options with your Financial Advisor, as well as your tax and legal advisor to help ensure you take steps to preserve tax advantages and meet any legally required deadlines associated with the assets you have inherited.

A Merrill Lynch Financial Advisor is someone who understands your situation, your needs and what you want to accomplish. Our understanding of you enables us to draw upon the breadth and depth of Merrill Lynch to bring you the right solution at the right time for you. Call (800) MERRILL (637-7455) or visit [www.totalmerrill.ml.com/retirement](http://www.totalmerrill.ml.com/retirement) to get started.

Any information presented about tax considerations affecting client financial transactions or arrangements is not intended as tax advice and should not be relied upon for the purpose of avoiding any tax penalties. Neither Merrill Lynch nor its Financial Advisors provide tax, accounting or legal advice. Clients should review any planned financial transactions or arrangements that may have tax, accounting or legal implications with their personal, professional advisors.

<sup>1</sup> Required Minimum Distribution—The minimum amount the IRA requires an account holder to take annually upon reaching age 70 ½. An RMD also is the minimum amount that a beneficiary must distribute each year upon inheriting an IRA. Depending on the distribution option chosen, RMDs for beneficiaries are calculated based on the value of the account from the end of the prior year and the life expectancy of the beneficiary, the deceased account owner or, if there are multiple beneficiaries, the oldest beneficiary.



Bank of America Corporation

L-12-09

© 2009 Bank of America Corporation. All rights reserved.

195908

Code 378303PM-1209