



As Seen On:

**Kiplinger**

First Published:  
June 2017

2810 East Oakland Park Boulevard, Suite 101  
Fort Lauderdale, Florida 33306  
(866) 405-1031

[www.ASKGLOBALWEALTH.com](http://www.ASKGLOBALWEALTH.com)



**SMART INSIGHTS FROM PROFESSIONAL ADVISERS**

# **How to Use Your RMD to Create a Tax-Free Inheritance for Your Heirs**

By ANDREW M. COSTA | Global Wealth Management

**Kiplinger**

**If you'd like to sell a rental property, business or other highly appreciated asset but are dreading the capital gains, a Deferred Sales Trust may be for you.**

---

We used to think of them as the fortunate few: retirees with enough income to live comfortably without having to tap into their qualified retirement plans, such as their IRAs, 401(k)s and 403(b)s.

When you read about all the people who haven't saved nearly enough to last 20 or even 30 years in retirement, to actually end up with more than you need seems almost impossible.

But lately, our office is getting more and more questions about required minimum distributions (RMDs), those pesky withdrawals Uncle Sam says you have to take when your reach age 70½.

These folks are managing quite well, thank you very much, with their Social Security benefits plus a pension and/or some other investment income. For some, the extra income from their 401(k) or 403(b) is almost a burden, because now they have to pay taxes on it.

Many say they'd like to use that money to leave some kind of legacy for their

children, grandchildren or charities. So my firm uses a strategy called IRA Maximizer, which uses their after-tax RMDs to pay for a life insurance policy that will transfer substantially more money to their heirs when they die.

For example, let's say we're working with a 70-year-old couple with \$431,520 in an IRA. Instead of taking out their \$16,182 RMD each year, paying the taxes and sticking the money into some other savings account, they use it to buy life insurance, more specifically a guaranteed universal life insurance policy, aka GUL. If they die in 15 years, their income-tax-free death benefit at age 85 will be \$1,171,453. Combined with their remaining IRA value of \$346,492, they'll leave a legacy of more than \$1.5 million. (The amount decreases at 20 and 25 years, but it is still more than \$1.4 million.) That result would be 132% better than just having the IRA without this strategy.

This plan does exactly what it says: It maximizes your IRA to the benefit of your family or favorite charity. That's an

appealing thought to clients who want to put that extra income to good use.

Talk to an experienced, knowledgeable and creative-thinking retirement professional about how you can push past the usual income options. Beyond helping you make rational investment decisions, he or she can walk you through the increasingly complex strategies that can keep your money working for you and your family.

*The examples provided for illustrative purposes only; it does not represent a real life scenario, and should not be construed as advice designed to meet the particular needs of an individuals situation.*

---

*Kim Franke-Folstad contributed to this article.*

*Securities offered through Madison Avenue Securities, LLC (MAS), member FINRA/SIPC. MAS and Global Wealth Management (GWM) are not affiliated entities.*

*Investing involves risk, including the potential loss of principal. Any references to safety, security, or guaranteed lifetime income generally refer to fixed insurance products, never securities or investment products. Insurance and annuity product*

*guarantees are backed by the financial strength and claims-paying ability of the issuing insurance company.*

*If properly structured, proceeds from life insurance are generally income tax free.*

*Neither the firm nor its agents or representatives may give tax or legal advice. Individuals should consult with a qualified professional for guidance before making any purchasing decisions.*

*Andrew M. Costa is managing director and co-founder of Global Wealth Management in Fort Lauderdale. He co-authored the book "SuccessOnomics" with Steve Forbes and is co-host of The Global Wealth Show, a financial radio show on 610 WIOD and iheartradio.com. Costa, a recognized professional in the investment management business, also has provided financial insight in "The Wall Street Journal," "USA Today" and "Newsweek," and has appeared on CBS, NBC, ABC and Fox.*