

ELDER LAW REVIEW

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New Changes to Retirement Accounts and Bankruptcy Laws

In 2005, the Bankruptcy Abuse Prevention and Consumer Protection Act was enacted. Part of that Act stated that individual retirement accounts (IRAs), up to a \$1,245,475 limit, were protected under federal law if you declared bankruptcy.

On June 12, 2014, the United States Supreme Court ruled on the case of *Clark v. Rameker*, on the issue of whether inherited IRAs were protected under the Act. The Court determined that inherited IRAs are not protected “retirement funds” under the federal law. The reasoning behind the decision was that the holder of an inherited IRA cannot invest new funds, can withdraw and use the funds for any reason without penalty, and must take the required minimum distributions.

This decision did not specifically address whether the holding would be applied if the holder of the inherited IRA was a spouse; the *Clark* case dealt with an IRA inherited by the IRA holder’s daughter.

This Supreme Court ruling can play a role within your estate plan if creditor protection is an important goal. You should also keep this case in mind as you consider who to name as a beneficiary of your retirement funds.

As laws change, your original plan may not

work as you originally intended. It’s important to have your estate plan reviewed and maintained so that your goals match the current laws.

Pluto Legal, PLLC, offers NO cost, NO obligation consultations. This is a great opportunity to become informed of the changes and options available for all your Estate Planning and Medical Assistance Planning needs.

Mark your calendars!

The 5th Annual Estate Planning Forum & Update, presented by the Southern Minnesota Estate Planning Council (SMEC), will be **Thursday, September 18, 2014**.

This year’s event will be held at the **Hutchinson Event Center** from 8:30 am to 4:30 pm. RSVP is required by September 15, 2014. Contact Natalie Sellner at 507-354-2161 or 866-534-2577, or email: natalies@thelegalprofessionals.com to reserve your spot!! Application has been made for 6.5 CFP and CE credits. There will be a \$25 attendance fee. We would love to see you there!

Give us a call at 1-866-457-3131 or check our website www.plutolegal.com.

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