



OF IGUANAS AND IRA'S



I'm not a vegetarian, but I eat animals who are.

— Groucho Marx

If you are reading this there is a pretty good chance that you have some kind of a retirement account and a future taxable estate. If you do not have these two things, you can probably stop reading and save yourself two minutes for something else. However, please read on if you do have a retirement account and a future taxable estate (or you hope to!).

Imagine that your retirement account is a big, beautiful bowl of guacamole. By nature, you are a generous person, and you would like to share that guacamole with your family and other loved ones. After all, you made that guacamole yourself, and you take great pleasure in sharing the fruits of your labor.

Just when you are about to pass the bowl to your loved ones, you are more than shocked to see a giant iguana leap from nearby bushes and start eating the guacamole. While you may not be especially fond of iguanas in the first place, you appreciate that the iguana needs to eat. Nevertheless, you prefer that he eat somewhere else, and you never expected him to eat so much!

The iguana gobbles up far more than half of the guacamole, wipes his mouth on the tablecloth, does not even thank you, and then scampers back to the bushes. Dumbfounded, you hand the ravaged bowl to your astounded family. The reduced guacamole is far less appealing than it had been just moments earlier.

Believe it or not, the guacamole is just like your retirement assets, and the iguana is a bit like the IRS. Retirement assets not left to a surviving spouse may

be subject to federal and Illinois estate taxes; the sum of which easily exceeds 50 percent.

Then, once your loved ones start taking distributions from the retirement assets, they must pay an income tax at their marginal tax rate. Add all of those taxes together (take an itemized income tax deduction for the federal estate tax paid) and you have lost about 70 percent of the retirement account.

So what's a person to do? Options include paying the tax and letting the iguana have his fill. Alternatively, spending down your retirement assets and/or leaving your retirement accounts to charity (directly, through your own foundation or to a donor advised fund) pushes the iguana off the table and toward somebody else's retirement account.

Remember, the iguana is looking at your retirement account even now, and he is famished.



This uninvited 3-foot iguana recently attached and devoured Bob's guacamole in Costa Rica. The iguana wiped his chin on the table cloth before leaving.