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Aventail Wealth Management White Paper:

A Financial Planning Pitfall to Avoid

Although I have not set aside several hours to crunch the exact numbers I'm nearly certain that more than half of the investors in IRAs and annuities make this one misstep that could lead to a highly unwanted result. Think about that, if 100 people read this article at least 50 of them have their governing document setup wrong. The issue I speak of revolves around the beneficiary designations.

Too often investors in IRAs and annuities are overly concerned about the strategy return profile or investment risks and spend little if any time at all making sure the beneficiary designations are exactly correct. A great majority of forms to open IRAs and annuities default to "per capita" with regard to distribution rules. I have been in the estate planning industry for 18 years and trust me when I say almost no one desires "per capita".

It's beyond the scope of this letter to dive too far into the subject; however, nearly everyone (including me) would like his/her assets to transfer according to "per stirpes" rules. Per stirpes is a Latin term that means by branch.

The reason this misstep is in such a high percentage of IRAs and annuities is that for some odd reason "per stirpes" is often not the default option. In my opinion, there exists not even a hint of logic as to why that is. Maybe one day I will take on a crusade to have all the IRA forms changed; however, I don't see me tackling that task any time within the decade. The next best option is to sit down with us here at Aventail Wealth Management and allow us to make sure your documents truly reflect your wishes.

In conclusion, this pitfall is so very easy to fall into and a majority of people do; however, now that you are armed with the information it's even easier to avoid.

Best regards,

A handwritten signature in blue ink, appearing to read 'Brian C. Ulch', is written over a light blue horizontal line.

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