



# **Pioneer Bank & Trust**

## **Trust & Investments**

### **Local.**

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### **Ask a trust officer: Inherited IRAs**

DEAR TRUST OFFICER:

I've inherited a substantial IRA from my parent. What are my choices? Can I roll over the money into my own IRA? What I'd really like to do is convert the inherited IRA to a Roth IRA.  
—FORTUNATE HEIR

DEAR FORTUNATE:

Those approaches are not available to you. Because you are not the spouse of the decedent, you only are permitted to arrange a trustee-to-trustee transfer of the money to another IRA in the name of the decedent and yourself. A death triggers the process of exposure of the IRA accumulation to taxation. Although that taxation can be extended over your actuarial lifetime, it can't be delayed beyond that, which is why the decedent's name always must appear on the IRA.

If you attempt to convert an inherited IRA into a Roth IRA, the conversion will be treated as a complete and taxable distribution of the IRA followed by an excess contribution to the Roth IRA. Similarly, if you attempt a trustee-to-trustee transfer from the inherited IRA to one in your own name, it will be treated as a complete distribution followed by a regular contribution to your IRA (not a rollover contribution).

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