



CARDINAL ADVISORS

“See-Through” Trust For Your IRA Beneficiary-Estate Planning

In the video titled “See-Through Trust For Your IRA Beneficiary-Estate Planning” Hans and Tom discuss Estate Planning.

“SEE-THROUGH” TRUST FOR YOUR IRA BENEFICIARY-ESTATE PLANNING			
S.S. <input type="checkbox"/>	<ul style="list-style-type: none">- AKA “LOOK-THROUGH” TRUST- 1.) PROTECT CHILDREN OR GRANDCHILDREN2.) CONTROL HOW AND WHEN \$ IS DISTRIBUTED3.) PROTECT ASSETS FROM CREDITORS, DIVORCES, POOR DECISIONS4.) REQUIRED MINIMUM DISTRIBUTION COMPLIANCE- IRS ALLOWS TO “LOOK THROUGH” TO BENEFICIARIES- IRS TREATS BENEFICIARIES AS NAMED DIRECTLY- TO QUALIFY, ALL 4 MUST BE TRUE<ol style="list-style-type: none">1.) TRUST VALID UNDER STATE LAW2.) TRUST MUST BE IRREVOCABLE (OR BECOME IRREVOCABLE @ DEATH)3.) ALL BENEFICIARIES MUST BE IDENTIFIABLE PEOPLE - NO CHARITIES, ESTATES, OR NON-PERSONS4.) COPY OF TRUST PROVIDED TO IRA CUSTODIAN BY OCTOBER 31ST YEAR AFTER DEATH	<ul style="list-style-type: none">- ACCUMULATION TRUST- TRUSTEE CAN HOLD DISTRIBUTIONS INSIDE TRUST- BETTER CREDITOR + DIVORCE PROTECTION- HIGHER TRUST TAX RATES IF INCOME IS RETAINED	INCOME <input type="checkbox"/>
MED. <input type="checkbox"/>		<u>SEE-THROUGH TRUST MAKES SENSE</u> <ul style="list-style-type: none">- MINOR BENEFICIARIES- BLENDED FAMILIES- BENEFICIARY IS FINANCIALLY IRRESPONSIBLE- PROTECTION FROM LAWSUITS OR DIVORCE- WANT PROFESSIONAL TRUSTEE OVERSIGHT	ESTATE <input type="checkbox"/>
LTC <input type="checkbox"/>			TAXES <input type="checkbox"/>
IRA / 401K <input type="checkbox"/>	<u>CONDUIT TRUST</u> <ul style="list-style-type: none">- RMD’s PASS STRAIGHT THROUGH TO BENEFICIARIES- SIMPLER BUT LESS ASSET PROTECTION- SECURE ACT - STILL SUBJECT TO 10 YEAR RULE	<u>COMMON MISTAKES</u> <ul style="list-style-type: none">- TRUST WITHOUT IRA SPECIFIC LANGUAGE- LEAVING CHARITIES INSIDE TRUST- OUTDATED PRE-SECURE ACT TRUST DESIGNS- NOT COORDINATING TRUST WITH TAX PLANNING	

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1-Page Client Handout

See-Through Trusts & IRAs – What You Need to Know

What Is a See-Through Trust?

A see-through trust allows the IRS to treat the trust's beneficiaries as individuals for IRA distribution purposes, preserving favorable payout rules.

IRS Requirements (All Must Be Met)

- ✓ Valid under state law
- ✓ Irrevocable at death
- ✓ Only identifiable individuals as beneficiaries
- ✓ Trust provided to custodian by Oct. 31 after death

Two Common Trust Designs

Conduit Trust

- IRA distributions must go directly to beneficiary
- Less protection, simpler taxation

Accumulation Trust

- Trustee can retain distributions
- More protection, but higher tax rates inside trust

SECURE Act Impact

- Most inherited IRAs must be emptied within 10 years
- Trusts do not eliminate this rule
- Planning focuses on control, protection, and tax timing

When a See-Through Trust Is Helpful

- Minor children or grandchildren
- Blended families
- Creditor or divorce concerns
- Special spending controls

Key Warning

Naming a trust as an IRA beneficiary without proper planning can increase taxes dramatically.
Always coordinate:

- Your estate planning attorney
- Your retirement and tax planning strategy