

**From:** Ada Clapp <[REDACTED]>  
**To:** jeffrey E. <jeevacation@gmail.com>  
**Subject:** RE: Roth IRA question  
**Date:** Mon, 15 Sep 2014 22:11:41 +0000

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I spoke to my colleague. He is trying to find out if the trust agreement creating a Trusteed Roth IRA may include a provision that would mandate a distribution at age 59-1/2 to satisfy an outstanding debt of the IRA owner.

Even if you can do this—I am not sure it makes sense. I learned that banks who do the Trusteed IRA thing only do it if they are managing the funds in the IRA. That means the IRA account owner will pay Trustees fees to the bank AND interest to you on the loan.

I will let you know if I hear back.

**Ada Clapp**

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**From:** Ada Clapp  
**Sent:** Monday, September 15, 2014 1:25 PM  
**To:** 'jeffrey E.'  
**Subject:** Roth IRA question

I have not yet heard back from my former colleague at US Trust. I will also ask him about a Trusteed Roth IRA (with the thought that the borrower's Roth IRA be converted to a Trusteed Roth IRA).

I have not done one of these but my understanding is that it works like a trust after the IRA owner dies or becomes incompetent. With the Trusteed IRA, I believe it is possible for the IRA owner to name you as a beneficiary for the outstanding amount of the loan after his death. This would at least give you some protection if he dies (or becomes incapacitated) before he reaches age 59-1/2 and has met the 5-year requirement. Perhaps the Trust Agreement could even be drafted to mandate distributions to you of the amount loaned once the IRA owner has reached age 59-1/2 and met the 5-year requirement. I know Merrill Lynch does these so my former colleague may know.

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