

# How Inherited IRA Trusts Work

**The IRA should NEVER be moved into the trust.**

Step 1. After the death of the account owner, the IRA is retitled as an inherited IRA - The IRA is **not** paid out to the trust

Example: John Smith (deceased January 3, 2016) IRA fbo John Smith Trust

Step 2. The required minimum distribution is paid from the inherited IRA to the trust

Step 3. The trust pays income or the required distribution to beneficiaries of the trust or accumulates funds in the trust

