

# RETIRE SECURE

## *For Parents of a Child with a Disability*

by James Lange, CPA/Attorney  
Deborah McFadden, Former U.S. Commissioner of Disabilities  
Julianne Steinbacher, Esq., CELA, LLM

### Synopsis:

*Retire Secure for Parents of a Child with a Disability* explains, analyzes, and demonstrates how most parents of a child with a disability can use very specific strategies to improve their financial lives and the long-term financial life of their child. The primary author, James Lange, speaks from his family's personal experience developing a "security blanket" to provide for him and his wife and their daughter who has a disability. Their primary motivation was to ensure that while they were alive, and even more importantly, after they were gone, their daughter would be financially secure. Worry over long-term financial security is a paralyzing fear for most parents.

Jim's journey brought him into contact with two other experts who quickly realized that if they combined their expertise, they could produce an unparalleled source of information for families honoring and celebrating their children. But with the full awareness that the economics of long-term care for a child with a disability can be overwhelming and an abiding source of worry for the parents and the child.

The book includes data, analysis, graphs, and charts to persuasively assure the reader that the information and recommendations have been fully researched and analyzed. The case studies help remove barriers to understanding the concepts. The detailed Table of Contents offers readers a quick and easy way to locate information critical to their individual circumstances.

### Introductory Information on the SECURE Act 2.0

There are notable changes included in SECURE Act 2.0 that will have a significant effect on strategies for retirement planning. The section cites the changes to employer matching contributions, which can now be directed to a Roth 401(k) or Roth 403(b) if allowed by the plan. It also cites new Required Minimum Distribution dates, new Roth contribution opportunities, age requirements for Qualified ABLE accounts, beneficiaries of Special Needs Trusts, etc. The list is long, but it provides an excellent summary of relevant information.

### Fundamental Tenets of Saving for Retirement

Chapters 1 and 2 expand on the foundational argument: "Put on your own oxygen mask first." If you are not prepared, you can't prepare for your child. Better financial strategies equal more Inherited money and less money forfeited to taxes.

Chapter 1 recommends strategies specific to the three stages of life-cycle planning for the child: birth to age 18, 18 years to parents' retirement, and parents' retirement and beyond.

It also details the arguments and strategies for another foundational argument, "Pay taxes later, except for the Roth and Roth conversions." Best practices for the "accumulation years," i.e., saving for retirement when someone is gainfully employed in an organization that offers retirement benefits, and best practices for the "distribution years," i.e., the critical importance of tax-advantaged withdrawals upon retirement are detailed and explained.

Chapter 2 digs deeper into the best strategies for accumulating retirement savings prioritizing the order for investing employee contributions as well as the employer contributions in accounts such as 403(b), 401(k), Roth accounts, etc. The initial argument for the advantages of Roth accounts is established.

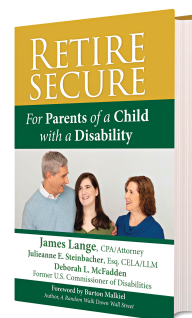
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### Retire Secure for Parents of a Child with a Disability (2023)

by James Lange, CPA/Attorney

#### Contents:

430 pages + Introductory Material and Appendices



Case studies provide specific examples of couples' and individual's choices to maximize contributions and savings. Both chapters are comprehensive and provide an exceptional guide to the myriad factors, plans, and strategies involved in long-term planning. For a quick guide to important concepts, skip to the end of each chapter to read Key Points.

## Advantages and Disadvantages of Traditional Retirement Accounts and Roth Accounts

Chapters 3 and 4 dig deep into the comparisons and varying advantages and disadvantages of Traditional IRAs vs. Roth IRAs and Traditional 403(b) vs. Roth 403(b)s.

The most critical and fundamental difference between Roth accounts and Traditional accounts has to do with when the money invested is taxed. Roth contributions are taxed immediately, but the Roth and the growth on the Roth, subject to exceptions, will not be subject to taxes upon withdrawal. Traditional contributions are tax-deferred and will be taxed upon withdrawal.

Given these differences, a thorough analysis of tax rates, and tax brackets at different times over the course of perhaps several lifetimes can be enormously beneficial. This is especially true when factoring in heirs, etc. The impact of SECURE Act 2.0 features in discussions of contribution limits, eligibility rules, and distribution rules for Roths and Traditional IRAs. Charts, graphs, bulleted lists, and a case study help the reader understand the quantitative outcomes of acting on different scenarios.

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***Please read this note if you are in a higher tax bracket than your heirs.***

Please consider a little-known strategy that is great for parents who are in a higher tax bracket than their children or grandchildren: **don't roll your 401(k) or 403(b) into an IRA.** Die with it and let your kids, or the trust for your child with a disability, make a Roth conversion of the Inherited 401(k) or 403(b) at their lower tax rate after the child or trust for the child inherits the amount. The mechanics, implications, and potential pitfall of each of transactions, plus many more, are easily identified in the **Table of Contents** under **Chapter 11**.

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## Spending and Savings Concerns for Retirees

Chapters 5, 6, and 7 exhaustively address the primary spending vs. savings concerns of retirees. Optimizing spending order, calculating Required Minimum Distributions, tax advantages of trustee-to-trustee transfers of a 403(b) to an IRA, evaluating Roth conversions (Traditional accounts vs. Roth accounts), and passing on money to survivors—spouses and children and grandchildren.

## Annuities

Chapter 8 delves deeply into the perplexing issue of annuitizing and whether annuitizing can make sense for a family. The author is not a fan of commercial annuities. But annuitizing part of your retirement account may make sense for some. Above all, take time to understand **all** of your options **before** you commit to something you can't undo.

The chapter covers the basics of annuitizing, longevity annuities and qualified longevity annuity contracts (QLACs), and the timing and merits of at least partially annuitizing a portion of your assets.

There is a reasonable argument that if a child has a disability and an average or even longer than average life expectancy, it makes sense to consider purchasing an immediate annuity on their life. An annuity might also be appropriate when there just isn't enough money to justify the continuing costs of a trust.

## Disadvantageous Consequences of the SECURE Act

Chapter 9 begins with the admonition: *Not understanding how the change in the law will affect your beneficiaries and not taking proactive measures to protect yourself and your family could mean a difference of hundreds of thousands of dollars.*

Subsequently, Chapters 9 and 10 include historical information and current rules imposed by the SECURE Act for transferring retirement accounts to spouses and heirs and the incomparable advantages of the "stretch" still allowable (as an exception) for an Eligible Designated Beneficiary (EDB) with a disability.

The "stretch" allows Inherited retirement accounts to be distributed over the course of a disabled child's lifetime, in sharp contrast to the current regulations in the SECURE Act that mandate that Inherited retirement accounts for non-EDBs and non-spouses, be distributed within ten years of the retirement account owner's death. As the admonition indicates, these details consume the author's undivided attention. He assiduously compares and contrasts the benefits of inheriting a Roth account vs. a Traditional account.

## Four Chapters Specific to Parents of Children with Disabilities

Chapters 11 through 14 get to the heart of discussions and strategies specifically written for parents of a child with a disability. Chapter 11 identifies and defines the three critical steps for protecting your child's financial security after you are gone. There is particular emphasis on the incredible benefits of maximizing Roth retirement accounts.

Chapter 12, written by Deborah McFadden offers guidance for quickly and reliably getting young adults with disabilities approved for SSI and SSDI benefits. Winning this "Golden Ticket" opens the door for many benefits, including the ability to stretch payments from an Inherited IRA/Roth IRA over your child's lifetime.

Chapter 13, written by Julieanne Steinbacher, explains what Special Needs Trusts are, and how they can be used to supplement income for your child without jeopardizing means-tested government benefits.

Chapter 14, written by John Montoya, Esq. and Julieanne Steinbacher, describes ABLE accounts and how they can be used as a savings vehicle for individuals with disabilities. It identifies eligibility requirements, what the funds can be used for, the limitations on annual contributions, and how best to coordinate an ABLE Account with a Special Needs Trust.

## The Best Estate Plan for Most Married Couples

Chapter 15 focuses on Lange's Cascading Beneficiary Plan™, frequently the best estate plan for most married couples with retirement plans and children and grandchildren with or without disabilities. The significant advantage of this estate plan is that it lays the groundwork for a tax-advantaged post-mortem distribution of an estate. This type of planning, in conjunction with "Who Gets What" (Chapter 19) can often save families hundreds of thousands of dollars.

## Tax Advantages of Roth Conversions

Chapters 16, 17, and 18 explore the tax advantages and disadvantages of Roth IRAs and Roth conversions. Virtually no stone is left unturned. But above and beyond all recommendations is the explicit

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## Praise for *Retire Secure for Parents of a Child with a Disability*

“As a world-champion wheelchair racer, I have had incredible family support and I have made it my mission to advocate for children with a disability. ***Retire Secure for Parents of a Child with a Disability*** must become required reading for all parents of children with disabilities. Combining multiple strategies from three experts in the field (including my mother, Deborah McFadden), you couldn’t find better coaches anywhere to help you provide for your child’s long-term financial security. Take action. Win your race and put your fears and anxieties on the sideline.”

— **Tatyana McFadden**, Winner of 20 Paralympic medals including 8 gold medals and 24 World Major Marathon Wins

“Combining warmth and compassion with functional hard-headed advice, the dream team of Jim Lange, Deborah McFadden, and Julieanne Steinbacher have provided families of children with disabilities with the guidance they need to achieve financial security.”

— **Burton G. Malkiel**, Professor Emeritus of Economics, Princeton University; and Author of *A Random Walk Down Wall Street*, 13th Ed., 2023

“***Retire Secure for Parents of a Child with a Disability*** combines the powerhouse strategies of three experts. It should be required reading for any parent who worries about the long-term financial security of their child with a disability. James Lange, CPA/Attorney specializes in cutting edge retirement and Roth IRA tax strategies. Julieanne Steinbacher, Esq., founding shareholder of an elder care and special needs law firm has worked on estate plans for hundreds of parents of children with disabilities. Deborah McFadden, who was instrumental in writing the **Americans with Disabilities Act**, is an expert on qualifying children for SSI and SSDI. The strategies in this book can help secure your child’s financial future long after you’re gone. Anxieties resolved; sleep restored.”

— **Dr. Linda Babcock**, James M. Walton Professor of Economics, Carnegie Mellon University, and Author of *Women Don’t Ask* (Princeton University Press)

“As a consultant for families at [AgingParents.com](http://AgingParents.com), I hear of the worries of older parents about their disabled adult children. There is significant fear that the disabled family member will be neglected or receive poor care after the parents pass. ***Retire Secure for Parents of a Child with a Disability*** wise insight into how to do excellent estate planning to maximize a child’s inheritance and pass on wealth without endangering the disabled person’s access to public benefits. This is exceptional insight into a problem many know little about. Jim Lange speaks from direct experience and with his dream team of co-authors, has created a report that eliminates dread and relieves the worries of countless older parents with adult children who need protection.”

— **Carolyn L. Rosenblatt, RN, Attorney**

“More than three million children under the age of 18 in the United States have a disability. ***Retire Secure for Parents of a Child with a Disability*** provides a clear roadmap for their parents to ensure these children’s financial futures,”

— **Jan Cullinane**, Author of *The New Retirement: The Ultimate Guide to the Rest of Your Life*, 3rd Ed. (Wiley 2022)

“The authors have been there and done that when it comes to serious financial planning for a disabled child. Their professional experience combined with personal experience with the subject can’t be beat.”

— **James M. Dahle, MD**, Founder of The White Coat Investor

fact that advantages and disadvantages are a matter of math, not opinion. While there are some shortcuts when considering whether a Roth IRA conversion is advantageous for any individual, to get the timing and the amount right, a qualified CPA or an individual with excellent financial analytic skills should run the numbers and do the math.

If you are doing math, what exactly should you be measuring? This question introduces the idea of replacing the definition of wealth as measured in “total dollars” to defining wealth as a measure of “purchasing power.” This concept differentiates between *perceived* total worth and the effects of taxes on *actual* total worth. This concept alone illuminates how critical it is to factor taxes into any calculation of wealth. \$1.4 million in an IRA may only be worth \$1 million measured in purchasing power.

When you change what you are measuring (*purchasing power* vs. *total dollars*), the math is completely different. Ideally the math would be simpler, but there are factors complicating the recommendations.

The chapters also address the impact of Roth conversions on Medicare Income-Related Monthly Adjustments Amounts (IRMAA) and some of the consequences of inflation. The author’s discussion of Roth IRAs and Roth conversions is unparalleled for its depth of understanding.

“I have not seen a better discussion of the advantages and potential pitfalls of converting your IRA into a Roth,” says **Burton G. Malkiel**, Professor Emeritus of Economics, Princeton University. This recurs throughout the book. Many of the concepts of this chapter were included in the first peer-reviewed article on Roth IRA conversions that was published in 1998 by *The Tax Adviser*, the American Institute of Certified Public Accountants’ tax journal.

### Who Gets What? Maximizing Bequests to Charity and to Children with Different Financial Needs

*This chapter is exceptional reading as these ideas and strategies are rarely covered in the literature. Chapter 19 suggests that families*

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should think ahead to the potential tax burden of the various assets in your estate that will go to different beneficiaries.

Assuming a large portion of an estate is in retirement funds, this chapter focuses on reducing taxes paid to the IRS. For children of different means and different tax brackets—perhaps one child qualifies as an EDB and the other does not—there are very different IRA distribution requirements.

Considering each child's different financial situation offers an opportunity to divide an estate with the objective of providing each child with more purchasing power and reducing taxes.

Appropriate application of the information in this chapter alone can save some families hundreds of thousands of dollars.

### Qualified Charitable Distributions (QCD) Rules

Chapter 20 explores all the benefits and angles for using a QCD as an advantage for charitable contributions from an IRA or an Inherited IRA if you are at least age 70½. It provides an excellent summary of options for anyone unaware of QCDs.

### Addressing Inflation Worries

Chapter 21 offers the advice to *“not ignore inflation but not to panic.”* It identifies the tax attributes that are and are not indexed for inflation and encourages the reader to be aware that some can help, and some can hurt. Coping mechanisms include seeking out low interest debt, continuing contributions to retirement accounts, Roth conversions, rebalancing investments, and delaying Social Security benefits.

### Saving Taxes by Offsetting Medical Expenses

Chapter 22 points out that there are a lot of deductions that parents of a child with a disability are eligible for, but many may not be aware of them. This chapter will identify some of the major ones.

But what the chapter highlights is the possibility of doing big Roth conversions the same year that there is a very large medical expense—like a buy-in to a residential facility. While this might not be broadly applicable for all families, for those families who can take advantage of it, this could be hugely significant.

### Family Finance Considerations

Chapters 23 and 24 become somewhat more philosophical about the importance of cultivating healthy family dynamics. That includes considering family gifting strategies that take account of current needs—such as help with buying a house or a grandchild's education expenses—instead of leaving a larger legacy after you die. Also covered are motivations to sponsor family vacations that cultivate family bonds among different generations.

Chapter 25 is somewhat unique as it addresses the tax advantages for committed unmarried partners to get married. Social Security benefits and the advantages of inheriting money from a spouse, as opposed to an unmarried partner, are explored. Somewhat tongue-in-cheek the advice is to *“get married for the money”* (subject to some exceptions).

Chapter 26 discusses life insurance as an estate planning tool. The chapter includes recommendations for types of insurance to buy, depending on circumstances, including second-to-die insurance and umbrella policies. Also, leaving the grandchildren or Special Needs Trust as the beneficiary of the life insurance may be a mistake. Consider leaving the insurance to the children and letting the child with the disability stretch the Inherited IRA and Roth IRA.

### Final Summary

Chapter 27 sums up the book with the advantages of combining multiple strategies to develop the most comprehensive, tax advantaged, and life affirming retirement and estate plan.

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Receive an immediate digital Advance Reader Copy of the book at: <https://DisabledChildPlanning.com/RetireSecure>

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#### James Lange, CPA/Attorney/Registered Investment Advisor:

Jim Lange's tax and estate planning strategies have been endorsed by *The Wall Street Journal* (36 times). He has written 8 best-selling financial books that help IRA and retirement plan owners get the most out of what they've got. Some of his books have been endorsed by the country's top experts including Charles Schwab, Burton Malkiel, Larry King, Jane Bryant Quinn, Roger Ibbotson, Ed Slott, Bob Keebler, Larry Swedroe, Stephan Leimberg, and 50 more. Jim's registered investment advisory firm helps oversee \$950 million in assets under management. Jim's estate planning law firm has completed 2,951 estate plans including wills, trusts, and beneficiary designations of IRAs and retirement plans. His CPA firm prepares 760 tax returns annually. Having Roth IRA conversion and SECURE Act expertise was critical in developing Jim's solution for his daughter and the book.



#### Deborah L. McFadden, Former US Commissioner of Disabilities

Deborah McFadden was appointed by President George H.W. Bush as U.S. Commissioner of Disabilities and was instrumental in the writing and passage of the Americans with Disabilities Act. For years, she has been recognized as one of, if not the top expert in the country helping individuals with disabilities qualify for SSI, SSDI, and other crucial resources. She is the mother of two USA Paralympic athletes. One daughter, **Hannah**, is ranked third in the world in rock climbing. Her other daughter, **Tatyana** has won 20 Paralympic medals including eight gold medals. Tatyana is one of, if not the most honored, and recognized athletes with a disability in the world.



#### Julieanne E. Steinbacher, Esq., CELA/LLM in Estate and Elder Law:

Julieanne Steinbacher is the founding shareholder of **Steinbacher, Goodall & Yurchak**, an elder care and special needs planning law firm, with offices in Williamsport, State College, Wyalusing and Wysox, PA. As a former social worker, she has seen the devastating effects the lack of planning for long-term care can have on a family. As an attorney, her goal is to educate the community and empower them to make planning decisions. Each of her law offices has social workers on staff to help families coordinate care and benefits. She can represent people appealing SSI or SSDI rejections in 50 states. She has over 20 years of experience drafting special needs planning documents for families and administering estates.