

Q. I have a Roth IRA that I never plan to take money from so I can leave it to my daughter. I'm 67 and the funds were invested for my allocation, but if I plan to give it to my 43-year-old daughter when I die, should I invest it all in riskier equities?

A. That is a truly wonderful gift to leave to your daughter.

The first thing you need to do is to make sure you won't be needing the money for your own living expenses. You're young at 67, and we hope you have many years ahead of you. You could face unexpected medical costs or long-term care costs in the future, so just be sure your other assets can cover those possibilities.

If you're sure you won't need the Roth and you're sure you want to pass that account to your daughter, then yes, you should invest the funds within her target allocation and not your own, said Marnie Aznar, a certified financial planner with Aznar Financial Advisors in Morris Plains.

"Unless there are unique circumstances, I imagine that her time frame is quite a bit longer than yours and she can therefore afford — and probably should — to invest more aggressively at her age and stage of life than you can or should at your stage of life," Aznar said.

Aznar said if you want to invest it for her without knowledge of her other investments, you may want to consider a target retirement fund such as those offered by Vanguard. You can choose a fund that meshes with her age and time until retirement.

"Vanguard will take care of adjusting the level of risk within the fund as your daughter ages so that you do not have to worry about making these adjustments over time," she said.

It's also important to make sure you have updated the beneficiary designation form for this specific account to name your daughter the primary beneficiary, Aznar said.

"Even if she is named the beneficiary of all of your assets within your will, it is important to be aware that the beneficiary designation will supersede whatever is written within your estate planning documents, so just be sure that this is up-to-date and accurate," Aznar said.

Email your questions to Ask@NJMoneyHelp.com.

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