



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Deducting IRA Losses

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"If I'd just listened to CNBC I'd have a million dollars today, provided I started with a hundred million dollars."

- Jon Stewart on The Daily Show with Jon Stewart

Everyone has lost money in the stock market and that includes those with IRAs and other retirement savings accounts. The first question most clients will have is how to benefit from these losses by deducting them and reducing their tax bill.

Unfortunately for IRA owners, it is not that simple because this is mostly tax-deferred money and is subject to special rules not applicable to other non-IRA investments.

That's the topic of our feature article "*Deducting IRA Losses*." Although many technical hurdles apply, tax deductions can be claimed for IRA losses, but only once the funds (that is, all funds in all IRAs) are withdrawn. A client cannot take a deduction for a loss in value when the funds remain in the IRA, just as he does not have to pay tax on gains within the shelter of the IRA.

A client cannot take a deduction for a loss in value when the funds remain in the IRA.

What makes this market decline worse than ever before is that not all of the losses are market related. Scores of savers have been victims of outright fraud. Bernard Madoff and a growing list of others have caused losses that are still undetermined. How can IRA owners deal with these types of losses?

For those answers we turn to this month's Guest IRA Expert, Robert S. Keebler, CPA, MST, DEP, shareholder in the accounting firm Virchow, Krause & Company, LLP, Green Bay, Wisconsin. Bob has been on a mission to sort this out for investors and IRA owners who are left with losses and confusion.

Bob's article "*Investment Fraud Losses*" highlights the thorny issues of how to deduct investment losses due to fraud. It includes the most recent guidance from IRS, Revenue Procedure 2009-20 and Revenue Ruling 2009-9, which were both issued on March 17, 2009. There are still many more questions than answers, but Bob raises many issues and details the types of losses that can be claimed and how to show them on tax returns.

For more IRA information, visit our website at www.ira-help.com.

Ed Slott, CPA
100 Merrick Road, Suite 200E
Rockville Centre, NY 11570

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Guest IRA Expert

**Robert S. Keebler,
CPA, MST, DEP
Virchow, Krause &
Company, LLP
Green Bay, Wisconsin**

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