



ED SLOTT'S IRA ADVISOR

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May 2006

TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

5 NUA Mistakes See pages 2 - 5

*"The secret of success is to know something nobody else knows."
-- Aristotle Onassis (1906-1975)*

Net Unrealized Appreciation (NUA) in employer securities is making a comeback. The NUA tax break applies to those with highly appreciated employer stock in their qualified plans when the employee (or their beneficiary) takes a lump sum distribution from the plan.

NUA never really went anywhere and is not new, but we are seeing a new wave of activity in this area since the people with the most appreciated stock are generally those who have had the most years on the job. Now we are seeing the beginning of the baby boomers who are retiring (or changing jobs) after 30 years or more at a company. They are prime candidates for the NUA tax break and many of them are unaware of it.

It's time to make sure you are ready to advise your clients properly when it comes to NUA and lump-sum distributions. The correct advice is essential since mistakes in this area, like many other areas involving plan distributions, are both costly and irrevocable. In this

It's time to make sure you are ready to advise your clients properly when it comes to NUA and lump-sum distributions.

issue, we have given you the 5 most common NUA errors so you can avoid these pitfalls and help the next generation of retirees take advantage of the NUA tax break for employer stock.

Our feature article "5 NUA Mistakes" shows you the mistakes that are still being made causing many plan participants and their beneficiaries to lose big tax benefits.

This month's guest IRA expert is Joseph Cicchinelli, CPA, MBA, Vice President of PMC, a retirement plan consulting firm to financial organizations. Joe and his technical staff, Sarah Brenner, Esq., Fran Krawiec, and Ed Mink discuss, in detail, common problems when individuals in or past their age 70½ year move Traditional IRA funds from one financial organization to another.

The article "IRA Rollovers After Age 70½" will also give solutions and suggestions to more easily facilitate the movement of IRA funds.



For more IRA information, visit our website at www.irahelp.com.

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Guest IRA Expert

Joseph L. Cicchinelli, CPA, M.B.A. PMC

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Your IRA Resource Center

"PMC's One-Source Reference Guide to Tax-Favored Savings Plans"

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