



# ED SLOTT'S IRA ADVISOR

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## TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

### Updating Existing Planning Strategies Post-ATRA

#### A Fresh Look at NUA, Roth Conversions and Transfer-Tax Planning

##### *NEW QUICK REFERENCE TOOLS:*

*Check out the brand new 2013 ATRA chart on page 6 and a revised and updated healthcare surtax chart on page 7!*

The American Taxpayer Relief Act (ATRA) was signed into law on January 2, 2013 and made changes to many areas of the tax law, including ordinary income tax, capital gains tax and estate, gift and generation skipping transfer (GST) tax. In light of the law's new provisions, there are several planning strategies that advisors should revisit with clients to see if they have been impacted by the changes made by ATRA and, if so, whether those changes make such a strategy more or less favorable.

#### *An Updated Look at Net Unrealized Appreciation (NUA)*

The special tax break for NUA on lump-sum distributions from a plan has been one of the biggest benefits in the tax code for many retirees. At its heart, NUA is a transaction that allows clients to trade ordinary income tax rates for long-term capital gains rates on a portion of their retirement savings, if they qualify under

the lump-sum distribution provisions and have a triggering event.

Since this strategy seeks to take advantage of the disparity between long-term capital gains rates and ordinary income tax rates, whenever either of the rates change it's necessary to reevaluate the benefits of an NUA transaction. When ATRA was signed into law at the beginning of this year, it made changes to both ordinary income tax and long-term capital gains rates. Plus, the additional 3.8% healthcare surtax on net investment income, which includes capital gains, took effect at the start of the year. As such, advisors should take a fresh look at the NUA strategy to see which of their clients may be impacted by these changes and whether or not NUA may continue to make sense as part of a client's overall plan.

In order to use NUA, clients must have appreciated securities (usually

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##### *A Fresh Look at NUA, Roth Conversions and Transfer-Tax Planning*

- An Updated Look at Net Unrealized Appreciation (NUA)
- A Fresh Look at Roth Conversions
- Planning Strategies Using the Current Estate, Gift and GST Tax Rules

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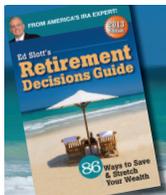
#### *NEW QUICK REFERENCE TOOLS: Check out the brand new 2013 charts on page 6 & 7!*

##### *2013 Tax Provisions in the American Taxpayer Relief Act of 2012 (ATRA) Chart*

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##### *2013 Tax Provisions in the New Health Care Laws Chart*

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### Save Your Clients' Family Fortunes!

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## Retirement Decisions Guide

See page 8 for more details