



# ED SLOTT'S IRA ADVISOR

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## TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

### Roth IRA Conversion-Recharacterization-Reconversion Strategy Pays Dividends in Volatile Markets

A word frequently being used to describe the financial markets is volatile. Investors have been riding a roller coaster this year as markets have fallen, recovered and fallen again. On August 25, the Dow set a low for the year, only to rally the next day and set the biggest gain of the year. With questions continuing about the severity of global economic slowdowns, the possibility of interest rates rising and general uncertainty altogether, it's possible that the volatility we've been seeing lately won't be ending any time soon.

Some investors are seeing losses in 2015 after years of gains. Thankfully, advisors have some tools to minimize the damage to clients' IRAs from market

swings. Two of these tools, Roth IRA recharacterizations and reconversions, are not new, but are more valuable during turbulent economic periods.

**October 15, 2015 is the deadline for recharacterizing (undoing) a 2014 Roth IRA conversion.** By marking this date on the calendar and helping clients understand what makes this year's deadline important, advisors can provide a valuable service and establish themselves as experts with tools in the IRA tool kit to overcome the challenges of these volatile economic times. Consider the following example to show how an advisor who uses a recharacterization and reconversion can provide value to a client in down market situation.

### October IRA Deadlines

- 15<sup>th</sup>** Last day to recharacterize 2014 Roth IRA conversions
- 15<sup>th</sup>** Last day to withdraw prior year excess IRA and Roth IRA contributions and avoid the 6% penalty for 2014
- 31<sup>st</sup>** Last day for trustees of IRA trust beneficiaries who inherited in 2014 to provide documentation to IRA custodians or plan administrators

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#### *Guest IRA Expert*

Shannon L. Evans, J.D., LL.M.  
Evans & Associates  
Las Vegas, NV

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