



ED SLOTT'S IRA ADVISOR

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August 2006

TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Leaving an IRA to Charity

See pages 6-8

*"No one has ever become poor
by giving."*

—Anne Frank (1929–1945)

*New IRA Tax Laws for the future and
the past...*

We have two new tax laws that have IRA provisions. One law contains IRA provisions that take effect years from now and the other law has provisions that can be used for prior years.

This month's feature article, "*New Tax Law Eliminates Eligibility Rules for Roth IRA Conversions*" highlights the first of the two laws, The Tax Increase Prevention and Reconciliation Act (TIPRA) signed into law on May 17, 2006. TIPRA allows everyone to convert their traditional IRA balances to Roth IRAs beginning in 2010 by removing income and filing status restrictions. In addition, Congress has included an attractive payment plan to encourage IRA owners to convert. Even though these provisions do not take effect for a few years, there are planning moves that can be made now.

The other law which we cover on page 4, "*The HERO Act*," applies to

servicemen and women who receive combat pay. Even though combat pay is tax free, the new law allows them to treat that pay as compensation for IRA eligibility purposes and applies retroactively for 2004 and 2005. This will allow these men and women to make IRA contributions for back years.

This month's guest IRA expert is Harry Rubins, Financial Consultant, Rubins Financial Strategies, Santa Rosa, CA. Harry's article "*Leaving an IRA to Charity*" shows you both the most efficient tax planning strategies and how to craft a plan that works not only for the charitable organization, but for the spouse and future beneficiaries as well. Anyone considering leaving their IRA to charity will find Harry's article a great guide to structuring the IRA estate plan.

Want to learn about the exceptions to the 10% penalty for early distributions? Don't do it this way. See our article on page 4, "*Frivolous Attempts to Avoid the 10% Penalty Fail*" about a recent ridiculous US Tax Court case.

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

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WHAT'S INSIDE?

Feature Article

New Tax Law Eliminates Eligibility Rules for Roth IRA Conversions

- Roth Conversions for All Starting in 2010
- Roth IRA Distributions
- What to do now?
- The Pro-Rata Rule
- Advisor Action Plan

— Pages 2-4

The Hero Act

Congress Allows IRA Contributions for Servicemen in Combat Zones

— Page 4

Frivolous Attempts to Avoid the 10% Penalty Fail

Samuel A. Cole v. Commissioner; T.C. Memo. 2006-44; No. 11968-04, March 16, 2006

— Pages 4-5

Guest IRA Expert

Harry Rubins
Financial Consultant
Rubins Financial Strategies
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Leaving an IRA to Charity

— Pages 6-8

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1

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