ED SLOTT'S IRA ADVISOR

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Tax & Estate Planning For Your Retirement Savings

Avoid IRA Trust Mistakes

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"A son can bear with composure the death of his father, but the loss of his inheritance might drive him to despair."
– Niccolo Machiavelli (1469-1527)

Naming a Trust as IRA Beneficiary

This entire issue deals with the proper way to set up a trust to be named as the beneficiary of an IRA, including new rules issued by IRS on QTIP trusts.

IRS Provides Rules for Distributing Income from QTIP Trusts Named as IRA Beneficiaries

In the new rules, IRS spelled out how income is to be distributed from a QTIP (qualified terminable interest property) trust when that trust is named as the beneficiary of an IRA. The new procedures are included in Revenue Ruling 2006-26 which was released by IRS on May 4, 2006. While a Private Letter Ruling (PLR) can only be relied on by the taxpayer that requested that PLR, a Revenue Ruling is authoritative for all taxpayers. IRS rarely releases Revenue Rulings in the IRA area. This Revenue Ruling will have a major impact on future estate plans when IRA owners want to control the distribution of their IRA funds after their death.

Our feature article ***"IRS Provides Rules for Distributing Income from QTIP Trusts Named as IRA Beneficiaries"*** goes in depth on these new rules and shows how to advise clients who either have already named QTIP trusts as their IRA beneficiaries or may be planning to do so. We interviewed legendary IRA maven, Seymour "Sy" Goldberg for this story to gain his perspective on the new Revenue Ruling.

And, once again, Sy is this month's Guest IRA Expert. Sy is the senior partner of Goldberg & Goldberg, P.C., in Jericho, NY. His article ***"Avoid These Major IRA Trust Mistakes"*** highlights common errors in IRA trusts that can negate the key tax benefits available for inherited IRAs.

New Tax Law Allows Roth Conversions for All… in 2010

While all of this was happening, a new tax bill was signed into law by the President on May 17, 2006. The new law is the ***"Tax Increase Prevention and Reconciliation Act"***, and of course, like all tax laws, it comes with its own acronym "TIPRA". TIPRA eliminates the $100,000 income eligibility requirement to convert a traditional IRA to a Roth IRA, but this provision is not effective until 2010.

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

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Guest IRA Expert

Seymour Goldberg, CPA, MBA, JD

Senior Partner, The Law Firm of Goldberg & Goldberg, P.C.

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