



ED SLOTT'S IRA ADVISOR

© 2004 Ed Slott, CPA

November 2004

TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Year-End IRA and Plan Distribution Checklist See pages 2-4

I bought a cemetery plot. The guy said, "There goes the neighborhood!"

—Rodney Dangerfield
(born Jacob Cohen),
(1921- 2004)

2004 is winding down and it's your last chance to check your 2004 IRA transactions to make sure they have all been completed properly. Most mistakes that are made can be corrected before the year ends. This month's feature article "Year-End IRA and Plan Distribution Checklist" provides a useful guide to IRA distributions that you need to follow up on now while there is still time to correct any unfinished IRA business that fell through the cracks.

Following the same year-end follow-up theme, see the two additional articles inside that highlight recent IRS private letter rulings where the taxpayers paid for their errors when the IRS ruled against them. In "IRS Rules Lump-Sum

Distribution Errors Cannot be Corrected and Denies the NUA Tax Break" you'll learn how to make sure that this never happens to you.

In one of the NUA cases, the lump-sum distribution was not completed within one tax year and the IRS would not allow the NUA treatment. In the other ruling, the plan distribution was rolled over to an IRA which the IRS said negated the NUA tax break. These two IRS Private Letter Rulings confirm that these kind of mistakes cannot be corrected.

**It's your last
chance to
check your
2004 IRA
transactions.**

In the second article "No IRS Relief for Roth Conversion Error," you'll see why it is essential to check with your financial institution if you converted to a Roth this year to make sure that the conversion was actually done. You have only until year-end to make sure that the conversion was done properly. The IRS may not bail you out later.



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

Ed Slott, CPA
100 Merrick Road
Rockville Centre, NY 11570

— Ed Slott

WHAT'S INSIDE?

Feature Article

Year-End IRA and Plan Distribution Checklist

- Required Minimum Distributions (RMDs)
- RMDs for IRA Beneficiaries
 - Year of Death RMD*
 - IRA Beneficiary RMDs*
 - Spouse Beneficiary RMDs*
 - Check Roth IRA RMDs Too*
- Roth IRA Conversions
- Lump-Sum Distributions
- Splitting Inherited IRAs
- Calendar Year 72(t) Distributions

— Pages 2-4

IRS Rules Lump-Sum Distribution Errors Cannot be Corrected and Denies the NUA Tax Break

- NUA Tax Break is Lost
Due to Failed Lump-Sum
Distribution
- IRA Rollover Kills NUA
Tax Break

— Pages 5-7

No IRS Relief for Roth Conversion Error

— Pages 7-8

**To order Ed Slott's IRA Advisor,
Call Toll Free, 1-800-663-1340**

Or Visit

<http://www.irahelp.com/order.shtml>