



# ED SLOTT'S IRA ADVISOR

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## TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

### The Latest From IRS on Possible 72(t) Reform (See Pages 5-6)

*"It's just paper - all I own is a pickup truck and a little Wal-Mart stock."*

– Sam Walton

founder of Wal-Mart Stores (1918-1992)

Unlike Sam Walton above, for many of us now it really is just paper.

This year especially, due to the plunging market, keep your eye on the Roth recharacterization deadline. If you converted your traditional IRA to a Roth IRA at anytime in 2001, you still have up to October 15, 2002 to recharacterize that conversion, regardless of whether your return is on extension. If you want to recharacterize and you already filed for 2001, then you will file an amended return (Form 1040X) and claim a refund of any tax paid on the conversion. You'll need to attach Form 8606 to your amended return to report the recharacterization. Remember to also amend your state tax return if you paid state income tax on the Roth conversion. If you have not yet filed your 2001 tax return, then the recharacterization will remove any tax liability on the conversion.

It seems that the Roth IRA rulings from IRS never stop. This month's feature article "*Roth IRA Rulings Update*" brings you up to date on a few

recent IRS Private Letter Rulings (PLRs) involving Roth IRA recharacterizations. The law gives you plenty of time after the conversion to recharacterize, but people still miss the deadline. That's why some taxpayers are going through the time and expense of requesting PLRs from the IRS to allow late recharacterizations. The better way is to recharacterize on time so that you don't have to go through all of this.

### New Single 401(k)s

You may have heard of these, but did you know that they are the brainchild of Marcy Supovitz, this month's guest IRA expert? She is the Executive Vice

President in charge of retirement markets for Pioneer Investments, Boston, MA. Marcy is brilliant and incredibly innovative when it comes to figuring out creative ways for business owners to fund their retirement plans. The Uni-K is her concept and her article "*Putting the '1' Into*

*401(k); Individual 401(k) Plans for Business Owners*" details the previously unidentified benefit of EGTRRA 2001 (the 2001 tax act) available to owner only businesses (with no employees).

For more IRA information, visit our website at [www.ira-help.com](http://www.ira-help.com).

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

– Ed Slott, CPA

## WHAT'S INSIDE??

### Feature Article:

#### Roth IRA Rulings Update

- ▶ IRS Denies Request for a Late Recharacterization (PLR 2002-20029)
- ▶ IRS Audit Foils Roth Conversion (IRS Service Center Advice (SCA) 2001-48051)
- ▶ IRS Allows a Late Recharacterization AFTER IRS Increases Income (PLR 2002-13030)

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### IRS Releases

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### Guest IRA Expert:

Marcy L. Supovitz,  
CPC, QPA, ChFC,  
CLU, FLMI

Executive Vice President  
in charge of retirement  
markets for Pioneer  
Investments, Boston, MA

- ▶ "*Putting the '1' Into 401(k); Individual 401(k) Plans for Business Owners*"

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