



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Your 72(t) Questions Answered (See Pages 6-8)

"Money is not the most important thing in the world. Love is. Fortunately, I love money."

– Jackie Mason, comedian

It seems that the calculations never quit for beneficiaries who want to switch to the new rules. The new rules will allow most beneficiaries to keep their inherited accounts growing tax deferred for years or decades longer than under the old rules. Inside is part two of our 2-part article *"How IRA Beneficiaries Switch to the New Rules."*

You'll see how to apply the two new concepts from the April 2002 Final Regulations - Redetermination of the designated beneficiary and Reconstruction of the life expectancy. These may sound ominous or more like medical procedures, but they are necessary to calculate required distributions for most beneficiaries who inherited under the old rules.

In essence, the process is forensic in that you have to go back and see what happened at the IRA owner's death and up to a year after that, but you don't have to actually dig up the body... yet, but you may have to resurrect old IRA documents. Sounds like a network hit in the making! Like the TV shows with the same theme,

you may be surprised (or even shocked, if you are the affected beneficiary) at some of the strange results of the redetermination and reconstruction processes.

This month's guest IRA expert is Gordon F. Weis, the Director of Pensions and Advanced Marketing for Illinois Mutual Life. Gordon is a specialist's specialist. Believe it or not, he is a 72(t) expert. How about that for a niche! Gordon hosts his own website: <http://72t.net>. It's dedicated to the exception under Internal Revenue Code Section 72(t) that allows IRA owners and plan participants who are under age 59^{1/2} to take penalty

free early withdrawals by creating what the tax law calls a series of substantially equal periodic payments.

Gordon's article *"Your 72(t) Questions Answered"* answers the most frequently asked questions about 72(t) payment schedules. If you have a question about 72(t) payments, Gordon Weis has probably answered it for you in this issue. Can't get enough of 72(t)? Then go to Gordon's website for 72(t) calculators, IRS information, explanations and everything else you need to know to become a 72(t) wiz.

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

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– Ed Slott, CPA

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Feature Article:

How IRA Beneficiaries Switch to the New Rules (Part 2 of 2 Parts)

- ▶ Beneficiaries Withdrawing Over a Life Expectancy
- ▶ Redetermination of Designated Beneficiary
- ▶ Reconstruction of Life Expectancy
- ▶ Events That Will Change the Designated Beneficiary
 - A Change of Beneficiary After the RBD
 - Splitting Inherited IRAs After the IRA Owner's Death
 - Disclaiming an IRA
 - Death of a Beneficiary After the RBD, but Before the IRA Owner (no contingent beneficiary named)

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Guest IRA Expert:

Gordon F. Weis,
CLU, CPC, ChFC

72t on the Net
<http://72t.net>

- ▶ Your 72(t)
Questions Answered

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In this issue: How IRA Beneficiaries Switch to the New Rules (Part 2)

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