



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

SPECIAL ISSUE! New IRA Rules from IRS

"These rules won't praise last year for making it easier for retirees to take funds from their retirement plans. The comments we received helped us to simplify the rules even more."

— Charles O. Rossotti

Commissioner of the Internal Revenue Service

They're here! On April 17, 2002 IRS issued Final Regulations on distributions from retirement plans.

The new rules are effective January 1, 2003, but you can use these rules for 2002 required distributions. Actually, for 2002 IRS says you can use either the new rules (from these Final Regulations), the rules from the January 2001 Proposed Regulations

or the original 1987 Proposed Regulations. Although there are now three different sets of rules, virtually everyone will want to use these new 2002 rules.

The changes include new life expectancy tables, new reporting requirements

for IRA custodians and trustees (the financial institutions holding IRA funds), and a change in the deadline for determining a designated beneficiary to September 30th of the year following the year the IRA owner or plan participant dies. In the 2001 Proposed Regulations, that deadline was December 31st of the year following the year of death.

IRA beneficiaries may be the biggest winners under the new rules. Many will be able to switch to the new Single Life expectancy table regardless of when or

how they inherited. Inside you'll see several scenarios where these changes can make a big difference.

The new *Uniform Lifetime Table* for IRA owners and plan participants is reproduced on page 4 and the new *Single Life Table* for beneficiaries is on page 5.

You can download the full text of the Final Regulations and the new life expectancy tables from the

homepage of our website at www.ira-help.com.

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

— Ed Slott, CPA

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