



# ED SLOTT'S IRA ADVISOR

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## TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

### New Tax Credit for Retirement Plan Contributions

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*"Your federal government needs your money so that it can perform vital services for you that you would not think up yourself in a million years."*

— Dave Barry  
Humorist

EGTRRA 2001 (the new tax law) raises the maximum amount that can be contributed to a SEP-IRA to \$40,000 in 2002, up from \$25,500 in 2001. This turns the SEP into a powerful retirement building tool that is easy and inexpensive to use. This month's feature article "New SEP Contribution Limits" gives you the scoop on new SEP Simplified Employee Pension) rules beginning in 2002.

SEPs have always been a favorite retirement vehicle for self-employed individuals because it is low-maintenance. There are no annual required filings with the IRS and you don't need to hire a pension administration firm to set one up for you. Any financial planner or financial institution can easily have you up and running in no time. You are also not stuck with the plan and forced to contribute each year if income is down or cash is tight. You can change the percentage you contribute each year, as long as you contribute the same percentage for employees that you contribute for yourself.

The new tax law raises the maximum amount that can be contributed to a SEP-IRA to \$40,000 in 2002.

This month's guest IRA expert once again is Natalie B. Choate, Esq., of Bingham Dana, LLP, a Boston law firm, and author of "Life and Death Planning for Retirement Benefits." This is the 4th edition of this IRA opus. It has been totally revised to include detailed coverage of both the new IRA distribution rules (proposed by IRS in January 2001) and EGTRRA 2001. This is the most complete and up-to-date reference book available on retirement distribution planning. This is the book I go to for IRA answers, and you should too. I am so serious about having you buy this book that I have included an order form on page 8 for you to use.

Natalie has graciously allowed our readers an exclusive sneak preview. Inside is an excerpt from her new edition. The excerpt is titled "How To Represent Beneficiaries." It's a hands-on guide for advisors. It covers all the tax and distribution issues of concern to IRA beneficiaries.

Unfortunately too many IRA beneficiaries have no idea what to do when they inherit an IRA.

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

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— Ed Slott, CPA

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Natalie B. Choate, Esq.  
Bingham Dana, LLP

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