



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Special Issue

IRS Issues Notice 2008-30 Providing Guidance on Roth Conversions from Company Plans

*"If you owe the bank \$100 that's your problem. If you owe the bank \$100 million, that's the bank's problem."
J. Paul Getty (1892 – 1976)*

New Opportunities for Plan Participants and Their Beneficiaries

This new release not only contains IRS guidance on how the rules work when converting company plan funds to Roth IRAs, it also contains unexpected interpretations that create many new planning opportunities for plan participants and their non-spouse beneficiaries.

The new rules state that non-spouse plan beneficiaries can convert inherited plan funds to inherited Roth IRAs and stretch those distributions over their lifetimes. In effect, IRS Notice 2008-30 creates two classes of non-spouse beneficiaries since IRA beneficiaries cannot convert their inherited IRAs to Roth IRAs, but plan beneficiaries can!

This is an incredible development, but the one big thorn here is that the plan does not have to allow the post-death transfer to an inherited IRA or inherited Roth IRA.

Non-spouse plan beneficiaries can convert inherited plan funds to inherited Roth IRAs.

Planning decisions will have to be made based on the new options available and, in this special issue, you'll have all the information currently available to help your clients capitalize on the new provisions. We also give you an Advisor's Checklist with all the key discussion points for your client meetings.

Will the Non-Spouse Direct Rollover Become Mandatory?

As of this writing (March 25, 2008), there is a bill in Congress that has passed the House (but is still far from law) that would make the non-spouse direct rollover provision under PPA mandatory for all plans beginning in 2009. It must be reconciled with the Senate version of the bill. This is yet another item we have to wait and see on. We'll keep you posted.

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

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