ED SLOTT'S IRA ADVISOR

May 2008

Tax & Estate Planning For Your Retirement Savings

Demographics and IRAs

Featuring **Harry Dent**

See pages 6-8

Golfer: "This is the worst course I've ever played on."
Caddy: "This isn't the golf course. We left that an hour ago."

Like golfers, IRA beneficiaries must stay on course with IRA distributions. The stretch IRA is one of the greatest financial legacies that an IRA owner can leave to his or her loved ones. It allows the beneficiary to take required distributions over his or her lifetime keeping the bulk of the inherited IRA funds growing tax deferred, possibly for decades, as long as the beneficiary stays on course.

The Stretch IRA is Saved - Even When RMDs are Missed

But what if the beneficiary misses a required distribution? Does that mean that they lose the stretch IRA? Do they default to other less favorable rules, such as the 5-year rule? IRS says "No" in a recent private letter ruling (PLR 200811028). In our feature article ***"Stretch IRA is Saved - Even When RMDs are Missed"*** we give you all the details on this first of its kind ruling that one day may save the stretch IRA for one of your beneficiary clients. We also cover all the related planning issues that advisors need to be well versed in. Advisors need to know exactly what to do when a beneficiary inherits an IRA, before it becomes a problem like in this case. Even though IRS ruled favorably, this was an expensive solution.

This month's Guest IRA Expert is Harry Dent, Harvard MBA, of the HS Dent Foundation in Tampa, Florida, a highly regarded and recognized authority on demographic and economic trends as they apply to investing. Although we mostly focus on estate and IRA distribution planning, you first have to build an IRA before you can take steps to protect it in the distribution and estate planning phase. That's where Harry Dent's expertise comes in.

As you'll see in Harry's article ***"IRA Investment Insights"*** we are headed for bumpy and uncertain economic times. As financial advisors, you'll want to benefit from Harry's insights when choosing the right investments for your clients' retirement savings. Remember that this money has to last them the rest of their lives, and retirees are the most vulnerable to market volatility since they are no longer working and do not have a long enough time horizon to wait for the market to come back.

For more IRA information, visit our website at ***www.irahelp.com***.

Ed Slott, CPA
100 Merrick Road, Suite 200E
Rockville Centre, NY 11570

WHAT'S INSIDE?