



# ED SLOTT'S IRA ADVISOR

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## TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

### Roth IRAs for Parents ... Paid for by Their Children

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*A bank is a place where they lend you an umbrella in fair weather and ask for it back when it begins to rain.*

*-Robert Frost, poet (1874-1963)*

When a client says "I need money to live on" where should that money come from? That's the focus of our feature article "Advising Clients Who Need Money Now."

During these times it is more likely than ever that more of your clients who have lost jobs and seen both their investments and home values decline will need money for basic living expenses. When they absolutely need money, you need to help them access the funds they need while minimizing taxes and penalties, especially when those funds may have to come from tax-deferred retirement plans.

This month's Guest IRA Expert, once again, is Martin James, CPA/PFS, Certified Public Accountant/Personal Financial Specialist and Managing Member of Martin James Investment

and Tax Management, LLC, located in Mooresville, Indiana. Marty's article "Roth Conversion Strategy - Helping Clients by Helping Their Parents" illustrates a new spin on Roth IRA conversions. This is about children paying the tax on their parents' Roth IRA conversions so that the retirement funds they will eventually inherit are tax-free for life.

This costs the parent nothing and, once the funds are converted to a Roth IRA, the parent no longer has to take required minimum distributions so the funds can continue growing tax free. The Roth IRA can provide lifetime tax free income for the parent, if needed, and a lifetime tax free legacy for the children. Marty also addresses some potential problems with this approach. This innovative planning strategy may be perfect for some of your clients to take advantage of now, while tax rates and account values are still relatively low.

### Advising Clients Who Need Money Now

### How to Minimize Taxes and Penalties



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

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### Guest IRA Expert

Martin James, CPA/PFS  
Mooresville, Indiana

#### Roth Conversion Strategy - Helping Clients by Helping Their Parents

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