



# ED SLOTT'S IRA ADVISOR

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## TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

### Recharacterizing Roth IRA Conversions

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*"The only function of economic forecasting is to make astrology look respectable."*

- John Kenneth Galbraith, economist  
(1908-2006)

It's do-over season and the clock is running out. Anyone who converted their traditional IRA or plan balances to Roth IRAs in 2008 when account values were larger, can have a do-over, technically called a "recharacterization." This is one of the rare second chances available in the tax code. Every advisor should be looking at this before October 15, 2009 when the time to recharacterize a 2008 Roth conversion expires. Like any of the real goodies in the tax code, doing a Roth IRA recharacterization can be tricky. That's why our feature article "**Recharacterizing Roth IRA Conversions**" shows you exactly how to address the two critical steps in the recharacterization process:

1- Moving the Roth IRA funds (as a trustee-to-trustee transfer) back to a traditional IRA.

2- Reporting the recharacterization on the tax return – this can be a challenge,

especially if this is a partial recharacterization where only a portion of the Roth IRA funds are being recharacterized or if the Roth account contained existing Roth IRA funds.

The recharacterization won't bring back the market losses, but can eliminate paying tax on value that no longer exists. Even if your client already filed his or her 2008 tax return, the recharacterization can be done on an amended return and any taxes paid on the converted funds that were recharacterized will be refunded, plus interest.

**Even if your client already filed his or her 2008 tax return, the recharacterization can be done on an amended return.**

This month's guest IRA Expert is David Buckwald, CFP®, CLU, ChFC of Atlas Advisory Group, Cranford, New Jersey. Dave's article "**Review and Reinforce Life Insurance with IRAs**" addresses potential problems with life insurance policies. He shows what to look for to make sure the policy holds up over time and how and when to use IRA funds to beef up policies that need help. In light of the financial crisis, some clients are worried and want to make sure that their life insurance is still on track for the long haul.

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

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#### Guest IRA Expert

**David Buckwald, CFP®, CLU, ChFC**  
Atlas Advisory Group  
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#### **Review and Reinforce Life Insurance with IRAs**

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