



ED SLOTT'S IRA ADVISOR

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October 2009

TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

IRA Planning for Blended Families

See pages 5-7

"The stock market has a very efficient way of transferring wealth from the impatient to the patient."

-Warren Buffett

Another taxpayer who claimed the disability exception to the 10% early distribution penalty has lost his case in Tax Court. Our feature article *"Tax Court Denies the Disability Exception"* will help you understand the tax code definition of disability and avoid problems for your clients.

IRS has just released "amplified and clarified" guidance on doing conversions from employer plans to Roth IRAs. The key point in our article *"No NUA*

Treatment for Shares of Employer Stock Converted to a Roth IRA" is that you don't get the NUA break when converting plan assets to a Roth IRA.

The high incidence of divorce and remarriage make it likely that many of your clients are part of "blended" families. The children could be their children or his or hers or sometimes all three. This month's guest IRA Expert is Mark Fried of TFG Wealth Management, Newtown, PA and his article *"IRA Planning for Blended Families"* guides you through some of the ins and outs of this type of estate planning.



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

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WHAT'S INSIDE?

Feature Article

Tax Court Denies the Disability Exception

10% Penalty is Assessed on a \$158,310 Early Distribution!

- Disability Exception from the 10% Penalty
- Facts of the Case
- There is NO Financial Hardship Exception
- The Court's Ruling
- Similar Cases, But the Same Result
- IRS Guidance - CCA 200922041
Released by IRS May 29, 2009
- Advisor Action Plan

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No NUA Treatment for Shares of Employer Stock Converted to a Roth IRA

IRS Releases Notice 2009-75

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Guest IRA Expert

Mark Fried
TFG Wealth Management
Newtown, PA

IRA Planning For Blended Families

The Brady Bunch Effect

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Important October Dates

- 1 Last day to establish a SIMPLE plan for 2009
- 15 Last day to file 2008 taxes
- 15 Last day to recharacterize 2008 Roth conversions
- 15 Last day to recharacterize 2008 contributions or to withdraw unwanted 2008 contributions
- 15 Last day to withdraw prior year excess contributions and avoid the 6% penalty for 2008
- 31 Last day to provide documentation to custodians or plans for trust beneficiaries who inherited in 2008