



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

15 YEARS IN PRINT!

Top IRA Rulings of 2011

Observers spent the year waiting to see if Congress would make any tax changes – including those that would affect retirement plans – as part of a fiscal overhaul. As of this writing, as 2011 draws to a close, it appears that no changes will be enacted.

Still, there were several developments involving IRAs and other retirement plans throughout the year. Advisors should keep these developments in mind when discussing retirement plans with clients.

Legislation - 2010 Tax Act

According to Bruce Steiner, an attorney with Kleinberg, Kaplan, Wolff & Cohen in New York, a list of the top IRA rulings of 2011 should include the tax act that was passed two weeks earlier, on December 17, 2010. Among other

provisions, this act included estate tax exemption portability, at least for 2011 and 2012.

Portability eases the pressure on taxpayers with large IRAs.

That is, a spouse who died in 2011 with, say, a \$3 million estate did not use the full \$5 million estate tax exemption. The excess \$2 million can be added to the surviving spouse's estate tax exemption. (With an inflation adjustment, decedents who die in 2012 have an exemption of \$5,120,000.)

“Portability eases the pressure on taxpayers with large IRAs who don't have enough non-retirement assets to fully fund a credit shelter trust,” says Steiner. “Without portability, they had to choose between the income tax benefits of leaving the retirement benefits to the spouse (IRA rollover, possible Roth IRA conversion, spouse can name new beneficiaries and get a longer stretchout)

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