



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS



NEW FOR 2012!
Available **RIGHT NOW**
Completely Revised—Great Client Gift!

2010 Roth Conversion Tax is Due... What if Clients Can't Pay?

The Two-Year Tax Deal for 2010 Roth Conversions

For many, 2010 is ancient history and might as well be 1910, but for some clients, especially those clients who made 2010 Roth conversions, 2010 is still very much in the present. As a reminder, in 2010 the tax law contained a special provision for individuals who made Roth conversions. Instead of having to include all the income in 2010 as would normally be required, clients were able to split their 2010 Roth conversion income equally over 2011 and 2012.

For most clients making 2010 Roth conversions, this was a huge gift from Uncle Sam. Not only were they able to split their conversion income over two years, potentially keeping them in a lower tax bracket, but on top of that, they didn't have to include any of the conversion

income in 2010 (the year of conversion). And as if that weren't enough, Congress sweetened the deal even further when they passed the 2010 tax act, keeping the "low" income tax rates from 2010 in effect through the end of 2012.

The Tax Bill is Due, but Some Clients Can't Pay - What Now?

While in theory the two-year deal seemed like a no-brainer for most 2010 conversions, in practice this seemingly favorable provision can be a double-edged sword.

How so? Some of the clients that made 2010 Roth conversions and used the two-year deal are only now, more than two years after the conversion, feeling the tax effect. In certain cases, the tax may be more than they had initially calculated. In other cases, a change in

WHAT'S INSIDE?

2010 Roth Conversion Tax is Due...What if Clients Can't Pay?

- The Two-Year Tax Deal for 2010 Roth Conversions
- The Tax Bill is Due, but Some Clients Can't Pay - What Now?
- Undoing the Roth Conversion
- Estimated Taxes for 2010 Roth Conversions
 - Adding 2011 Roth Conversions to the Tax Mix
- Focus on the Long-Term Tax-Free Benefits
- Options Available When Clients Can't Pay the Conversion Tax
 - Option #1 - Beg, Borrow or...
 - Option #2 - Take a Distribution from the Roth IRA
 - Option #3 - Try for a Private Letter Ruling
 - Option #4 - Set up a Payment Plan
 - Option #5 - Ask for an Offer in Compromise

- Pages 1-6

IRS Payment Plan Update - Page 7

TIME IS RUNNING OUT! REGISTER TODAY

INSTANT IRA SUCCESS See Page 8 for Details

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