



ED SLOTT'S IRA ADVISOR

© 2016 Ed Slott, CPA

December 2016

TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS



What to Watch for in 2017

Death of the Stretch IRA

When Congress reconvenes in December, the stretch IRA could be in real jeopardy. A scored proposal that would limit the availability of the stretch for beneficiaries of larger retirement accounts, with (limited) exceptions, could impact beneficiaries as early as January 2017.

Income Tax Changes

Two virtual locks are the lowering of the top rate from its current high of 39.6% and the elimination of the 3.8% surtax on net investment income – which was created as part of the “Obamacare” laws. Such changes may decrease the benefits of making a Roth conversion in 2016 (but don’t stop one if you’ve already planned for it, since you can always recharacterize it before October 16, 2017). It also means that, for high income clients, such conversions will likely be more beneficial next year.

Estate Tax Changes

The overwhelming likelihood is that the estate tax is on the way out. The only question seems to be how high the step-up in basis will be. Early indications are that it may be as high as \$10 million. In

many situations, the combination of no estate tax and a \$10 million step-up in basis would allow clients to avoid ever paying tax on large swaths of wealth.

Fiduciary Rule

The already-finalized Rule is set to take effect just 80 days into the Trump administration. While it’s not the most pressing matter on the President-Elect’s agenda (he’s no fan of government regulation - remember the add one take two away speech?), he talked about eliminating the rule as a candidate. There are major players on his transition team who are heavily invested in eliminating the rule. Will the Republican controlled Congress pass legislation reversing the Rule? Will the Trump administration take other action to minimize the Rule's impact? We’ll see.

Health Savings Accounts

One thing the President-Elect has remained consistent on is his support for Health Savings Accounts. He has voiced support for them on Twitter, in debates, and currently on his transition website, greatagain.gov. Although the details have yet to be determined, HSA expansion is something to watch for in 2017. ■

WHAT'S INSIDE?

What to Watch for in 2017

- Death of the Stretch IRA
- Income Tax Changes
- Estate Tax Changes
- Fiduciary Rule
- Health Savings Accounts

- Page 1

Guest IRA Expert

**Natalie Choate, J.D.
Nutter McClennen
& Fish LLP
Boston, MA**

Four Forms That Determine An IRA's Fate

- Pages 2-4 & 7

2016 Index of Articles

- Pages 5-6

2016 IRA Experts

- Page 7

Acknowledgments

- Page 7