



ED SLOTT'S IRA ADVISOR

© 2001 Ed Slott, CPA

June 2001

TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

War Story: IRS Denies Spousal Rollover

See Page 5

"I know you believe you understand what you think I said, but I am not sure you realize that what you heard is not what I meant."

"If I seem unduly clear to you, you must have misunderstood what I said."

— Alan Greenspan
Federal Reserve Chairman

What is he talking about??

After reading the above quotes, it's no wonder we're in this fine mess. IRA owners are feeling the effects of the market decline as well as anyone. Is there any way to get the government to bear some of these losses? That's the theme for this month's feature article "**Declining IRA Balances Bring New Tax Concerns.**" It deals with the effects of the recent stock market on IRA and retirement accounts. This is the first part of a 2-part article. Part 2 will appear in next month's issue.

IRA owners and plan participants are now dealing with a host of tax problems (not to mention overall depression) due to the steady decrease in their retirement accounts. Early retirement is a lot less popular than it was a year ago. Many portfolios have been reduced to www.squat. The tax laws never really

considered the possibility that retirement account balances could decrease.

My friend and IRA guru Seymour "Sy" Goldberg shares a war story with us that is all too common. In a soon to be released Private Letter Ruling, the IRS denied an executor the right to complete a spousal rollover on behalf of a spouse who did not complete the rollover before her death. For details see the article "**She Who Hesitates, Loses; Executor Cannot Complete Spousal Rollover**" on page 5. The article also discloses related tax traps in the new Proposed Regulations.

This month's guest IRA expert is Michael J. Jones, CPA, a partner in the

The tax laws never really considered the possibility that retirement account balances could decrease.

Monterey, California accounting firm Thompson Jones LLP. His article "**Splitting Heirs; Community Property and IRAs**" deals with the estate planning problems that exist for IRA owners who live in community property states.

Since Mike practices in California (a community property state) he deals with these issues on a regular basis. His article will help you, especially if you are in the state of confusion when it comes to community property and IRAs.

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

Ed Slott, CPA
100 Merrick Road
Rockville Centre, NY 11570

— Ed Slott, CPA

WHAT'S INSIDE??

Feature Article:

Declining IRA Balances Bring New Tax Concerns (part 1 of 2 parts)

- ▶ It's All About Basis ... No Basis, No Loss
- ▶ Basis and IRAs
- ▶ Roth IRA Losses
- ▶ Nondeductible IRAs
- ▶ IRA Losses May Be Limited
- ▶ Stock Loss vs. IRA Loss
- ▶ 72(t) Payments and IRA Losses
- ▶ Alternate Valuation and IRAs

— Pages 2-4

Roth IRA Rulings Update

— Page 4

War Story

- ▶ She Who Hesitates, Loses: Executor Cannot Complete Spousal Rollover
- Page 5

Guest IRA Expert:

- Michael J. Jones, CPA**
Thompson Jones LLP
- ▶ Splitting Heirs: Community Property and IRAs
- Pages 6-8

Back issues of
Ed Slott's IRA Advisor
are available ... see page 8