



ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Top IRA Rulings of 2012

The new tax law arrived on New Year's Day, 2013, just as we went to print this issue. In short, the new law extends most of the tax cuts, retains the \$5 million estate and gift tax exemptions and increases taxes for high income taxpayers. As far as IRAs are concerned, qualified charitable distributions are retroactively restored for 2012 and extended through 2013. Also, new options for in-plan Roth conversions are included.

Nevertheless, many developments occurred during the year that related to IRAs and retirement plans.

Here are our expert's pick of the top IRA rulings of 2012:

Court Decisions

Inherited IRA Mistake

Charles Grant Beech et ux. v. Commissioner, T.C. Summ. Op. 2012-74; No. 1948-11S, 7/26/12

Here, an inherited IRA was lost because the funds were not moved properly – as a direct transfer. The Tax Court ruled that a daughter's receipt of a check that was made payable to the

beneficiary from her deceased mother's IRA was taxable. The Court noted that IRA distributions are taxed when received unless properly rolled over within 60 days to another IRA. However, **a rollover is not allowed from an IRA inherited by a nonspouse beneficiary.**

The Beech's argued that their *intent* was to do a trustee-to-trustee transfer. The Court responded by saying that a taxpayer's intent does not determine the tax consequences of their transaction.

Executor and Trustee Personal Liability

U.S. v. MacIntyre, U. S. District Court, S.D. Texas, Houston Division, Civil Action No. H-10-2812, 3/28/12

In this case, an executor and trustee were found to be personally liable for unpaid taxes. They made distributions to heirs before gift taxes owed by the decedent were paid.

Therefore, this 2012 case reinforces the message from the 2011 Paschall case (**Paschall v. Commissioner, 137 T.C. No. 2, Docket Nos. 10478-08, 25825-08, 7/5/11**).

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