




# ED SLOTT'S IRA ADVISOR

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## TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS



**NEW FROM  
ED SLOTT:**

See  
page 8.

*"Learn to see in another's calamity the ills that you should avoid."*

—Thomas Jefferson,  
3rd U.S. President

It pays to put your nanny on the books, not only if you wish to be considered for Attorney General, Homeland Security Secretary, or some other high national office, but also because the latest tax law provides a retirement break for nannies. Buried in the Working Families Tax Relief Act of 2004, is a provision allowing household workers, like nannies (who are legal and on the books) to be included in your SIMPLE plan (Savings Incentive Match Plan for Employees). Effective retroactively for years after 2001, the definition of compensation for SIMPLE plans is revised to include wages paid to domestic workers, even if the wages are not subject to withholding tax.

2005 brings good news for Roth converters. We've been waiting since 1998

for the rule change that now allows those taxpayers taking required minimum distributions from their IRAs to exclude those amounts for Roth conversion eligibility. The RMD is subject to income tax of course, but beginning in 2005 more people subject to RMDs will qualify for a Roth conversion when they did not in past years. See our feature article *"New Roth Conversion Rules for 2005...RMDs No Longer Count for Roth Conversion Eligibility."*

Every so often someone asks me when certain IRA provisions became effective and what the IRA rules were years ago. For years, I said, "Gee that would be an interesting article, if I ever get around to doing the research." Well since this month marks the 30th anniversary of the first year (1975) for which an IRA contribution could be made, I figured this would be a good time to get to that project, and it's included in this issue. For you IRA history buffs, see *"IRA Chronology"* but I must warn you not to use any of this at parties. Not everyone wants to know where IRAs come from, but now you'll know.



For more IRA information, visit our website at [www.ira-help.com](http://www.ira-help.com).

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— Ed Slott

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**RMDs No Longer Count for Roth Conversion Eligibility**

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