

The IRA Authority

IRA & Employer Plan Rules, News & Tips in Plain language

Mark Your Calendar

Please mark your calendar with the following deadlines.

September 30, 2011:

- *The Deadline by which certain beneficiaries must be removed from inherited retirement accounts.* If you have clients who inherited retirement accounts in 2010, and the accounts have more than one beneficiary of which include any non-person beneficiaries such as charities and estates, other beneficiaries must ensure that the nonperson beneficiaries are removed by September 30. Failure to remove these beneficiaries might result in a shortened distribution period for the individual (persons) beneficiaries.

October 3¹:

- *Deadline to establish new SIMPLE IRA: Clients who want to establish and fund a SIMPLE IRA plan or a SIMPLE 401(k) plan for 2011 must complete the paperwork by October 3, 2011.* For new businesses that come into existence after October 3, 2011 the deadline to establish the plan is “as soon as administratively feasible”. The individual employees’ accounts need not be opened until contributions are being made to the account.

October 17²:

- *Deadline to recharacterize 2010 contributions and Roth Conversions:* Recharacterizations of 2010 Roth conversions and 2010 contributions to Roth and traditional IRAs must be completed by October 17, 2011. If you have clients who wants to reverse a Roth conversion, or change the type of IRA (traditional or Roth IRA) to which an IRA contribution was made, now is the time to send them reminders. If the recharacterization is not processed by October 17, the IRS might not treat it as being completed ‘timely’.
- *Deadline to Correct IRA Excess Contributions:* Excess IRA contributions will result in a 6% excise tax and might also result in double taxation, if they are not corrected timely. For excess 2010 contributions, the correction deadline is October 17, 2011 ■

1 Extended to next business day when Oct 1 falls on a weekend or public holiday

2 Extended to next business day when Oct 15 falls on a weekend or public holiday



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Help Clients Take Advantage of Special Tax Benefits for Employer Securities: NUA

According to the Employee Benefit Research Institute’s (EBRI) December 16, 2010 Fact Facts, an overall 46 percent (or 9.5 million) of the 401(k) participants in their 2009 401(k) database were in plans that offered company stock (employer securities) as an investment option. Of these, 73% held up to 20% of their account balances in employer securities, and about 5% had more than 80 percent of their account balances invested in employer