TAXES TODAY

eNewsletter for Tax Professionals

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Are Changes Coming to the IRA Rules?

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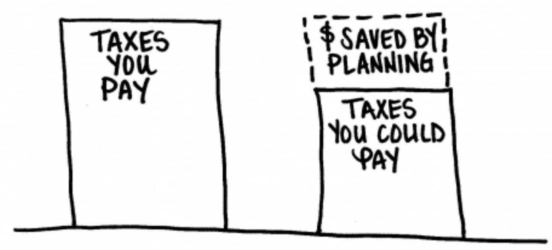
While the "Tax Reform 2.0" bill is likely to stall in the Senate, a separate proposed legislation has flown under the radar and is gaining traction: **Rule changes to Individual Retirement Accounts (IRAs)**. The initial proposed legislation would focus on the following:

- Removing the age limit on traditional (regular) IRA contributions
- Eliminating RMDs for total retirement balances of $50,000 or less
- Allowing penalty-free retirement withdrawals for birth or adoption
- Creating Universal Savings Accounts (USAs)

Removing the age limit on traditional (regular) IRA contributions, so those over 70 1/2 can still contribute makes particular sense to us, especially given increasing lifespans. Also, this would open the door to this demographic for "backdoor" Roth conversions.

Click **HERE** to read the article, *Are Changes Coming to the IRA Rules?,* discussing this legislation in more detail.



As we approach the finish line of the busy fall tax season, CPAs, tax advisors, and wealth managers turn their attention to year-end planning for their clients.

One tax planning opportunity we continue to see value in is a Roth IRA conversion. Now that the ability to recharacterize is eliminated, we feel it is prudent to be more conservative than years past, **but there are many situations where a Roth conversion can still be an extremely impactful long-term tax minimization strategy for our clients**.

We may recommend a Roth conversion to a client if they...

- Have a substantial net operating loss (NOL), or other loss, that can offset the income from the conversion
- Recently retired and have not filed for Social Security benefits (an ideal and oftentimes narrow low-income window to convert assets)

- Highly value maximizing their estate for heirs

*Note: To read about other year-end tax planning opportunities in addition to a Roth conversion, click **HERE**.*

We utilize BNA Income Tax Planner in collaborating with CPAs and tax advisors, to optimize the outcome of tax planning opportunities for our clients. In addition to Roth conversions, we use BNA to evaluate harvesting capital gains without incurring any additional tax liability, to model the tax impact of different scenarios for selling securities and real estate, and to project an increase (or decrease) in tax liability due to divorce.

We are here to help.

*As always, please feel free to reach out and call (**916-405-9166**) or email (**spitchford@towerpointwealth.com**) with any questions, thoughts, or needs you may have. At Towerpoint Wealth, we are happy to be a direct and no-strings-attached resource for you.*

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