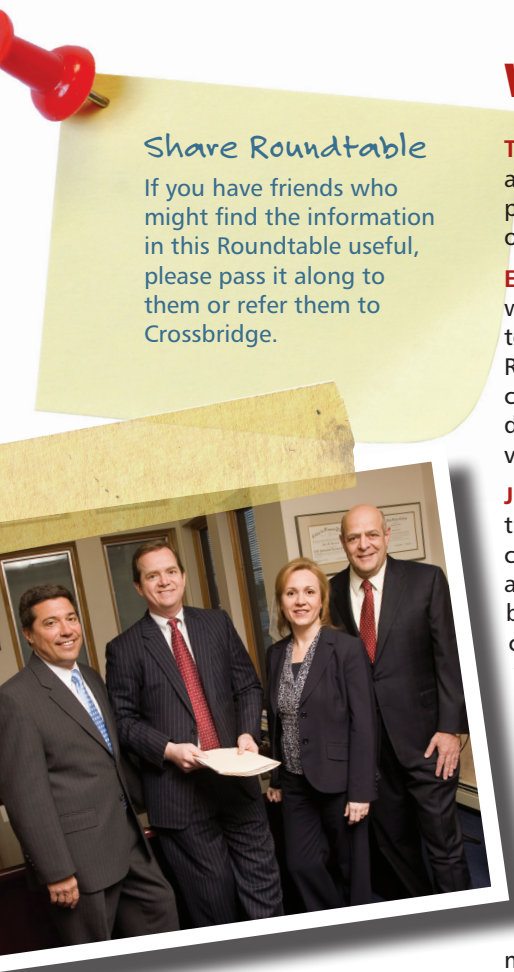


Crossbridge www.crossbridgefinancial.com Roundtable

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What's New to Consider In the Year 2011?

TOM MINIGIELLO: Another year has rolled around, and with it come a few changes—and perhaps planning opportunities—that may be of interest to our clients.

ELIZABETH THORLEY: For example, people with high incomes typically have been unable to make active contributions directly to a Roth IRA. However, people in that situation can open and make a contribution to a non-deductible IRA, then convert it to a Roth at virtually the same time.

JOHN ADAMCZUK: That's correct, because there are no longer any income limits on conversions. But, if the person doing such a conversion has another IRA, there will be some tax implications. It gets more complicated in that case, and clients would want to weigh the pros and cons.

JERRY RANDISI: So, people considering this tactic might first want to move their existing IRA into a 401k plan, for example, then set up the new IRA and convert it to a Roth.

TOM: Of course, the advantage of a Roth IRA is that the earnings on it are never taxable, as long as the holder makes the required qualified withdrawals.

ELIZABETH: And, a Roth IRA does not require the holder to begin taking distributions at age 70½, which is the case with traditional IRAs.

JERRY: Also, in retirement, the Roth IRA provides a source of non-taxable funds. So, if you want to withdraw, say, \$20,000, that's the amount you take from the Roth. You don't need to take additional monies to cover the taxes.

JOHN: Here's another thought for this year: anyone who is working is now paying 2% less in social security taxes. They might want to consider putting that extra income into their 401k plans.

ELIZABETH: The idea is that they've been used to paying this amount anyway through the social security tax, so it might be contributed to a 401k without really being missed.

JOHN: If that 2% is put into a 401k, the person will still realize a little more take-home pay because of the tax savings.

JERRY: We should also remind clients who are over 70½ that they must take distributions on their traditional IRAs before the end of the year or face a 50% excise tax, which is in addition to their regular income tax for the year.

TOM: It might also be good to remind clients who have elderly parents to be sure their parents take such IRA distributions, if appropriate.

ELIZABETH: Finally, the limits on amounts that can be contributed to IRAs remain the same for 2011. The following table outlines those limits:

| Contribution Limits: 2011 Tax Year* | | |
|---------------------------------------|--------------|----------------|
| Plan Type | Annual Limit | Catch-Up Limit |
| 401(k), 403(b), govt. 457(b) Plans | \$16,500 | \$5,500 |
| SIMPLE Plans | \$11,500 | \$2,500 |
| Traditional and Roth IRAs | \$5,000 | \$1,000 |

* Contributions can't exceed 100% of your income. Special catch-up rules apply to 403(b) and governmental 457(b) plans.



Your Tax Information Available Online

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Investor 360 also offers the option to download the documents directly into TurboTax, a popular tax preparation software package. For guidance, watch for instructional emails from Crossbridge, or visit the website.