ED SLOTT'S IRA ADVISOR

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TAX & ESTATE PLANNING FOR YOUR RETIREMENT SAVINGS

Exclusive Chart: Multiple Retirement Plan Contribution Limits

See pages 4-7

While clients may be worried about losing money in their retirement accounts, the biggest loss would be not contributing the maximum amounts they can to all the retirement accounts they have access to. This month we feature our annual chart, ***"2009 Limitations When Individuals Own or Participate in Multiple Retirement Plans,"*** compiled by IRA and plan expert Denise Appleby, APA, CISP, CRC, CRPS, CRSP. The chart will alert you now, before year-end, to opportunities for clients to contribute the maximum they can to all possible retirement accounts. Denise also added an article on establishing a Roth 401(k) and a warning for small businesses with SIMPLE plans about funding those plans when times get tough.

For more IRA information, visit our website at ***www.irahelp.com***.

Ed Slott, CPA
100 Merrick Road, Suite 200E
Rockville Centre, NY 11570

A Primer on Roth 401(k)s

Guest IRA Expert

Denise Appleby
APA, CISP, CRC, CRPS, CRSP
Appleby Retirement Consulting Inc.
Grayson, Georgia

Roth 401(k) Accounts Defined

A Roth 401(k) account, also known as a designated Roth account (DRA), is a feature under a 401(k) plan which allows an employee to make salary deferral contributions to the Roth 401(k) on an after-tax basis. This is different from the traditional after-tax contributions to a 401(k). The earnings on after-tax contributions to a traditional 401(k) account grow tax-deferred and are taxed when distributed, but the earnings in a Roth 401(k) plan are tax-free when distributions are qualified.

Establishing a Roth 401(k)

Technically, a business owner does not set up a Roth 401(k). Instead, a traditional 401(k) is established and a Roth 401(k) is added as a feature. A business owner who wants to offer a Roth 401(k) to their employees would elect that option in the 401(k) adoption agreement and define the features that would apply.

WHAT'S INSIDE?