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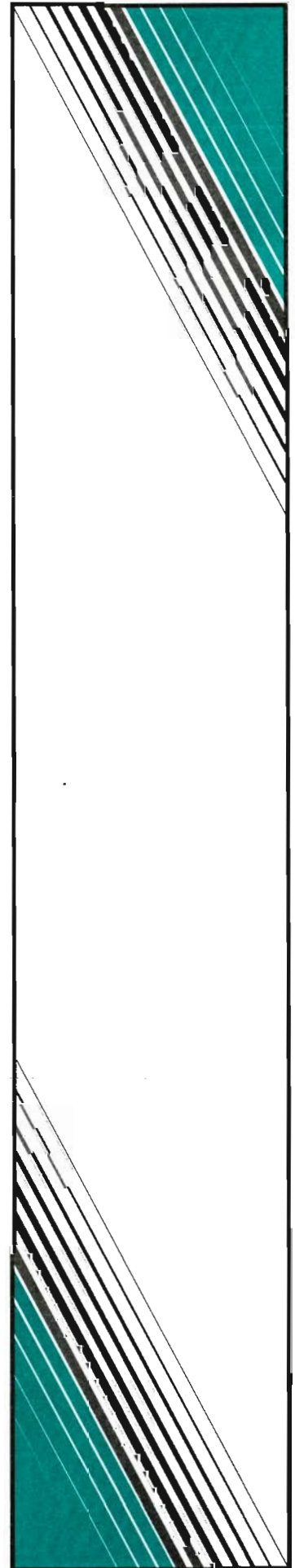
Estate Tax Reform – Congressional Inaction

In early summer, it looked as if Congress would pass estate tax reform legislation. This effort stalled. With mid-term elections near, it is not clear whether this effort will be resurrected any time soon. So, do not wait on Congress to act if your estate plan needs revisions.

We will continue to monitor the status of estate tax reform legislation and keep you updated as to any changes in the legislative area.

Beneficiary Designations

We've mentioned it before but it is worth repeating. It is very important to review your beneficiary designations. At one time, the recommendation was to designate "my estate" on all beneficiary designation forms. This is no longer the case. Due to changes in IRS rules, if you still have this beneficiary designation, it will likely cause problems for your heirs. If you need assistance with the correct beneficiary designations, please contact us.





Inherited IRA Rules Expand

In early August, Congress passed the Pension Protection Act of 2006 (“Act”). While the focus of the Act was to provide stability to corporate pensions, there was also an important provision related to IRAs. Under the Act, a non-spouse beneficiary can roll over a distribution from the company retirement plan of a deceased employee directly to an IRA. You may hear these rollovers called a “trustee-to-trustee transfer” or “inherited IRA.” The benefit is that income tax is due only on the amounts distributed to the beneficiary from the IRA, and not on the decedent’s whole retirement account, thereby allowing the retirement account to continue to grow income-tax deferred. Before passage of the Act, many companies’ retirement plans required the non-spouse beneficiary to take distributions of and pay income tax on the decedent’s full retirement plan accounts within 5 years. The law is effective for distributions in 2007 and later, regardless of the participant’s date of death.

Prepared by:

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