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LIST OF SUBSTANTIVE CHANGES AND ADDITIONS

PPC's Guide to Individual Retirement Accounts

Twentieth Edition (July 2018)

Highlights of This Edition

The following are some of the important new features of the 2018 Edition of *PPC's Guide to Individual Retirement Accounts*:

- **Roth IRA Recharacterizations.** The Tax Cuts and Jobs Act of 2017 (TCJA) repeated the special rule that allowed IRA contributions to one type of IRA (either traditional or Roth) to be recharacterized as a contribution to the other to the other type of IRA, effective for tax years after 2017. Thus, a recharacterization cannot be used to unwind a Roth conversion, but is still permitted with respect to other contributions. The *Guide* has been updated for the change in the law.
- **Miscellaneous Itemized Deductions.** The TCJA suspended the miscellaneous itemized deduction subject to 2%-of-AGI limit for tax years 2018–2025. The *Guide* has been updated for the impact of this suspension.
- **Roth IRAs and Domestic International Sales Corporations (DISCs).** The *Summa Holdings, Inc.* and *Benenson* cases deal with Roth IRAs that owned stock in DISCs. Discussion of these cases has been added to the *Guide*.

In addition to these featured items, your *Guide* includes the following update items:

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
CHAPTER 2 Dealing with Traditional IRAs	1. Noted that the TCJA changed the method in which the COLA adjustment for IRA contributions is calculated.	Section 203
	2. Revised how modified AGI is calculated effective January 1, 2018 for purposes of determining IRA deduction limits.	Section 203
	3. Noted that for tax years 2018–2025, the TCJA allows the saver's credit for certain contributions to an ABL account.	Section 204
CHAPTER 3 Dealing with Roth IRAs	1. Noted that the Department of Treasury announced in 2017 the winding down of the myRA retirement savings program. Discussion of the dissolution of the myRA program has been added in this edition.	Section 302
	2. Noted that the TCJA changed the method in which the COLA adjustment for Roth RA contributions is calculated.	Section 303
	3. Added an additional consideration that should be addressed with the client regarding the viability of a Roth IRA conversion.	Section 306
	4. Added Observation that decrease in tax rates make this a good time to consider Roth IRA conversions.	Section 306

<u>Chapter</u>	<u>Substantive Changes and Additions</u>	<u>Reference</u>
	5. Mentioned that converting a traditional IRA to a Roth IRA may be beneficial if it will be inherited by a trust or an individual subject to kiddie tax because of the higher tax rates applicable to these taxpayers.	Section 306
	6. Added discussion of two recent appeals court decisions that discuss Roth IRAs holding domestic international sales corporation (DISC) stock.	Section 306
	7. The TCJA eliminates the ability to reverse the conversion of a traditional IRA to a Roth IRA. Added discussion of this provision and some tax planning ideas for 2017 conversions that may still be made.	Section 308
CHAPTER 4 Dealing with SEPs, SARSEPS, SIMPLE IRAs, Payroll Deduction IRAs and myRAs	1. Noted that the Department of Treasury announced in 2017 the winding down of the myRA retirement savings program. Discussion of the dissolution of the myRA program has been added in this edition.	Section 418
CHAPTER 6 Planning for Distributions	1. Revised the discussion on recognizing losses on traditional IRAs and Roth IRAs due to a change made by TCJA.	Sections 602 and 603
	2. The 2017 Disaster Relief Act, the TCJA, and the 2018 Budget Act allow exclusion from the 10% early distribution tax for qualified hurricane distributions, qualified 2016 disaster loss distributions, and qualified wildfire distributions.	Section 606
	3. The 2017 Disaster Relief Act and the 2018 Budget Act provide exceptions to the 120-day recontribution rule for certain qualified hurricane distributions and qualified wildfire distributions for withdrawals taken for first-time homebuyer purchases that were unable to be completed due to the disaster event.	Section 606
	4. Added caution regarding potential erroneous use of the Single Life Table.	Section 607
CHAPTER 7 Planning for Rollovers	1. Highlighted a law change allowing a three-year rollover for certain qualified distributions to 2017 hurricane victims or 2016 disaster area victims.	Section 701
	2. TCJA amends the rules for tax-free rollovers of plan loan offsets to provide participants more time to roll over the loan offset amount to an IRA or another employer plan. Added an alert that discusses the new rules.	Section 702
	3. Added an Observation that Info Letter 2017-0018 provides when IRA distributions from the FDIC for a failed financial institution are disregarded in determining the one-rollover-per-year limitation.	Section 702

CHAPTER 9
Dealing with
Compliance

1. Added a comment about the contributions reported by trustees on Form 5498 for SEP and SIMPLE-IRAs. Section 902

CHAPTER 10
Fitting IRA Assets into
an Estate Plan

1. Added comment about how to value an irrevocable annuity payable from an IRA for estate tax purposes. Section 1001
2. Added information on the TCJA change eliminating Roth recharacterizations and how that may impact planning. Section 1007
3. Expanded the Observation regarding state creditor protection for inherited IRAs owned by bankrupt individuals by adding the *Todd* case dealing with the state of New York. Section 1008