WISEMAN · BRAY PLLC
ATTORNEYS AT LAW

ESTATE PLANNING NEWSLETTER

Volume 3, Issue 1
Winter 2007

INSIDE THIS ISSUE:

Larry R. Bray
Attorney & Counselor at Law

Please visit our website at www.WisemanBray.com for more information about estate planning strategies as well as additional information about other services provided by our firm.

Pension Protection Act of 2006

The Pension Protection Act of 2006 (the Act) was signed into law on August 17, 2006. The focus of the Act was to strengthen defined benefit plans, but it also created favorable new rules for IRAs.

Post-Mortem Non-Spousal IRA Rollovers

The Act allows non-spousal beneficiaries to rollover inherited qualified plans [such as a 401(k) or 403(b)] and take distributions over their life expectancy. This "stretch out" of qualified plan distributions is also available to trusts that qualify as designated beneficiaries. In order to take advantage of the new "stretch out" provisions, the following rules apply: (i) the inherited qualified plan must be in the name of the original owner and payable to the original designated beneficiary; and (ii) the funds must pass directly from the original plan to the qualified plan and (iii) the funds can only be used by the beneficiary who qualifies as a designated beneficiary. Since they were previously required to distribute the account over a five year period, this will allow the beneficiary the tax advantages of the longer payout.

Tax-Free Charitable IRA Distributions

Before the Act, the taxpayer making a charitable contribution from his qualified plan was required to include the amount of the distribution as taxable income and then could claim a charitable deduction for the charitable contribution on his tax return. This deduction did not always eliminate all taxable income from the distribution. The Act allows for the exclusion from taxable income if the following criteria are met: (i) the distribution is made in 2007; (ii) the distribution is made directly from the IRA to the charity; (iii) the distribution would otherwise be a taxable distribution; (iv) the owner of the IRA is at least 70½ on the date of the transfer; (v) the distribution is not made from a SEP or SIMPLE IRA; (vi) the distribution qualifies for a charitable deduction; and (vii) the maximum exclusion from gross income is $100,000. The owner of an IRA, who does not need the distribution for living expenses and is over the designated age, can greatly reduce his income and estate taxes and provide more substantial benefit to the charity he has chosen.

Plan to ROTH IRA Rollover

Before the Act, a two step method was required to rollover a qualified retirement plan, 403(b) or 457 to a ROTH IRA. The first step was to roll the assets into a traditional IRA. Then, the taxpayer would be allowed to roll the IRA to a ROTH. The Act now allows taxpayers to roll these plans directly into ROTH IRAs. This direct rollover allows the process to be completed more quickly.

If you are interested in learning more about the Pension Protection Act of 2006 and how it could benefit you and your estate planning,

Larry Bray Attends Heckerling

Larry Bray recently attended the 41st annual Heckerling Institute on Estate Planning sponsored by the University of Miami on January 8 through January 12 in Miami, Florida.

As the largest gathering of estate planning professionals in the country, the Institute offers a unique opportunity for attorneys to exchange ideas, network, and review the latest in technology, products and services.

The Institute's faculty is composed of the nation's foremost estate planning experts. Larry was able to review the year's most significant developments in estate planning, obtain practical guidance on sophisticated estate planning strategies, and address unique planning and drafting issues.

Larry regularly attends sessions on retirement plan beneficiary designations, asset protection planning, business succession planning, and charitable planning, among others.

Larry will continue to seek the best estate planning education in order to provide his clients with the best possible service while drafting the most efficient estate planning documents to comply with ever-changing estate planning laws.

Firm News

We are pleased to announce the opening of our new branch office in Brentwood, Tennessee. Jay Adcox is our new attorney who will be managing this branch. Jay comes to us from Peachtree Planning, where he gained a solid background in wealth management and estate planning. He concentrates his practice in the areas of estate planning and post-death administration, as well as asset protection planning and charitable planned giving. He counsels clients with respect to a wide range of issues relating to wills and trusts, estate planning, trust administration, asset protection, charitable giving, business succession and taxes, and the lease, acquisition and sale of real estate.

This new branch office greatly extends the abilities of Wiseman Bray PLLC to meet the estate planning needs of our clients in the Middle Tennessee area. Our Brentwood branch is located at 205 Powell Place, Suite 103. To discuss your estate planning needs with Jay, you may contact him at (615) 496-4419.

Lang Wiseman
Attorney & Counselor at Law

Business & Commercial Litigation
Construction Disputes
Products Liability
Wrongful Death

Chris Patterson
Attorney & Counselor at Law

Litigation
Probate
Products Liability
Wrongful Death

WISEMAN BRAY PLLC
1665 Bonnie Lane
Suite 106
Memphis, Tennessee 38016
901.372.5003 voice
901.383.6599 fax