

in this issue...

- New Tax, Debt and Financial Calculators
- Estate Planning: Roth IRA Changes
- 2009 Miscellaneous Limitations
- New Tax Law 3/31/10 - HIRE Act

Estate Planning: Roth IRA Changes

Conversions in 2010 and Beyond
By Mary Kay Foss

While similar to a traditional IRA, a Roth IRA distinguishes itself in that contributions aren't tax deductible and may be made after age 70.5; distributions of earnings are tax free once the account is five years old (other requirements may apply); and no minimum distributions are required during lifetime, but required minimum distributions begin after death for non-spouse beneficiaries.

Roth IRA Contributions

As of Jan. 1, 1998, an individual who meets the income limitations can make an annual nondeductible contribution to a Roth IRA up to the excess of the lesser of \$5,000 currently or 100 percent of the individual's earned income, minus the aggregate amount of contributions for the tax year to all other individual retirement plans (other than Roth IRAs or employer contributions to Simplified Employee Pension and Simple IRAs) maintained for the benefit of that individual. An additional \$1,000 (formerly \$500) "catch up" contribution is allowed for a person over 50.

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2009 Miscellaneous Limitations

With April 15th right around the corner, check out these limitation tables. You can find information on Health and Medical Savings Accounts, IRA Limits, Social Security Payback, Kiddie Tax, Gift Tax, Making Work Pay Credit, and much more.

Kiddie Tax

**This tax applies to unearned income of dependents - they are taxed at the parent's rate. California only treats children under age 14 as subject to this tax calculation.*

1. The child is younger than 18 years of age.
2. The child is younger than 19 years of age, and the child's earned income is half or less of the child's support cost.
3. The child is younger than 24 years of age, the child's earned income is half or less of the child's support cost, and the child is a full-time student.

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New Tax Law 3/31/10 - HIRE Act

The President recently signed into law the "Hiring Incentives to Restore Employment Act of 2010" (the HIRE Act, P.L. 111-47). The HIRE Act includes a comprehensive set of measures to reduce offshore noncompliance by giving IRS new administrative tools to detect, deter and discourage offshore tax abuses, as well as a three-year delay (through 2020) of implementation of worldwide allocation of interest- the liberalized rule for allocating interest expense between U.S. sources and foreign sources for purposes of determining a taxpayer's foreign tax credit limitation.

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New Tax, Debt and Financial Calculators

Have you ever asked yourself the following questions?

- How do I calculate and manage credit card debt?
- Does a Roth IRA conversion make sense for me?
- What does it take to become a millionaire?

You can find the answers with GROCO's new Financial Calculators. GROCO has made available 100 tax, debt and financial calculators on their website, www.groco.com. The best part is access is completely free!

Managing Partner, Alan L. Olsen, stated, "Information is power. At times like these, informed financial and tax decisions are more important than ever. Our original goal was to help our clients feel both safe and empowered. However, we quickly realized how many people need these calculators to answer extremely personal and important questions."

In anticipation of the upcoming April 15th tax deadline, individuals are particularly interested in seeking answers to specific financial, tax and loan questions. An accurate evaluation is the first step to making the best decision.

[Click Here to View All 100 Calculators...](#)

Upcoming Due Dates

[Upcoming Tax and Accounting Deadlines](#)

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