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## Quote of the Day

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"Some cause happiness  
 wherever they go; others,  
 whenever they go." -- Oscar  
 Wilde (1854-1900)

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## Points to Ponder

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We recommend reading  
 "The Dan Sullivan  
 Question" by Dan Sullivan.  
 It asks a unique question  
 that calls us to sharpen our  
 view of our future. Read it  
 and be blessed.

## IRAs--So Simple, Yet So Complex

Over the years, individual retirement accounts (IRAs) have become an increasingly important planning tool for retirees. Generally speaking, taxes on earnings and gains within an IRA can be delayed until the funds are withdrawn. Congress has also allowed these tax deferral benefits to be passed-on to children, even after the IRA owner dies. Thus, children who inherit an IRA from a parent are permitted to "stretch" the required minimum distributions over their own lifetimes, resulting in a significant income tax benefit to the children.

Yet life is not always so simple! Recent Texas cases have determined that an IRA, once inherited by children, is available for the children's creditors, and even their spouses upon divorce. These potentially disastrous results can be avoided by having the IRA go into a "qualified" trust for the benefit of the children. This should both protect the IRA from creditors and also preserve the special IRA "stretch" benefits described above. It is critical, however, that both the trust and IRA beneficiary designation be carefully drafted to comply with complex state law and IRS requirements.

In some circumstances, a husband may wish to leave his IRA to his wife from a second marriage, while ensuring that his own children, and not step-children, receive the IRA when his wife dies after him. In most instances, this involves the creation of a qualified trust to own the IRA during the surviving spouse's lifetime.

Please contact us so we can guide you through the maze of state and federal laws, cases and regulations that make this area a minefield for the unwary.

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## Looking Ahead

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We will explore the top ten most easily avoidable estate planning mistakes.

## Estate Tax Legislaton

With the 2001 changes to the federal estate tax soon to expire, Congress has been considering legislation to make the current estate tax rates and exemption amounts permanent. However, Congress' continued focus on health care and other routine spending bills may very well prohibit the passage of such legislation until 2010. Stay tuned!

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DISCLAIMER: The article presented in this newsletter is not a complete discussion of all legal issues. Because recommendations will vary in every situation, please request a personal legal consultation.

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