



THOMAS J. O'CONNELL
REGISTERED INVESTMENT ADVISOR
CERTIFIED SENIOR ADVISOR
PUBLISHER

RETIREMENTFINANCES

SPECIALIZING IN WEALTH MANAGEMENT AND ASSET PRESERVATION
FOR CURRENT & PRE-RETIRES

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New Year, New IRA Rules

Three 2008 tax law changes that IRA holders should know about.

Now that most of you are filing your 2007 tax returns, let's take a look at three notable changes for 2008 involving IRAs and one change that did not occur.

Higher IRA contribution limits. If you have a Roth IRA or traditional IRA, you can contribute up to \$5,000 to it for 2008. That's up from \$4,000 limit for 2007. If you will be 50 or older at the end of 2008, you can contribute an additional \$1,000 to your IRA as a catch-up contribution.

This raised contribution limit allows you to take more advantage of the power of compounding interest. Hypothetically, let's say your IRA earns a consistent 5% annual return for the next five years. Do the simple math, and you will see that \$1,000 at 5% annual growth compounds to \$1,276.25 in five years, and \$5,000 at 5% annual growth compounds to \$6,381.41

If you have both a Roth IRA and a traditional IRA, your total contribution to both accounts can not exceed \$5,000 for 2008 (\$6,000 if you are age 50 or older).

Remember there are income limits to allow for IRA deductibility and participation so be sure to check with your tax professionals.

The end of the IRA charitable rollover. Charities and universities are rightly mourning the loss of a great gifting opportunity. The 2006 Pension Protection Act allowed taxpayers over age 70½ the chance to reduce their taxes through an IRA gift during 2007 – a direct IRA rollover to the non profit of their choice.

But in 2008, the opportunity has disappeared, as Congress took no last minute action to save it.

You can still make charitable gifts in 2008 using your IRA. You just have to do it the old fashion way: you report the IRA withdrawal as income and declare an offsetting income tax deduction for the charitable contribution. The AGI cap on charitable contributions and the itemized deduction phase-out may restrict this so be sure to consult your tax professional.

A possibility to do a direct rollover from a 401(k) to a Roth IRA. Previously, assets from a 401(k) had to be rolled into a traditional IRA before they could be rolled into a Roth IRA. Starting in 2008, certain 401(k) plan participants can make a direct rollover. Consult a qualified, professional financial advisor to see about your eligibility before doing this.

Non spouse 401(k) or pension plan rollovers. In the past, most pension plans including 401(k)s and the like, did not allow non spouse beneficiaries to take life expectancy payments thus forcing them to take lump sum distributions or take distributions over a five year period. The Pension Protection Act of 2006 tried to correct this however there was some confusion between the IRS and Congress as to what it exactly meant. The bottom line is that Congress failed to include a provision in The Tax Technical Corrections Act of 2007, thus all but disallowing your beneficiaries to stretch your pension assets over their life expectancy, once again creating the "IRA Tax Bomb".

If you want to save your heirs from paying one of the biggest taxes in their lifetime or you have questions about your IRAs please fill out and return the attached coupon to us or call us at 973-394-0623.

Recent News About Senior Wealth Solutions, LLC

Well, for those of you who are our regular readers, you know that my most recent vacation was to Africa to climb Mt. Kilimanjaro in the country of Tanzania. I made it! All 19,340 feet of it. Most of my friends think I went to the Caribbean and just said I was climbing Mt. Kilimanjaro, so here's the proof. I'm including some photos of my latest adventure.

Thank you to everyone who has asked about my trip and to everyone who was patient enough to wait for me to return to assist them in their requests. Finally, a big shout-out to Super-Assistant Ted Howell who handled everything so expertly in my absence.

◆ *These articles are not intended to provide tax or legal advice and should not be relied upon for such. They are summaries of our understanding and interpretation of some of the current laws and regulations and are not exhaustive. Investors should consult their legal or tax advisor for advice and information concerning their particular circumstances.*

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Please contact me about the information on these items mentioned in your newsletter:

- Yes, I'm interested in utilizing the IRA rules to my fullest advantage. Please call me.
- Yes, I'm afraid of the looming tax catastrophe my family faces when inheriting my retirement plans. Can you help me?
- I am not sure if my beneficiary designations are set up correctly? Can you help me?
- It is time for me to get a new financial advisor. Can we meet?

I would like to have a copy of these booklets (enclose \$1 for each)

- Avoid Mistakes in Buying Long-Term Care Insurance
- Annuity Owner Opportunities (a must read if you own an annuity)
- Mistakes in Selecting Mutual Funds
- Six Ways Retirees Can Cut Taxes
- IRA Distribution Mistakes
- CD Shoppers' Guide

I think these people would like to receive your newsletter and an invitation to your next public presentation:

Name _____

Address _____

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Name _____

Address _____

(Please provide names and addresses with zip codes.)

Our next scheduled Retirement Survival Workshops are:

March 11th & 18th

Redwoods Grill & Bar
459 Main Street
Chester, NJ 07930

March 25th & April 2nd

Bretton Woods
361 Speedwell Avenue
Morris Plains, NJ 07950

*Workshop begins at 4:00PM. Arrive at the
restaurant by 3:30PM*

Late Arrivals will not be admitted!!!!!!!!!!

NO ALCOHOLIC BEVERAGES WILL BE SERVED

Please call 1-800-765-3817 to make a reservation.

Important: The restaurants mentioned above can not provide you with a reservation or other information about the workshop. Please call the 800 number listed for any and all information.

