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New IRA/Retirement Plan Proposed Regs:

1. Simplified uniform table sets required annual minimum distributions for everyone beginning at 70 $\frac{1}{2}$. Now at 70, you have 26.2 years (*See, Table, Appendix A*).
 - a. For most people, this will mean lower required annual distributions. This means more for your heirs to inherit. Of course, you can always take out a greater distribution if you want to.
 - b. If your spouse is more than 10 years younger than you, you can elect to use your joint life expectancy instead of the Table, which can mean an even lower annual payment.
2. The new rules automatically apply to IRAs beginning January 1, 2001. Retirement Plans must be amended to use new rules for 2001, but it will be automatic for 2002.
3. IRA owners can now change their beneficiary designation forms as many times as they want to before death.
4. If you name multiple beneficiaries to your IRA, each beneficiary can take out distributions over his or her own life expectancy, determined in the year after your death. (*See, Table, Appendix B*).
5. The bottom line is that it is easier to leave large retirement assets to your heirs and defer income taxes massively. For example, a 20 year old grandchild who inherits your \$100,000 IRA, assuming earnings of 10% per year, will inherit a total of \$5,881,640 over his 61.9 year life expectancy!

<u>Year</u>	<u>Principle</u>			<u>Interest Rate</u>		<u>Interest Earned</u>	<u>Year-End Total</u>
1	30,000.00	+		x 10%	=	3,000.00	\$33,000.00
2	30,000.00	+	33,000.00	x 10%	=	6,300.00	\$69,300.00
3	30,000.00	+	69,300.00	x 10%	=	9,930.00	\$109,230.00
4	30,000.00	+	109,230.00	x 10%	=	13,923.00	\$153,153.00
5	30,000.00	+	153,153.00	x 10%	=	18,315.30	\$201,468.30
6	30,000.00	+	201,468.30	x 10%	=	23,146.83	\$254,615.13
7	30,000.00	+	254,615.13	x 10%	=	28,461.51	\$313,076.64
8	30,000.00	+	313,076.64	x 10%	=	34,307.66	\$377,384.31
9	30,000.00	+	377,384.31	x 10%	=	40,738.43	\$448,122.74
10	30,000.00	+	448,122.74	x 10%	=	47,812.27	\$525,935.01
11	30,000.00	+	525,935.01	x 10%	=	55,593.50	\$611,528.51
12	30,000.00	+	611,528.51	x 10%	=	64,152.85	\$705,681.36
13	30,000.00	+	705,681.36	x 10%	=	73,568.14	\$809,249.50
14	30,000.00	+	809,249.50	x 10%	=	83,924.95	\$923,174.45
15	30,000.00	+	923,174.45	x 10%	=	95,317.45	\$1,048,491.90
16	30,000.00	+	1,048,491.90	x 10%	=	107,849.19	\$1,186,341.09
17	30,000.00	+	1,186,341.09	x 10%	=	121,634.11	\$1,337,975.19
18	30,000.00	+	1,337,975.19	x 10%	=	136,797.52	\$1,504,772.71
19	30,000.00	+	1,504,772.71	x 10%	=	153,477.27	\$1,688,249.98
20	<u>30,000.00</u>	+	1,688,249.98	x 10%	=	<u>171,825.00</u>	<u>\$1,890,074.98</u>
	\$600,000.00					\$1,290,074.98	

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