



# Tax Professional News

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### *President Bush's Proposed Pension Plan Special!*

1. The Lifetime Savings Account or *LSA*.
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4. The Individual Development Account or *IDA*.

### **Jennings Seminars-Coming to a city near you in 2005**

With over 85 seminar dates already scheduled for 2005, including our vacation seminar, we will be in a city near you during the year! Sign up for our mailing list at [http://www.taxspeaker.com/mailling\\_list.asp](http://www.taxspeaker.com/mailling_list.asp), and watch our 2005 calendar for updates during tax season at: <http://www.taxspeaker.com/calendar.asp>

## LSA- The Lifetime Savings Account

This savings account, which has no limits based on age or income, would allow a \$5,000 annual contribution, indexed for inflation.

Contributions would be nondeductible (like Roth IRAs), and earnings would accumulate tax-free. Distributions would be exempt from tax.

No minimum distribution rules would apply at any age. Contributors could make annual contributions to the accounts of other people.

Conversions would be allowed from Coverdell ESAs and Qualified Section 529 tuition plans.

Taxpayers could also maintain health savings accounts.

*We will provide in-depth coverage of all pension plans and all changes in our 2005 seminars! Go to <http://www.taxspeaker.com/calendar.asp> for the latest schedule near you or to sponsor a seminar in your city or firm.*

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## RSA- The Retirement Savings Account

This savings account, which has no limits based on age or income, would allow a \$5,000 annual contribution, indexed for inflation.

Contributions would be nondeductible (like Roth IRAs) and earnings would accumulate tax-free. Distributions would be exempt from tax.

Qualified distributions could be made after age 58 or in the event of death or disability. Distributions in excess of prior contributions would be included in income and subject to an additional tax.

Roth IRAs would be renamed RSAs and benefit from the new rules for RSAs.

Existing traditional and nondeductible IRAs could be converted into an RSA by taking the conversion amount into gross income, similar to a current-law Roth conversion. No income limit would apply to the ability to convert.

Existing traditional and nondeductible IRAs that are not converted to RSAs could not accept any new contributions after 2005.

New traditional IRAs could be created to accommodate rollovers from employer plans, but they could not accept any new individual contributions.

**2005 Vacation Seminars-20 hours of CPE in Rocky Mountain National Park!**

Enjoy fishing, hiking, shopping, mountain scenery and family time in this magnificent location.

Seminars are scheduled during the mornings so that you have afternoons and evenings for your own enjoyment-and we provide you with "first-hand" tips about where to go and what to do direct from our own local expert.

The spectacular Rocky Mountain Holiday Inn has given us a special discounted rate.

Click on this link for more information:

[http://www.taxspeaker.com/Rocky\\_Mountain\\_High.asp](http://www.taxspeaker.com/Rocky_Mountain_High.asp)

Meet some of our other speakers:

**Steve Haworth CPA**

Employed by the IRS for over 10 years, Steve left the dark side and formed his own firm in 1988.

Well known as an exciting national speaker for over 20 years, Steve has been overly active in both the Indiana CPA and PA Societies. Steve tells us he wants to speak so that he doesn't have to answer any client phone calls on 941 penalty letters!

Steve will be speaking at accounting, 1040 and business tax seminars in 2005.

**Judy Cahill**

Judy has been a *Microsoft*

Individuals wishing to roll an amount directly from an employer plan to an RSA could do so by taking the rollover amount (excluding basis) into gross income (i.e., "converting" the rollover, similar to a current law Roth conversion).

Several of the withdrawal exceptions would be eliminated, increasing the likelihood that money set aside for retirement is there for retirement.

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**ERSA- The Employer Retirement Savings Account**

Many previously existing retirement plans (401k, SIMPLE, 403b, 457 and SARSEP) would be combined in this 1 uniform plan accessible to all employers.

The new plan would be much simpler for employers to administer, so employers who are not already sponsoring a plan, especially smaller employers without the resources for administering plans, will be more likely to offer a retirement savings program for their employees.

A single nondiscrimination test would apply to ERSA contributions, as compared to the double test that currently applies to 401(k) plan contributions.

Employers could avoid nondiscrimination testing altogether if they satisfy a simplified safe harbor.

ERSAs sponsored by state and local governments and section 501(c)(3) organizations would not be subject to nondiscrimination testing under certain circumstances.

A simple custodial ERSA would be allowed for employers with 10 or fewer employees to help reduce costs to small businesses and encourage them to offer plans. The custodial ERSA would be similar to a current-law IRA. Employers would be exempt from annual reporting requirements and provided relief from most ERISA fiduciary rules similar to the relief provided to sponsors of SIMPLE IRAs.

The rules applicable to defined benefit plans would not be affected by this proposal.

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**IDA- The Individual Development Account**

Targeted to lower income taxpayers, these accounts would provide a dollar for dollar matching contribution for taxpayer contributions of up to \$500.

Single filers with incomes below \$20,000, joint filers with incomes below \$40,000 and head of household filers with incomes below \$30,000 would be eligible.

Matching contributions would be supported by a 100 percent tax credit for sponsoring financial institutions that provide matches to individuals.

A \$50 per account credit would be available for financial institutions to cover ongoing costs of maintaining and administering each account and providing financial education to participants.

Qualified withdrawals of contributions and matching funds would be allowed for higher

certified trainer for many years and, for a geek, actually has a personality!

An award-winning Windows training expert, Judy will be teaching our 4 1-hour segments on Windows, Word, Excel and Outlook at our nationwide 2-day Technology seminars. Have you got *Windows* or *Office* questions? Bring them to Judy and she will answer them!

### **Chris Engel CPA**

A long-time international speaker, and a former speaking associate with Bob, Chris spoke in North Dakota a few years ago and got caught in a blizzard. She worked her way out this year to come back to the speaker's circuit!

With over 20 years of public accounting experience, Chris blends her tax knowledge with her exciting speaking style.

Be sure to ask Chris about her time speaking in Hong Kong.

Chris will be co-presenting farm, 1040 and business tax seminars this year.

### **Bryan Hurst CPA**

Bryan has the misfortune of being a partner with Bob Jennings in their CPA firm.

A former tax specialist with a Big 8, er 6, er 5, I mean final 4 CPA firm, Bryan has extensive training experience with intricate tax issues, especially LLC's, international tax, Section 263a and similar exciting issues.

education, first-time home purchase, and small business capitalization.

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We will end this edition with a little humor for your 2005 tax season. We promise you a similar useless but funny picture every newsletter-remember "*We make taxes fun!*"



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His poor tax planning resulted in Bryan and his wife having a new child after December 31, 2004.

Bryan will speak at 1040 and business tax seminars in 2005.

**Jennings Seminars**

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