

MPT's Ed Slott Speaks At AACC

By Darrell Mak

Ed Slott, the TV personality from Maryland Public Television's show "Stay Rich for Life!" was the featured speaker at a recent seminar hosted by Retirement Planning Services at Anne Arundel Community College. Hundreds of attendees flocked to the seminar to hear Slott discuss various considerations retired and those contemplating retirement should take when assessing their retirement strategies.

"Ed Slott is the IRA guru," Mike Steranka, CEO of Retirement Planning Services in Millersville said. "You're in for a real treat."

Slott has garnered a number of accolades from the investment community over his career. He was named as "the Best" source for individual retirement account advice by *The Wall Street Journal* and also called "America's IRA Expert" by *Mutual Fund* magazine.

"We're going to have fun today because we're going to be talking about taxes," joked Slott as he began his presentation. Slott's main message to the audience was to employ strategies now to reduce or eliminate retirement account tax liabilities in the future.

As a firm believer tax



Photo by Darrell Mak

Ed Slott's recent seminar at Anne Arundel Community College offered tips on saving on taxes and retirement funds.

rates have nowhere to go but up, he said it makes sense to pay lower taxes now rather than higher taxes later. "Tax rates are on sale now," noted Slott. "Rates will be much higher in the future."

While retirement account owners may be pleased with the large balances they've accumulated in their accounts over the years, most don't realize the government could own a sizable portion of that balance, explained Slott. Unless the funds are in a Roth IRA, the government will tax withdrawals from a retirement account, leaving retirees with much less than what they see on

paper.

"Taxes are the single most important factor standing between you and your money," said Slott. "Most people don't have an exit strategy. You have to have a plan. If you don't have a plan, your money is going to the government, and you've been building a savings plan for the government all these years."

Converting traditional IRAs into a Roth IRA is one strategy Slott recommends to pay lower taxes now to avoid higher taxes later. The current tax rates "may be the lowest tax rates we will see," advised Slott.

As opposed to previous

years, beginning in 2010 taxpayers can now convert a traditional IRA to a Roth IRA with no income restrictions. Still, Roth IRA conversions can be complicated and may not make sense for everyone, but it is an option worth investigating. Slott invited attendees to have a free consultation with a Retirement Planning Services advisor to review their situations.

With Roth IRAs, contributions grow without taxes and are not taxed upon withdrawal in retirement. In addition, Roth IRAs aren't subject to the same minimum distribution requirements that traditional IRAs are, so balances can continue to compound tax free indefinitely.

Another strong recommendation from Slott was to ensure IRA account beneficiary forms are up to date. With a properly filed beneficiary form, IRA account assets are not subject to probate, but matters could get very complicated if a beneficiary form is not submitted or becomes out of date.

"People update their cell phones, iPods, and e-mail more often than their beneficiary form," said Slott. "When you update your iPod, update your beneficiary form!"