

Nest eggs get a break--only for 2009

NEW YORK (1/14/09)--A new tax law gives some beleaguered investors a break from having to take required minimum withdrawals from their tax-deferred retirement accounts--but only for 2009 (*The Wall Street Journal* Dec. 26).

Suspending required minimum distributions from traditional individual retirement accounts (IRAs) and 401(k)s allow you to leave your nest egg alone in 2009--if you can afford to--so you can recover some of your recent losses.

Make sure you follow the rules:

- If you choose to take advantage of the new law, you must voluntarily request that the payment be suspended.
- If you turned 70 ½ in 2008 and planned to take your first withdrawal by April 1 of this year, you're not off the hook; you're still bound by the rules effective for 2008 withdrawals.
- Beneficiaries of inherited IRAs and retirement plan benefits also get the same limited reprieve--just for 2009--from receiving required minimum distributions (*J.K.Lasser.com* Dec. 22).
- For required minimum distributions under the five-year rule, the five-year period is determined without regard to calendar year 2009. For example, if the person died in 2007, the end of the five-year period is 2013 instead of 2012.

Contact Freedom and ask about the requirement to waive the 2009 amount. If you don't take any action, you'll continue to receive the distribution.