1. **The New Fixed Income Playbook: Lock in Gains with Modern Fixed Income Annuities.** As advisors and clients continue to search for reliable retirement income alternatives, one bright star has emerged among the many contenders: the fixed indexed annuity (FIA).  The FIA’s ascent is, at least in part, due to the fact that many of the historical objections to fixed annuity products have been overcome by the development of a new set of indexed annuity features that, when combined with modern market forces, provide a powerful fixed income alternative.  In fact, today’s FIAs often offer features, such as annual interest crediting to lock in gains each year, that have generated returns in excess of traditional “safe” investment products (think corporate bonds) while still providing for 100 percent principal protection.  The end result is undeniable—FIAs have been established as major players in the fixed income world, and it’s time for a second look.  **(Read More**: Link to FIAs\_Retirement Income).
2. **New Guidance on IRA Distribution and Conversion Strategies.**Once a taxpayer has accumulated a substantial retirement nest egg within an IRA, attention often shifts to minimizing distributions once the IRS required minimum distribution (RMD) rules kick in.  Many taxpayers turn to Roth conversions in order to minimize their taxable distributions once they reach age 70.5.  The question then becomes whether it is most beneficial to use a Roth IRA or Roth 401(k) as the recipient retirement account. We now provide important information that taxpayers should consider when choosing whether to use a Roth IRA or Roth 401(k) as part of their conversion strategy.  For this and other comprehensive guidance on IRA planning, visit Tax Facts on Insurance and Employee Benefits Online.  **(Read More**: Link to 5.6 IRA Qs).
3. **Last Window of Opportunity: Pre- Age 70 ½ Moves that Maximize IRA Value.** Almost any IRA owner will tell you that the year in which he or she turns 70 ½ is the most critical year of the IRA lifecycle—the required minimum distribution (RMD) rules kick in, shifting the focus from accumulation to distribution of assets.  What many of these clients don’t realize, however, is that the actions taken in the year prior to age 70 ½ can actually prove to be much more important when it comes to maximizing the value of those IRA funds.  Both contribution and distribution rules change in the year the account owner turns 70 ½ so, in reality, it is the year prior to this year that becomes most important in the IRA lifecycle—as the last year clients can take steps to reduce their RMDs and the associated tax liability that they generate.  **(Read More:** Link to Pre\_RMD IRA Planning).
4. **Updated Guidance on Inherited IRAs and the NIIT Impact on Conversions.** The rules governing IRA distributions and conversions are complicated enough on their own--but when inherited IRAs and the new tax on net investment income are thrown into the mix, even the most financially astute client can run afoul of the rules.  Because it has become common for the average client to hold at least a portion of his or her wealth in an IRA, the likelihood that IRA funds will be inherited upon the client’s death has also increased—and the fact that a primary benefit of the inherited IRA is the ability to stretch tax deferral over the beneficiary’s lifetime only leads to the conclusion that inheriting an

inherited IRA is likely to become much more typical.  However, the rules that apply in the case of an inherited, inherited IRA differ from those that apply to an IRA that is inherited for the first time.  Further, though the new tax on net investment income typically does not apply to retirement account distributions, another area of complication arises when a Roth conversion causes an individual's AGI to exceed the threshold limits.   **(Read More**: Link to 4.29 IRA Qs).

1. **CMS Issues Medicare Part D Requirements for Creditable Coverage.**Under the Medicare Prescription Drug, Improvement, and Modernization Act of 2003 (MMA), eligible individuals who do not enroll in Part D when first available, but who enroll later, have to pay higher premiums permanently unless they have creditable prescription drug coverage.  Employers are required to provide notice as to whether coverage is creditable.  Whether coverage is creditable is based upon whether the employer's coverage is at least as good as standard Medicare prescription drug coverage.  CMS has recently issued the standard levels for creditable coverage in 2016, as follows:(1) the deductible limit is $360, (2) the initial coverage limit is $3,310, (3) the out-of-pocket threshold is $4,850.   **(Read More:** Link to Q334.01).
2. **Avoid an Income-Based Chain Reaction to Reduced Social Security Benefits.**Clients who have already retired rely upon the steady, predictable receipt of a monthly Social Security benefit—and a reduction in the amount of that benefit check can cause major planning issues.  Unfortunately, the situation is not uncommon, as unplanned increases in income—whether because of a property sale or extra IRA distribution—can easily cause clients to be pushed into the realm of the Medicare income-based surcharge.  What most clients don’t realize is that a spike in income during one year can cause a chain reaction that will eventually lead to a reduction in that stable monthly Social Security check—unless the client plans in advance to avoid this uncomfortable surprise.  **(Read More**: Link to Social Security Income Changes).
3. **HDHPs Unlock HSA Strategy for Older Clients.**Implementation of the Affordable Care Act provisions is in full swing, and along with it, the use of high deductible health plans (HDHPs) is on the rise—a trend that will only continue as the so-called “Cadillac tax” on expensive employer-sponsored health insurance comes into play.  As the workforce ages, however, more clients who are approaching retirement age may see their health coverage change to include HDHPs.  While some might view this change as a negative development, in reality, this evolving system can open the door to powerful planning strategies—and combining HDHPs with health savings accounts (HSAs) can allow clients to take advantage of a tax advantaged savings technique to maximize the value of those high deductible plans.  Special considerations apply in coordinating Medicare and Social Security benefits with an HDHP/HSA strategy, however, so it’s

important that advisors look at the planning puzzle from all angles when pitching the plan to clients who are close to retirement age.  **(Read More**: Link to HDHP Older Clients).

1. **IRS Releases 2016 HSA Contribution Limits.**The IRS has recently released the annual contribution limits for health savings accounts (HSAs), as well as the standards for defining a high deductible health plan (HDHP) in 2016.  For 2016, the deductible contribution limit to an HSA for an individual with self-only coverage increases to $3,350.  The limit for family coverage increases to $6,750 for 2016.  For 2016, an HDHP will be defined as a health plan with an annual deductible of not less than $1,300 for self-only coverage or $2,600 for family coverage.  Annual out-of-pocket expenses (which include deductibles, co-payments and other amounts, but not premium costs) for an HDHP cannot exceed $6,550 in 2016 for self-only coverage, or $13,100 for family coverage.   (**Read More**: Link to Q8748).