If you already have an IRA, the article below should bring you up to date.

IRA Developments

by Dyches Boddiford

- For 2016, the IRA contribution limit remains the same as 2015, $5,500 and $6,500 if you attain age 50 during 2016.

- IRAs are allowed to invest in master limited partnerships, but be careful. MLPs often make big distributions to investors each year which attracts investors. MLPs issue Schedule K-1s to their owners, including retirement plans such as IRAs, reporting the owner's share of business income or losses.

  Be careful because the IRA can owe tax here. If its share of taxable income from all of its MLP investments is more than $1,000 in a year, then the excess is subject to a tax up to 39.6%. Also, losses from IRA-owned MLPs aren't deductible by the account owners. (Fish, TC Memo. 2015-176).

- SIMPLE IRAs become more portable In 2016. If you want to move money from another retirement plant to your SIMPLE IRA, you can do so as long as you participated in the SIMPLE IRA plan for two years. This will help some people consolidate multiple retirement accounts.

- Qualified Charitable Distributions have been permanently allowed as of the December tax act. This allows IRA owners and beneficiaries who are age 70 ½ and older to directly transfer up to $100,000 to a charity tax-free. This ends years of last-minute renewals in the past.

- The fee to get a private letter ruling approving late rollovers to IRAs is going up. For years, the top fee for seeking a waiver of the 60-day rollover period was $3,000. Beginning Feb. 1, IRS will charge $10,000 for all requests involving late rollovers! And the same fee will apply to requests for extra time for Roth IRA re-characterizations. (*So do them right the first time.*)

- The IRS has made it official. Trustee-to-trustee transfers avoid the one-rollover-every-12-months rule. For those with multiple IRAs, the limit of one rollover every 12 months applies on an aggregated basis to all of the IRAs, and not on an IRA-by-IRA basis.

  So if you withdraw from an IRA and timely roll the money back, you can't then withdraw funds from any other IRA during the following 12 months and do another tax-free rollover. But, IRA owners can continue to make unlimited trustee-to-trustee transfers between IRAs because such direct transfers of IRA funds aren't considered to be rollovers. Interestingly, this is also true where the IRA owner is given a check payable to the new IRA for his or her benefit.

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