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ALSO IN THIS ISSUE –

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IRS Issues New HSA Plan Agreement Forms

The IRS recently released updated versions of Form 5305-B (Health Savings Trust Account) and Form 5305-C (Health Savings Custodial Account). The revised Form 5305-C is set forth on pages 2 & 3.

The primary changes – the contribution limits for 2011 and 2012 are set forth in Article II and Article VI has been revised to show the penalty tax for distributions not used to pay qualified medical expenses is now 20% rather than 10%.

Remember, an HSA custodian is not allowed to accept HSA contributions in excess of $7,150 for 2011 and $7,250 for 2012 unless it would be a qualifying rollover. See the second sentence of Article I, "No contributions will be accepted by the custodian for any account owner that exceeds the maximum amount for family coverage plus the catch-up contribution."

The IRS in many of its publications is again reminding people that financial institutions and individuals need to be using the most current version of an IRS tax form. To do otherwise, may result in compliance problems.

An HSA custodian wants to be using updated HSA plan agreements.

If an HSA custodian has not already done so, we suggest 2011/2012 HSA amendments be furnished to existing HSA accountholders. If you already furnished CWF's 2011/2012 amendments, such changes were covered and need not be furnished again. ◆

Excess Roth IRA Contributions – Correct By Recharacterizing and Then Convert

Sally and Sam are age 41 and are excellent clients. Each is a 401(k) participant. They find themselves in the following enviable position. Each made a $5,000 contribution to his and her Roth IRA during 2011 for tax year 2011. In prior years their income has never been so high that they were ineligible to make some or all of their Roth IRA contributions. In January of 2012 each had put an additional $5,000 into his/her Roth IRA for tax year 2012. Sally and Sam do not presently have traditional IRAs.

In early February, they met with their tax preparer, Hillary. She tells them that their income was too high for 2011 and therefore their Roth IRA contributions for 2011 are excess contributions. They will be subject to the 6% excess contributions tax unless timely corrected. Most likely their 2012 Roth IRA contributions will also be excess contributions as they expect their 2012 income to be higher than their 2011 income.

Hillary tells Sally and Sam to recharacterize their Roth IRA contributions for 2011 to be traditional IRA contributions for 2011, their Roth IRA contributions for 2012 to be traditional IRA contributions for 2012 and then convert the combined amounts to their Roth IRA.

After the recharacterization each has $10,080 in his or her traditional IRA.

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Form **5305-C**
(Rev. December 2011)
Department of the Treasury
Internal Revenue Service

Health Savings Custodial Account

(Under section 223(a) of the Internal Revenue Code)

Do not file with the Internal Revenue Service

Name of account owner	Date of birth of account owner	**Identifying number** (see instructions)
Address of account owner (Street address, city, state, ZIP code)		
Name of custodian	Address or principal place of business of custodian	

The account owner named above is establishing this health savings account (HSA) exclusively for the purpose of paying or reimbursing qualified medical expenses of the account owner, his or her spouse, and dependents. The account owner represents that, unless this account is used solely to make rollover contributions, he or she is eligible to contribute to this HSA; specifically, that he or she: (1) is covered under a high deductible health plan (HDHP); (2) is not also covered by any other health plan that is not an HDHP (with certain exceptions for plans providing preventive care and limited types of permitted insurance and permitted coverage); (3) is not enrolled in Medicare; and (4) cannot be claimed as a dependent on another person's tax return.

$ ______________________________ dollars in cash is assigned to this custodial account.

The account owner and the custodian make the following agreement:

Article I

1. The custodian will accept additional cash contributions for the tax year made by the account owner or on behalf of the account owner (by an employer, family member, or any other person). No contributions will be accepted by the custodian for any account owner that exceeds the maximum amount for family coverage plus the catch-up contribution.
2. Contributions for any tax year may be made at any time before the deadline for filing the account owner's federal income tax return for that year (without extensions).
3. Rollover contributions from an HSA or an Archer Medical Savings Account (Archer MSA) (unless prohibited under this agreement) need not be in cash and are not subject to the maximum annual contribution limit set forth in Article II.
4. Qualified HSA distributions from a health flexible spending arrangement or health reimbursement arrangement must be completed in a trustee-to-trustee transfer and are not subject to the maximum annual contribution limit set forth in Article II.
5. Qualified HSA funding distributions from an individual retirement account must be completed in a trustee-to-trustee transfer and are subject to the maximum annual contribution limit set forth in Article II.

Article II

1. For calendar year 2011, the maximum annual contribution limit for an account owner with single coverage is $3,050. This amount increases to $3,100 in 2012. For calendar year 2011, the maximum annual contribution limit for an account owner with family coverage is $6,150. This amount increases to $6,250 in 2012. These limits are subject to cost-of-living adjustments after 2012.
2. Contributions to Archer MSAs or other HSAs count toward the maximum annual contribution limit to this HSA.
3. For calendar year 2009 and later years, an additional $1,000 catch-up contribution may be made for an account owner who is at least age 55 or older and not enrolled in Medicare.
4. Contributions in excess of the maximum annual contribution limit are subject to an excise tax. However, the catch-up contributions are not subject to an excise tax.

Article III

It is the responsibility of the account owner to determine whether contributions to this HSA have exceeded the maximum annual contribution limit described in Article II. If contributions to this HSA exceed the maximum annual contribution limit, the account owner shall notify the custodian that there exist excess contributions to the HSA. It is the responsibility of the account owner to request the withdrawal of the excess contribution and any net income attributable to such excess contribution.

Article IV

The account owner's interest in the balance in this custodial account is nonforfeitable.

Article V

1. No part of the custodial funds in this account may be invested in life insurance contracts or in collectibles as defined in section 408(m).
2. The assets of this account may not be commingled with other property except in a common trust fund or common investment fund.
3. Neither the account owner nor the custodian will engage in any prohibited transaction with respect to this account (such as borrowing or pledging the account or engaging in any other prohibited transaction as defined in section 4975).

Article VI

1. Distributions of funds from this HSA may be made upon the direction of the account owner.
2. Distributions from this HSA that are used exclusively to pay or reimburse qualified medical expenses of the account owner, his or her spouse, or dependents are tax-free. However, distributions that are not used for qualified medical expenses are included in the account owner's gross income and are subject to an additional 20 percent tax on that amount. The additional 20 percent tax does not apply if the distribution is made after the account owner's death, disability, or reaching age 65.
3. The custodian is not required to determine whether the distribution is for the payment or reimbursement of qualified medical expenses. Only the account owner is responsible for substantiating that the distribution is for qualified medical expenses and must maintain records sufficient to show, if required, that the distribution is tax-free.

Article VII

If the account owner dies before the entire interest in the account is distributed, the entire account will be disposed of as follows:

1. If the beneficiary is the account owner's spouse, the HSA will become the spouse's HSA as of the date of death.
2. If the beneficiary is not the account owner's spouse, the HSA will cease to be an HSA as of the date of death. If the beneficiary is the account owner's estate, the fair market value of the account as of the date of death is taxable on the account owner's final return. For other beneficiaries, the fair market value of the account is taxable to that person in the tax year that includes such date.

Article VIII

1. The account owner agrees to provide the custodian with information necessary for the custodian to prepare any report or return required by the IRS.
2. The custodian agrees to prepare and submit any report or return as prescribed by the IRS.

Article IX

Notwithstanding any other article that may be added or incorporated in this agreement, the provisions of Articles I through VIII and this sentence are controlling. Any additional article in this agreement that is inconsistent with section 223 or IRS published guidance will be void.

Article X

This agreement will be amended from time to time to comply with the provisions of the Code or IRS published guidance. Other amendments may be made with the consent of the persons whose signatures appear below.

Article XI

Article XI may be used for any additional provisions. If no other provisions will be added, draw a line through this space. If provisions are added, they must comply with the requirements of Article IX.

Account owner's signature ______________________ Date ______________

Custodian's signature ______________________ Date ______________

Witness' signature ______________________________________

(Use only if signature of account owner or custodian is required to be witnessed.)

What's New

Additional Tax Increased. For tax years beginning after December 31, 2010, the additional tax on distributions not used for qualified medical expenses increases from 10% to 20%.

General Instructions

Section references are to the Internal Revenue Code.

Purpose of Form

Form 5305-C is a model custodial account agreement that has been approved by the IRS. An HSA is established after the form is fully executed by both the account owner and the custodian. The form can be completed at any time during the tax year. This account must be created in the United States for the exclusive benefit of the account owner.

Do not file Form 5305-C with the IRS. Instead, keep it with your records. For more information on HSAs, see Notice 2004-2, 2004-2 I.R.B. 269, Notice 2004-50, 2004-33 I.R.B. 196, Pub. 969, Health Savings Accounts and Other Tax-Favored Health Plans, and other IRS published guidance.

Definitions

Identifying Number. The account owner's social security number will serve as the identification number of this HSA. For married persons, each spouse who is eligible to open an HSA and wants to contribute to an HSA must establish his or her own account. An employer identification number (EIN) is required for an HSA for which a return is filed to report unrelated business taxable income. An EIN is also required for a common fund created for HSAs.

High Deductible Health Plan (HDHP). For calendar year 2011, an HDHP for self-only coverage has a minimum annual deductible of $1,200 and an annual out-of-pocket maximum (deductibles, co-payments and other amounts, but not premiums) of $5,950. In 2012, the $1,200 minimum annual deductible remains the same and the annual out-of-pocket maximum increases to $6,050. For calendar year 2011, an HDHP for family coverage has a minimum annual deductible of $2,400 and an annual out-of-pocket maximum of $11,900. In 2012, the $2,400 minimum annual deductible remains the same and the annual out-of-pocket maximum increases to $12,100. These limits are subject to cost-of-living adjustments after 2012.

Self-only coverage and family coverage under an HDHP. Family coverage means coverage that is not self-only coverage.

Qualified medical expenses. Qualified medical expenses are amounts paid for medical care as defined in section 213(d) for the account owner, his or her spouse, or dependents (as defined in section 152) but only to the extent that such amounts are not compensated for by insurance or otherwise. With certain exceptions, health insurance premiums are not qualified medical expenses.

Custodian. A custodian of an HSA must be a bank, an insurance company, a person previously approved by the IRS to be a custodian of an individual retirement account (IRA) or Archer MSA, or any other person approved by the IRS.

Specific Instructions

Article XI. Article XI and any that follow it may incorporate additional provisions that are agreed to by the account owner and custodian. The additional provisions may include, for example, definitions, restrictions on rollover contributions from HSAs or Archer MSAs (requiring a rollover not later than 60 days after receipt of a distribution and limited to one rollover during a one-year period), investment powers, voting rights, exculpatory provisions, amendment and termination, removal of custodian, custodian's fees, state law requirements, treatment of excess contributions, distribution procedures (including frequency or minimum dollar amount), use of debit, credit, or stored-value cards, return of mistaken distributions, and descriptions of prohibited transactions. Attach additional pages if necessary.

Preliminary Tax Data – IRA/Pension Statistics for 2010

The IRS has recently issued preliminary tax data for tax year 2010. The number of filed returns increased from 140.5 million to 142.9 million. Taxable income increased to $5.5 trillion. An increase of 6.9%. Total tax liability increased to $1 trillion. An increase of 8.8%. The amount of funds being withdrawn from pension plans increased ($568 billion for 2010 versus $531 billion for 2009) and the amount of IRA distributions increased ($193 billion for 2010 versus $133 billion for 2009). The IRS attributes much of the increase in IRA distributions to individuals who made Roth conversions. The amount being contributed to pension plans and IRAs changed as discussed below.

These statistics are preliminary statistics in the sense they were devised by an IRS economist using a sample of approximately 237,403 tax returns to make estimates with respect to 142.9 million tax returns.

Note that 869,869 self-employed individuals contributed 17.2 billion to their profit sharing, SEP and SIMPLE plans, whereas 2.6 million IRA accountholders contributed 11.7 billion. There should be special marketing efforts to your customers who are self-employed.

CHART A — SEP/SIMPLE/Profit Sharing Chart

Year	Contribution Amount	Number of Contributors	Average Contribution
2001	$13.1 billion	1.29 million	$11,048
2002	$16.3 billion	1.19 million	$13,774
2003	$16.9 billion	1.19 million	$14,202
2004	$18.0 billion	1.17 million	$15,385
2005	$19.4 billion	1.20 million	$16,202
2006	$20.2 billion	1.18 million	$17,200
2007	$20.1 billion	1.14 million	$17,720
2008	$18.5 billion	.97 million	$19,072
2009	$17.5 billion	.88 million	$19,780
2010	$17.2 billion	.87 million	$19,776

CHART B — Traditional IRA Chart

Year	Contribution Amount	Number of Contributors	Average Contribution
2001	$7.41 billion	3.45 million	$2,148
2002	$7.41 billion	3.45 million	$2,148
2003	$10.16 billion	3.46 million	$2,936
2004	$10.20 billion	3.38 million	$3,018
2005	$12.21 billion	3.29 million	$3,707
2006	$12.77 billion	3.29 million	$3,885
2007	$13.19 billion	3.37 million	$3,914
2008	$11.91 billion	2.78 million	$4,284
2009	$11.49 billion	2.64 million	$4,358
2010	$11.71 million	2.63 million	$4,449

Deductible Traditional IRA Contributions

The number of tax returns claiming a deduction for a traditional IRA contribution decreased by .2%.

The amount contributed to traditional IRAs increased to 11.7 billion from 11.5 billion. This was a 1.9% increase.

What was the AGI of those who made traditional IRA contributions for 2010?

	Under $15,000	$15,001 to $29,999	$30,000 to $49,999	$50,000 to $99,999	$100,000 to $199,999	$200,000 Or more	Total
Number of Returns	112,155	319,063	571,502	970,342	547,497	112,146	2,632,705
% of Total Returns	4.26%	12.12%	22.71%	36.85%	20.80%	4.26%	100%
Contribution Amt. **(in thousands)**	$322,762	$1,056,047	$2,223,054	$4,198,575	$2,915,125	$997,671	$11,713,239
% of Total Contr.	2.76%	9.01%	18.98%	35.84%	24.89%	8.52%	100%
Avg. Contr. Amt.	$2,878	$3,310	$3,890	$4,327	$5,324	$8,896	$4,449

CWF Observations

1. The average IRA contribution, per return, was $4,449 for 2010.
2. 36% of all IRA contributions came from individuals with AGI between $50,000-$99,999.
3. 69% of all IRA contributions for 2010 came from individuals with AGI of $50,000 or More.

IRA and SEP/SIMPLE/Keogh Deductible Contributions

1. The number of tax returns claiming a deduction for a self-employed person's contributions to a profit sharing, SEP or SIMPLE basically did not change (.87 million vs. .88 million).
2. The amount contributed by self-employed individuals to a profit sharing plan, SEP or SIMPLE decreased to 17.2 billion from 17.5 billion.

What was the adjusted gross income (AGI) of those who made SEP/SIMPLE/Keogh contributions?

	Under $15,000	$15,001 to $29,999	$30,000 to $49,999	$50,000 to $99,999	$100,000 to $199,999	$200,000 Or more	Total
Number of Returns	14,662	26,965	55,196	147,614	264,947	360,486	869,869
% of Total Returns	1.69%	3.10%	6.34%	16.97%	30.46%	41.44%	100%
Contribution Amt. **(in thousands)**	$135,524	$139,927	$305,508	$1,493,684	$3,813,617	$11,313,662	$17,201,923
% of Total Contr.	.79%	.81%	1.78%	8.68%	22.17%	65.77%	100%
Avg. Contr. Amt.	$9,243	$5,189	$5,535	$10,119	$14,394	$31,384	$19,775

CWF Observations on SEP/SIMPLE/Keogh Contributions for 2010

1. The average contribution per return is $19,776 for 2010 versus $19,780 for 2009.
2. 66% of contributions ($11.3 billion) come from individuals with AGI of $200,000 or more.
3. 88% of contributions (15.1 billion) come from individuals with AGI of more than $100,000.
4. The average contributions vary greatly depending on AGI.
5. Note that 870,000 self-employed individuals contributed 17.2 billion to their profit sharing, SEP and SIMPLE plans whereas 2.6 million IRA accountholders contributed 11.7 billion. There should be special marketing efforts to your customers who are self-employed.

IRA Distributions for 2010
(Based on AGI)

	Under $15,000	$15,001 to $29,999	$30,000 to $49,999	$50,000 to $99,999	$100,000 to $199,999	$200,000 Or more	Total
Number of Returns	1,858,646	2,030,671	2,141,805	3,916,756	2,003,467	638,366	125,8771
% of Total Returns	14.76%	16.13%	17.01%	31.12%	15.92%	5.07%	100%
Distribution Amt. **(in thousands)**	$9,491,611	$14,556,303	$20,797,479	$57,161,861	$51,535,,477	$39,047,862	$192,590,593
% of Total Distrib.	4.9%	7.56%	10.80%	29.68%	26.76%	20.27%	100%
Avg. Distrib. Amt.	$5,107	$7,168	$9,710	$14,594	$25,723	$61,168	$15,300

CWF Observations

1. The average distribution per return, was $15,300 for 2010.
2. 30% of all IRA distributions came from individuals with AGI between $50,000-$99,999.
3. 88% of distributions for 2010 came from individuals with AGI of $30,000 or More.
4. The average distribution is much higher for those with higher incomes.
5. 21% of the distributees received 47% the distributions.
6. 52% of the distributees received 78% of the distributions.

Pension Distributions for 2010
(Based on AGI)

	Under $15,000	$15,001 to $29,999	$30,000 to $49,999	$50,000 to $99,999	$100,000 to $199,999	$200,000 Or more	Total
Number of Returns	4,122,,458	4,851,083	4,921,760	8,128,300	3,974,751	973,371	26,971,722
% of Total Returns	15.28%	17.99%	18.25%	30.14%	14.73%	3.61%	100%
Distribution Amt. (in thousands)	$27,570,139	$58,365,100	$84,392,635	$200,197,401	$147,004,851	$50,216,752	$567,746,880
% of Total Distrib.	4.86%	10.28%	14.86%	35.26%	25.89%	8.85%	100%
Avg. Distrib. Amt.	$6,688	$1,2031	$17,147	$24,630	$36,985	$51,591	$21,050

Observations

1. The amount withdrawn from pensions is three times the amount withdrawn form IRAs.
2. For many tax situations, the largest amount is withdrawn by those in the 50M to 100M category.
3. There were 27 million distribution from pension plans and only 1.26 million from IRAs.

Participant Loans, Including IRAs

A nice feature of an employer sponsored plan is that an employer may choose to allow the participants to take a loan from the plan based on his or her account balance.

Question #1. Does the plan authorize loans for participants?

Many 401(k) plans and profit sharing plans do authorize loans to participants, but an employer is not required to include this special feature in its plan.

Loans from any type of IRA, including SEP-IRAs and SIMPLE IRAs cannot be made to the IRA accountholder or any related family member. To make such a loan would be a prohibited transaction.

Question #2. If the plan authorizes loans, the plan document must contain provisions defining:

1. who is eligible to receive a loan;
2. what needs to be done for a person to apply for a loan;
3. the maximum amount which maybe borrowed, such limit cannot exceed $50,000; and
4. the loan terms;

   interest rate,

   term of loan, generally five years or less,

   method of repayment, a loan may be written to require repayment by an authorization to deduct payments from a participant's paycheck,

   whether the individual will have to provide any collateral in addition to his or her account balance, and whether or not repayment of the loan will be accelerated if the participant separates from service, and
5. an explanation of what happens if the borrower defaults on repaying the loan.

In general, if a participant defaults on his or her loan, the individual will be required to include the loan amount in his or her income for the default year. The plan will prepare and furnish him or her with a Form 1099-R (Distributions From Pensions, Annuities, Retirement or Profit-sharing Plans, IRAs, Insurance Contracts, etc). The individual will also owe the 10% additional pre-59½ tax unless he or she would qualify for one of the exceptions. ◆

HSA Statistics

In November of 2011 the America's Health Insurance Plans (AHIP) released a 10 page summary setting forth various HSA statistics.

1. 11.4 million HSAs as of January 1, 2011
2. The Bureau of Labor Statistics states 14% of all workers in the private sector now have an HSA.
3. Employees associated with large employers are more likely to have HSAs as 55% of HSAs are now held by employees of large companies. This would be approximately 6.3 million.

   Individuals employed by a small group employer have 2.5 million as do those in the individual market.
4. Under current law an employer is not required to offer a health insurance plan to its employees. This will change in 2014. For those employers who do offer a health insurance plan to its employees, 18% of those employers now offer a HDHP which qualifies for HSA purposes.
5. In 2011 69% of employers made HSA contributions to their employees HSAs.

   The average employer contribution to an employee's HSA was $886 for 2011 if the employee was covered by a single HDHP.

   The average employer contribution to an employee's HSA was $1,559 for 2011 if the employee was covered by a Family HDHP.
6. Many employers pay some or all of an employee's premium for the HDHP and also make as HSA contribution to the employee's HSA. The average combined employer contribution was $4,723 for 2011 if the employee was covered by a Single HDHP. The average combined employer contribution was $11,138 for 2011 if the employee has covered by a Family HDHP.
7. HSA Ownership By Age

Age	Percentage
20-29	16%
30-39	25%
40-49	27%
50-59	23%
60 and older	9%
Total	100%

8. The AHIP census on HSA-eligible plans in 2011 for the small group market reported annual premiums of $4,152 for single HDHP coverage and $10,248 for family HDHP coverage.
9. End of Year Account Balances (J.P. Morgan Chase 2010)

Account Balance	Percentage
Less than $500	50%
$500 to $1,000	15%
$1,001 to $2,000	14%
$2,001 to $5,000	14%
$5,000 or More	7%
Total	100%

10. A study conducted by Aetna in 2010 showed that individuals with HSAs –
    - Had approximately 15% fewer non-routine primary care physician (PCP) visits and overall medical costs 9% lower than members in a PPO plan;
    - Were more engaged in their health– they researched health care cost information online 3 times more often than their PPO counterparts;
    - Had the greatest reduction of PCP non-routine care and reduction in non-urgent ER visits, compared to traditional plan members;
    - Had 20% fewer non-urgent ER visits than PPO members; and
    - Were more likely to accumulate funds, when compared to HRA members, with nearly all HSA members rolling over some of their account while more than half of HRA members used their entire fund in 2009. ◆

Preliminary HSA Tax Data for 2010

With respect to tax year 2010 the IRS has estimated that there were 968,282 (up from 925,786) taxpayers who made contributions to HSAs and who claimed tax deductions totalling 2.8 billion dollars. The average claimed deduction per tax return was $2,863.

The IRS has estimated that there were 925,786 taxpayers who made contributions to HSAs and who claimed tax deductions totalling 2.50 billion dollars for 2009. The IRS attributes much of the increase to individuals who made Roth IRA conversions. This means the average contribution per tax return was $2,692.

The number of tax returns claiming a deduction for contributions to an HSA increased by 4.6%. Last year the percentage was 14.3%.

The amount contributed to an HSA (and deducted) increased to 2.77 billion from 2.49 billion. This was an increase of 11.2%.

Since this data comes from the 1040 tax returns it does not indicate any data for contributions made by corporate employers or deductions by corporations for having made HSA contributions.

For 2010, the maximum HSA contribution was $3,000 for self-only coverage and $5,950 for family coverage. Individuals age 55 or older were eligible to make an additional catch-up contribution of $1,000.

What was the AGI of those who made HSA contributions?

	Under $15,000	$15,001 to $29,999	$30,000 to $49,999	$50,000 to $99,999	$100,000 to $199,999	$200,000 Or more	Total
Number of Returns	42,027	80,249	142,336	295,933	249,611	158,124	968,282
% of Total Returns	4.34%	8.29%	14.70%	30.56%	25.78%	16.33%	100%
Contribution Amt. **(in thousands)**	$87,286	$122,602	$270,739	$772,278	$791,248	$728,154	$2,772,307
% of Total Contr.	3.15%	4.42%	9.77%	27.86%	28.54%	26.26%	100%
Avg. Contr. Amt.	$2,077	$1,528	$1,902	$2,610	$3,170	$4,605	$2,863

CWF Observations

1. The average 2010 return showed a contribution of $2,863 versus $2,692 for 2009.
2. 78.3% of the contributions came from individuals with $50,000 or more of AGI. This was a decrease of 4.6% versus 2008.
3. The largest average contribution was from the $200,000 and over group and it was $4,543 per return. The next largest average contribution was $2,877 and it came from the $100,000 to $199,999 group. ◆

Excess Roth,
Continued from page 1

Each has made nondeductible contributions of $10,000. The other $80 is interest income. As a result of the conversion, each will pay income tax with respect to the $80 but not with respect to the $10,000 of nondeductible contributions.

Is Hillary's recommendation a good idea? Yes. By using this two step approach Sam and Sally have essentially accomplished the same result as if they had made two annual Roth IRA contributions of $5,000 for 2011 and 2012 which they are ineligible to make because of their high income.

As discussed in August newsletter, more individuals and tax preparers are starting to learn that wealthier individuals who have no traditional IRA funds will be making nondeductible contributions to a traditional IRA and will immediately convert such funds into their Roth IRAs.