

IRA Update



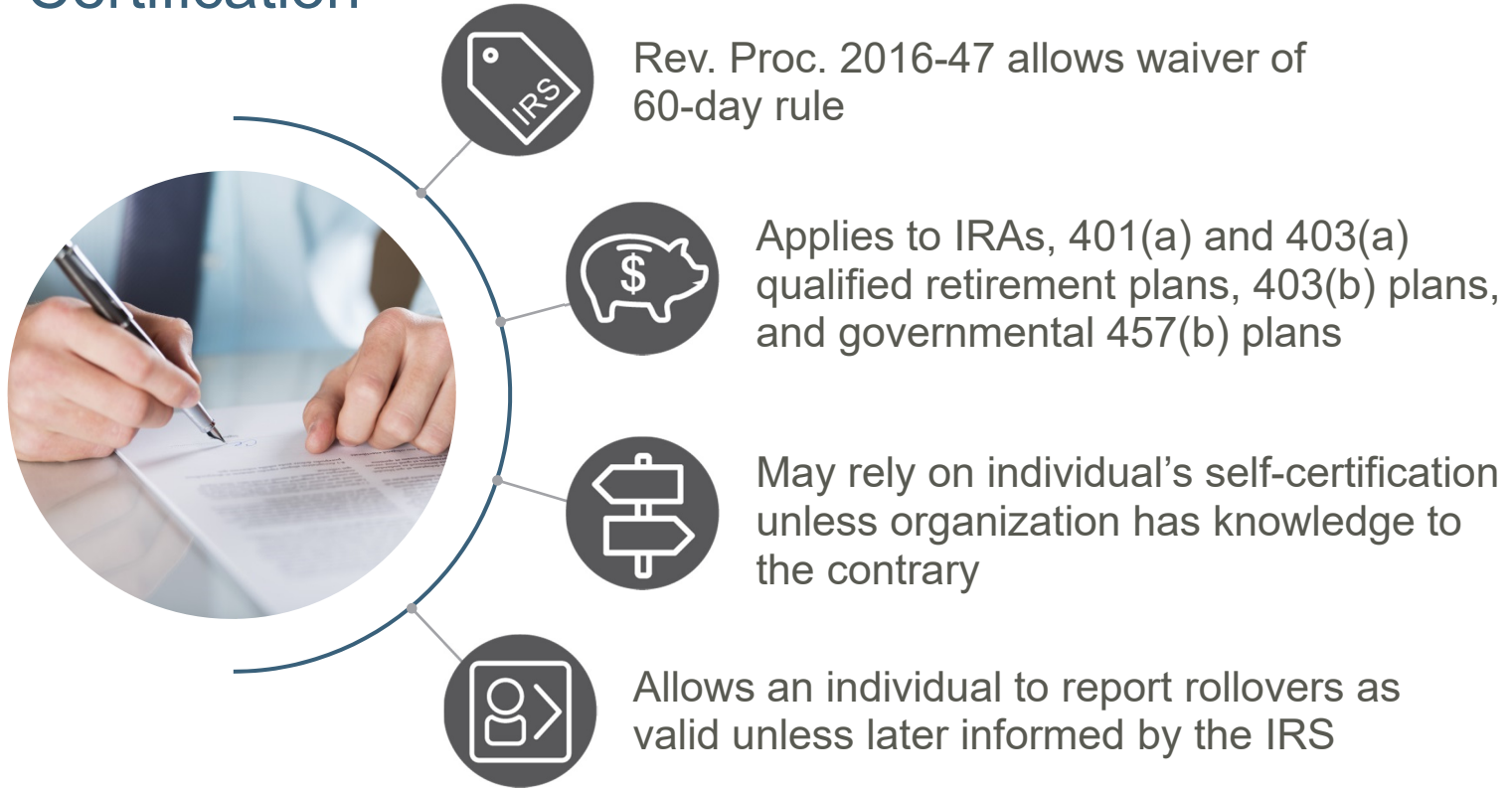
Learning Objectives

- ✔ Review recent regulatory and other guidance
- ✔ Discuss proposed legislative updates

Reporting Guidance



Self-Certification



2828

 VOID CORRECTED

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a) \$	OMB No. 1545-0747 2019 Form 5498	IRA Contribution Information
		2 Rollover contributions \$	4 Reclassified contributions \$	
TRUSTEE'S or ISSUER'S TIN	PARTICIPANT'S TIN	3 Roth IRA conversion amount \$	6 Life insurance cost included in box 1 \$	Copy A For Internal Revenue Service Center File with Form 1096.
		5 FMV of account \$	7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>	
PARTICIPANT'S name		8 SEP contributions \$	9 SIMPLE contributions \$	For Privacy Act and Paperwork Reduction Act Notice, see the 2019 General Instructions for Certain Information Returns.
Street address (including apt. no.)		10 Roth IRA contributions \$	11 Check if RMD for 2020 <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code		12a RMD date	12b RMD amount \$	
		13a Postponed/late contrib. \$ 10000.00	13b Year 13c Code SC	
		14a Repayments \$	14b Code	
Account number (see instructions)		15a FMV of certain specified assets \$	15b Code(s)	

Form **5498**

Cat. No. 50010C

www.irs.gov/Form5498

Department of the Treasury - Internal Revenue Service

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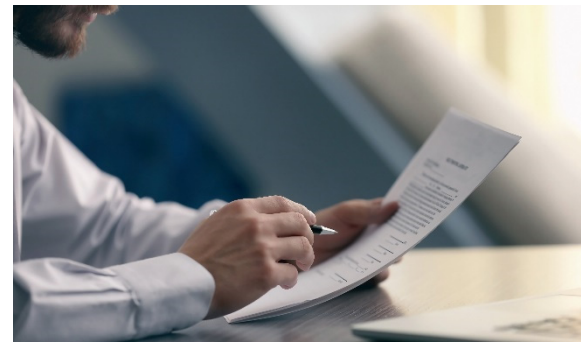
Plan Loan Offsets



Tax return due date
(including extensions)
for year in which
offset occurs



Severance from
employment



Plan termination

2828

 VOID CORRECTED

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)	OMB No. 1545-0747	IRA Contribution Information Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2019 General Instructions for Certain Information Returns.
		\$	2019	
		2 Rollover contributions	Form 5498	
TRUSTEE'S or ISSUER'S TIN		3 Roth IRA conversion amount		4 Recharacterized contributions
		\$		\$
PARTICIPANT'S TIN		5 FMV of account	6 Life insurance cost included in box 1	
		\$		\$
PARTICIPANT'S name		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>	9 SIMPLE contributions	
		8 SEP contributions	\$	
Street address (including apt. no.)		10 Roth IRA contributions	11 Check if RMD for 2020 <input type="checkbox"/>	
		\$	\$	
City or town, state or province, country, and ZIP or foreign postal code		12a RMD date	12b RMD amount	
		\$	\$	
Account number (see instructions)		13a Postponed/late contrib.	13b Year	13c Code
		\$ 10000.00		PO
		14a Repayments	14b Code	
		\$		
		15a FMV of certain specified assets	15b Code(s)	
		\$		

Form 5498

Cat. No. 50010C

www.irs.gov/Form5498

Department of the Treasury - Internal Revenue Service

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SEC Regulation Best Interest Guidance



A background image showing three business professionals in a meeting. A woman in a white shirt is looking towards the camera, while two men in light blue shirts are looking at a laptop screen. The scene is brightly lit, suggesting an office environment.

SEC Best Interest Guidance

Regulation Best Interest (Reg. BI) for
broker-dealers and investment advisers

Confirming standard of conduct for
investment advisers

Meet retail customers' expectations

SEC Guidance Package



Reg. BI

Establishes new standard of conduct for broker-dealers



Final Rule

Requires a client relationship summary to retail investors



Interpretation

Standard of conduct for investment advisers



Exclusion

Certain broker-dealers excluded from definition of investment adviser

A man wearing a straw hat and a short-sleeved plaid shirt is watering plants in a garden. He is holding a hose and a watering can. The background shows a house and trees. The entire image has a blue tint.

Withholding on Payments to State Unclaimed Property Funds

**Revenue
Ruling
2018-17**



Escheatment

- Distribution included in gross income
- Income tax withholding applies
- Must be reported on Form 1099-R in IRA owner's name and TIN
- Effective January 1, 2019, or date it is reasonable to comply
 - Revenue Ruling 2018-90 extends the deadline to January 1, 2020



IRA Regulations Address Withholding on Retirement Payments Made Outside the U.S.

Withholding on Payments Outside the U.S.

- Generally can waive withholding if furnishing a U.S. residence address
- Cannot waive withholding if directing payment outside U.S., even if owner has U.S. residence address
- Cannot waive withholding if a foreign address directed to a U.S. financial organization
- Cannot waive withholding if no U.S. residence address
- APO, FPO, or DPO are treated as U.S. residence address



**Proposed
Regulation**

Legal Update





Divorce Settlement Not Exempt From Bankruptcy

United States Bankruptcy Appellate Court



Retirement assets acquired in a court-approved divorce settlement are not exempt from the recipient's bankruptcy estate



Clark v. Rameker cited as precedent



Deemed not to be retirement assets intended for that individual

Proposed Changes





Executive Order on Strengthening Retirement Security in America

Issued – August 31, 2018

Align Required Distributions with Retirement Realities

- Review mortality tables
- Consider latest data on longevity to determine if tables should be revised
- Consider updating calculation factors more frequently

Priority Guidance Plan Update



Updating tables
for calculating
RMD and
beneficiary
payments



Guidance on
Traditional and
Roth IRAs,
including
contributions and
excise taxes



Additional
guidance on
lifetime income
payments from
employer plans
and IRAs



Updated
guidance on use
of truncated
SSNs

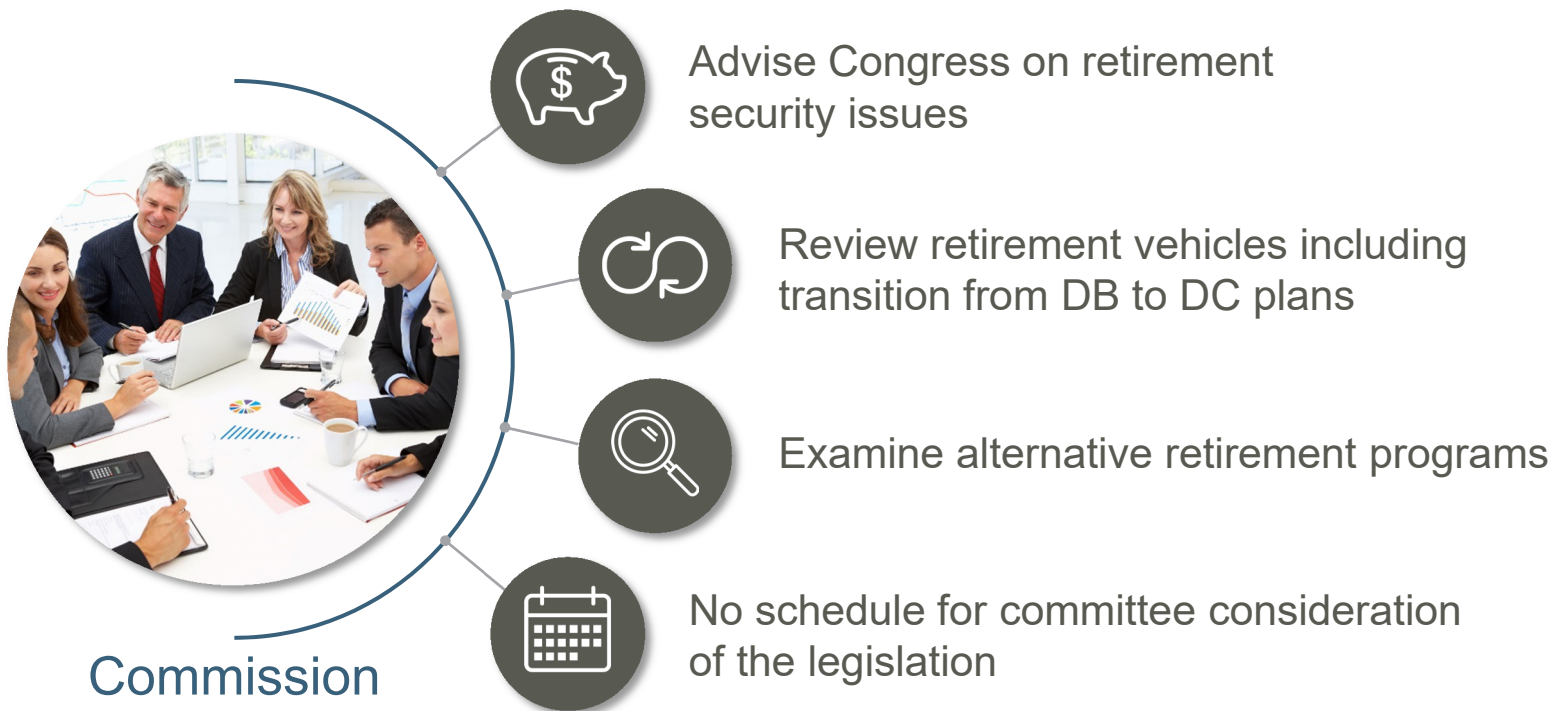
RESA and SECURE Act IRA Provisions

Contained in Both Bills	SECURE Act	RESA
Eliminate age restriction on IRA contributions	Nonspouse beneficiaries required to distribute within 10 years (with exceptions)	Nonspouse beneficiaries required to distribute aggregate inherited account balances >\$400,000 within 5 years (with exceptions)
Treat non-tuition and stipend payments for graduate and postdoctoral students as earned income for IRA contributions	Penalty exception for birth/adoption expenses up to \$5,000	IRAs would be able to own shares in S-Corporations that were banks
Up to \$5,000 start-up credit for small plans for first 3 years	Delay RMD until age 72	
	Treat tax-exempt “difficulty of care” payments as compensation for purposes of IRA contributions	
	Increased penalty for failing to provide proper tax withholding notice	

A man wearing a straw hat and a short-sleeved plaid shirt is watering plants in a garden. He is holding a hose with a spray nozzle. The background shows a house and trees. The entire image has a blue tint.

Commission on Retirement Security Act (Proposed)

Commission on Retirement Security Act of 2019 (Proposed)



Commission

GAO Report on Early Withdrawals



In 2013, IRA
owners, age
25-55, withdrew

39.5

billion from
their IRA

This equals 3% of total
IRA assets

This amount exceeded
IRA contributions



A man wearing a straw hat and a short-sleeved plaid shirt is watering plants in a garden. He is holding a hose and a nozzle, spraying water onto a bush. The background shows a wooden shed and more garden plants. The entire image has a blue tint.

GAO Report on Escheatment

IRA Escheatment Data



Source: "Retirement Accounts: Federal Action Needed to Clarify Tax Treatment of Unclaimed 401(k) Plan Savings Transferred to States," U.S. Government of Accountability Office, January 2019

Retirement Savings Claimed by Owners From 15 States in 2016, According to GAO's State Survey

Type of savings claimed from states	Number of retirement savings properties claimed	Dollar value (rounded)
All retirement savings	15,406	\$25 million
Employer-based plans	13,941	\$17 million
IRAs	1,465	\$8 million

Source: "Retirement Accounts: Federal Action Needed to Clarify Tax Treatment of Unclaimed 401(k) Plan Savings Transferred to States," U.S. Government of Accountability Office, January 2019.



Employers Recouping HSA Contributions

Employers May Recoup HSA Contributions

- HSA owner's interest generally is nonforfeitable
- IRS Notice 2008-59 specifies two exceptions



Employee was never
HSA-eligible



Contributions erroneously
exceeded annual contribution limit

- IRS Information Letter offers additional guidance for recouping

Employers May Recoup HSA Contributions

Information Letter 2018-0033 lists the following additional circumstances in which assets can be recouped

- Contribution exceeded employee's payroll withholding election
- Amount mistakenly contributed because of an "incorrect spreadsheet" or "similar names...confused with one another"
- Contribution incorrectly entered by a payroll administrator (in-house or third-party)
- Additional contribution because of a duplicate payroll file transmission
- Over-contribution because of delayed processing of a payroll withholding change
- Over-contribution because of disparity between elected annual contribution and actual number of pay periods
- Incorrect contribution because of misplaced decimal point



HSA Cost-of-Living Adjustments

HSA COLAs

HDHP Requirements

Minimum Annual Deductible	2019	2020
Self-Only Coverage	\$1,350	\$1,400
Family Coverage	\$2,700	\$2,800

Maximum Annual Out-of-Pocket	2019	2020
Self-Only Coverage	\$6,750	\$6,900
Family Coverage	\$13,500	\$13,800

HSA COLAs

Contribution Limits

Annual Regular Contributions	2019	2020
Self-Only Coverage	\$3,500	\$3,550
Family Coverage	\$7,000	\$7,100

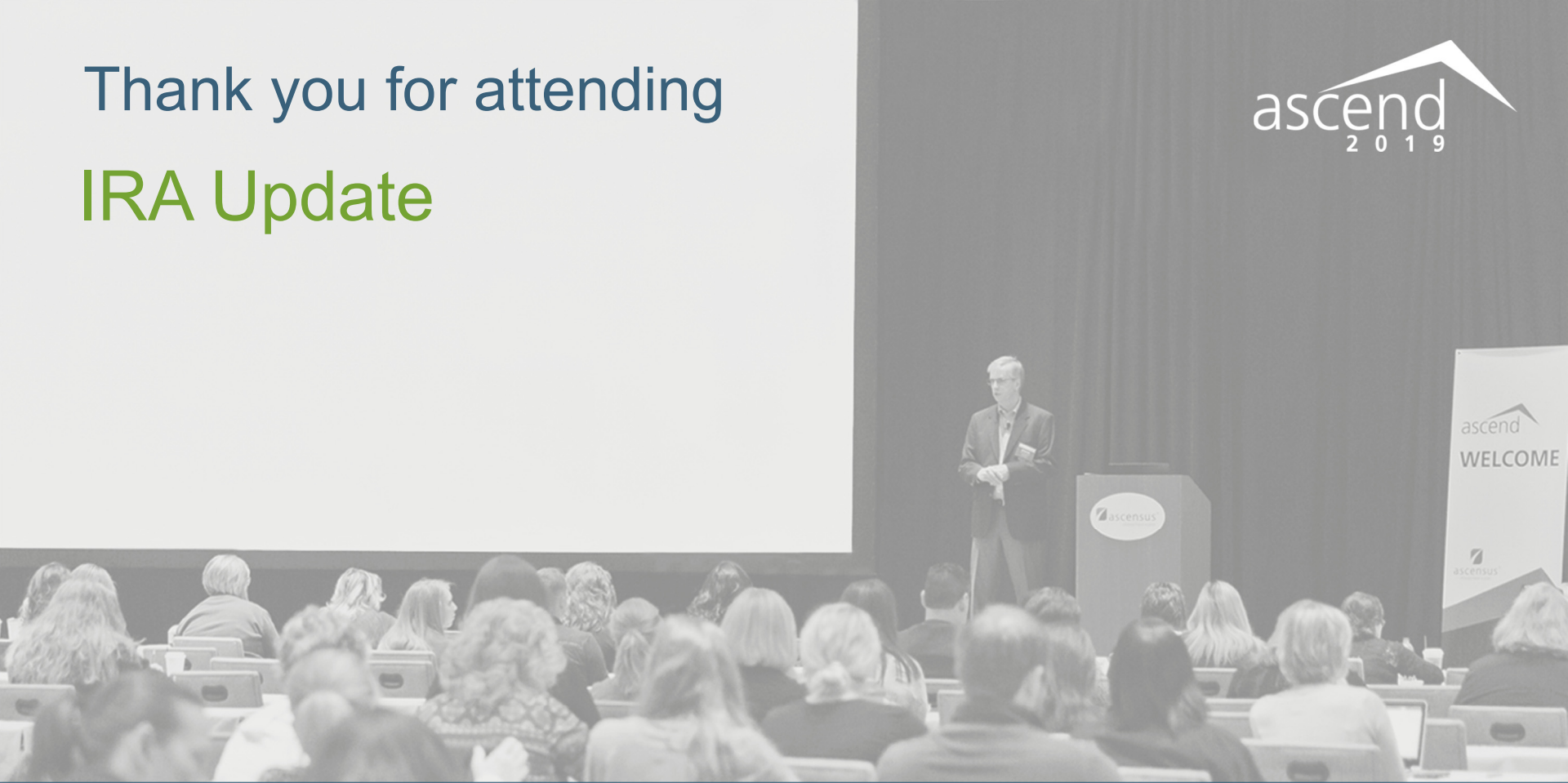
Late Breaking News



Questions?

Thank you for attending IRA Update

ascend
2019



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save for life's biggest moments.
Education. Healthcare. Retirement.