IRS Nationwide Tax Forum | 2017

Retirement Plan Distributions and Related Taxes

Objectives

- After this seminar, you'll be able to:
  - Identify the different distribution methods available in SEPs, SIMPLEs, and 401(k) plans
  - Compare spouse and non-spouse beneficiary rules
  - Determine the taxes related to distributions

Step #1: Establish/Enroll in a Plan!

- Business benefits include:
  - Tax-deductible contributions
  - Attract & retain better employees
- Employee benefits include:
  - Compounding interest over time
  - Improve financial security

Distributions Before Retirement: **Loans**

- Which plans can allow loans?
  - SEP & SIMPLE: No
  - 401(k): Maybe
- Basic loan provisions
- Taxability concerns

Distributions Before Retirement: **Hardships**

- Immediate & heavy financial need
- Eligible account balances
- “Amount necessary” limits
- Taxes

Distributions Before Retirement: **Divorce**

- Qualified Domestic Relations Order (QDRO)
  - Distribution options
  - Taxes

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Distributions Before Retirement: **Early Distributions**

- Take it or Leave it?
  - Items to consider
- 10% Tax on early distributions
  - Exceptions to the tax

Distributions Before Retirement: **Termination of Employment**

- Rollovers rules
  - Direct
  - Automatic
  - Roth 401(k)/IRA
  - Withholding requirements

Distributions Before Retirement: **Termination of Employment**

- Distributable events
  - 401(k)
  - SEP/SIMPLE

Distributions **at** Retirement:

- When do benefits start?
- How do I receive my benefits?
- Updating beneficiaries
- Taxes and withholding
- Important! - Required Minimum Distributions (RMD)

Distributions After Death: **Beneficiary is Spouse**

- Spouse defined
- Distribution and rollover options
  - 401(k)
  - IRAs
- Taxes

Distributions After Death: **Non-Spouse Beneficiary**

- Distribution and rollover options
  - 401(k)
  - IRAs
- Taxes

Reporting Requirements

- Retirement income
- Social Security income
- Forms
  - 1099R
  - 1040
  - 5329

Oops! I Forgot…

- What to do if I missed…
  - The 60-day rollover timeframe
  - My RMD payment

Related Publications

- Publication 4190 – *Tax Guide for the Retiree*
- Publication 575 – *Pension and Annuity Income*
- Publication 554 – *Tax Guide for Seniors*

Assistance

- Publications
- 800-TAX-FORM (829-3676)
- www.IRS.gov/retirement
- Newsletters