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## COURSE INFORMATION

**Course Title:** *Federal Tax Law: Retirement Plans, Pensions, and Annuities #290919*

(CFP Board ID# 195519, IRS Course # **EA/RTRP**: FWKKO T-00002-13-S; **ERPA**: FWKKO Q-0001-13-S)

**Number of continuing education credit hours recommended for this course:**

In accordance with the standards of the Certified Financial Planner Board of Standards, Inc., the National Registry of CPE Sponsors, and the IRS, CPE credits have been granted based on a 50-minute hour.

**CFP®:** 2 (All states) Board Sponsor # 1008.

**CPA:** 3 (All states)

National Registry of CPE Sponsors ID Number: 107615.  
Sponsor numbers for states requiring sponsor registration  
Florida Division of Certified Public Accountancy: 4761  
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Pennsylvania Board of Accountancy: PX178025  
Texas State Board of Accountancy: 009349

**EA, OTRP, ERPA: 3** (All States) IRS: Qualified Sponsor number: *FWKKO*.

**CLU, ChFC: 3** (Professional Recertification)

### Course Description

*Retirement Plans, Pensions and Annuities* is a course that discusses the federal income tax treatment of, and limitations related to a) qualified employee plan contributions and distributions, and b) commercial annuity contracts. It examines the qualified plan limits and income taxability of: employer and employee contributions (including designated Roth account contributions); plan loans; life insurance contained in the plan; plan distributions, including distributions as periodic payments and non-periodic payments; required minimum distributions; and rollovers. The course also examines the tax treatment of lump-sum distributions and periodic payments received under commercial annuity contracts. A final examination covering the course material is administered.

**Program Delivery Method:** Self-Study (NASBA QAS Self-Study/Interactive)

**Subject Codes/Field of Study:**

NASBA (CPA), CFP Board of Standards, Inc.: Taxes.

IRS (EA, OTRP): Federal Tax Law. (ERPA): Qualified Retirement Plan Matters

NAPFA: Taxes

**Course Level, Prerequisites, and Advance Preparation Requirements Program Level:**

CFP Board: Intermediate; NASBA/CPA, IRS: Overview.

This program is appropriate for professionals at all organizational levels.

Prerequisites: Basic familiarity with federal taxation and retirement plans.

Advance Preparation: None

**Course Content**

Publication/Revision date: 2/12/2019.

Author: Paul J. Winn CLU ChFC

Final exam (online): Twenty-five questions (multiple-choice).

**Instructions for taking this course**

You must complete this course within one year of the date of purchase (if you do not complete the course within one year, contact us to determine whether an updated edition of the course is available, in which case we will provide you with a PDF of the updated course and the online exam at no charge).

A passing grade of at least 70% is required on the final exam for this course. You may retake the exam if you do not pass it on the first attempt (no charge).

Complete the course by following the learning objectives listed on page one, studying the chapter-text, then studying the review quiz at the end of the chapter (answers to chapter review quizzes are at the end of the text). Once you have completed each chapter and you are confident that the learning objectives have been met, answer the final exam questions (online).

**Instructions for Taking the Final Exam Online**

- Login to your account online at [www.bhfe.com](http://www.bhfe.com).
  - The exam may be started, stopped, then resumed at a later date.
  - The exam is "open book," it is not timed, and it may be retaken if not passed on the first attempt (no charge).
  - Results (correct, incorrect answers) and certificate appear immediately upon passing the exam.
  - CFP® and EA credits are reported weekly.

**Have a question?** Call us at 800-588-7039 or email us at [contact@bhfe.com](mailto:contact@bhfe.com).

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## **Introduction**

Employer-sponsored retirement plans, generally referred to in the aggregate as qualified employee plans, constitute one of the important “legs” of the retirement stool that individuals look to for their income in retirement. The other two legs of that stool are personal savings—through investment in securities, deferred annuities, savings accounts, etc.—and Social Security retirement benefits. This course will examine qualified employee plans, their limits and their tax treatment along with a discussion of annuities and their taxation.

Annuities offer their owners the opportunity to systematically liquidate a principal sum or save money for a long-term objective. For many annuity buyers, that objective is to provide income during retirement. As we will see in our examination of annuities, they provide owners with a number of advantages; principal among them is their tax treatment. By purchasing and investing in an annuity, a contract owner can avoid current income taxation of earnings. By avoiding current income taxation, earnings that might have been used to pay current income taxes can be invested to produce additional income.

Annuities’ tax advantages aren’t limited to tax deferral, however; annuities offer additional tax advantages. For example, an investor purchasing a variable annuity can change his or her investment allocation in the contract’s variable subaccounts whenever desired. Typically, such changes are made in order to implement new objectives or to modify the level of risk assumed. From a tax point of view, the important issue is that the contract owner can make these changes without being required to recognize income as would be required if, for example, the investor liquidated his or her stock portfolio in order to purchase bonds. In addition to these tax benefits, a contract owner that elects to annuitize his annuity contract, i.e. to take a periodic income from it, will find that part of each periodic income payment may be tax free as a return of his or her investment in the annuity contract.

## **Learning Objectives**

Upon completion of this course, you should be able to:

- Distinguish between the types of qualified employee plans;
- Recognize the limits imposed on qualified employee plan contributions and benefits;
- List the requirements applicable to qualified employee plan loans;
- Apply the federal tax laws to qualified employee plan contributions and distributions;
- Recognize the tax treatment of nonqualified annuity distributions; and
- Identify the tax treatment of annuity contributions and distributions.