



51A Middle Street Newburyport MA 01950
Phone: 800-588-7039 Fax: 877-902-4284
contact@bhfe.com www.bhfe.com

Course Information

Course Title: *Tax Guide to Retirement Planning #490919*

Recommended CPE credit hours for this course

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

CFP® 2 (All states) CFP Board Course ID# 195451
CFP Board sponsor number: 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 (Ethics #11467)

Hawaii Board of Public Accountancy: 14003

New York State Board of Accountancy: 002146

Ohio State Board of Accountancy: M0021

Pennsylvania Board of Accountancy: PX178025

Texas State Board of Accountancy: 009349

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

IRS EA/OTRP Course Number: FWKKO-T-00088-14-S

IRS ERPA Course Number: FWKKO-Q-00088-14-S

CLU, ChFC Professional Recertification 3

Course Description

We are all (including tax practitioners) getting older, and the need for effective retirement planning has never been greater. This mini-course is essential for participants who wish to attain a comfortable retirement for themselves and their clients by maximizing tax saving strategies. Retirement income needs are analyzed; Social Security benefits are determined; and distribution options from IRAs and retirement plans are explored.

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

Advance Preparation: None

Course Content

Publication/Revision Date: 3/13/2019.

Author: Danny Santucci, J.D.

Final exam (online): Fifteen 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 the following page, studying the text, and studying the review questions at the end of each major section (or at the end of the course). Once you have completed studying the course 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.
- 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.

Learning Assignment & Objectives

As a result of studying the assigned materials, you should be able to meet the objectives listed below.

ASSIGNMENT

At the start of the materials, participants should identify the following topics for study:

- * Popular retirement myths
- * Defining retirement & determining retirement income needs
- * Savings
- * Assets
- * Social Security
- * Retirement plans
- * Distributions from retirement plans
- * Nonqualified deferred compensation
- * Life insurance
- * Estate planning

Learning Objectives

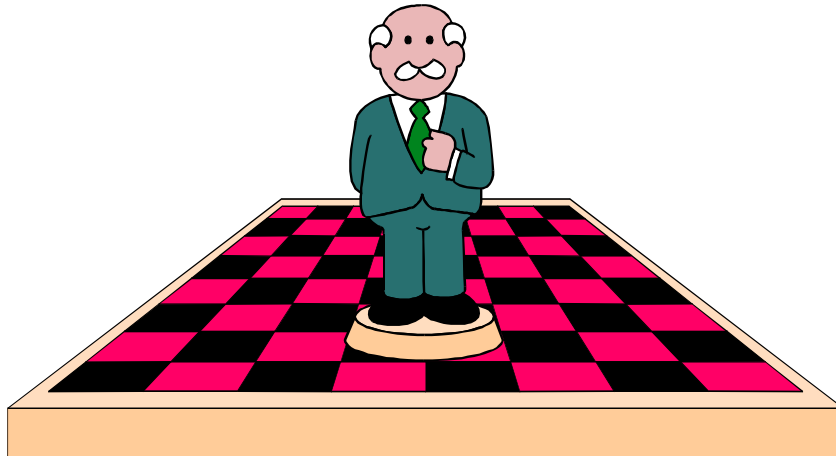
After reading the materials, participants will be able to:

1. Identify the basic guidelines of retirement planning recognizing the ten misconceptions of retirement, and specify retirement based on key questions.
2. Determine retirement costs and income needs of clients based on their current budget, select tax savings strategies, and identify basic guidelines to use when purchasing assets to attain financial independence.
3. Recall the qualifications for Social Security retirement & disability benefits, specify a client's retirement benefits, and determine the difference between Medicare Part A and Medicare Part B.
4. Identify basic types of qualified corporate plans and other sources of retirement income such as SIMPLE plans and individual retirement accounts.
5. Determine the difference between annuity payments and lump-sum distributions, specify key components of rollovers, premature distributions & required distributions, and identify nonqualified deferred compensation.
6. Cite the benefits, uses, and types of life insurance, and specify how three basic estate planning tools can be incorporated into tax practice.

Notice

This course and test have been adapted from materials and information contained in the above text and any supplemental material provided. This course is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional advice and assumes no liability whatsoever in connection with its use. Since laws are constantly changing, and are subject to differing interpretations, we urge you to do additional research and consult appropriate experts before relying on the information contained in this course to render professional advice.

Tax Guide to Retirement Planning



By
Danny C. Santucci

The author is not engaged by this text, any accompanying electronic media, or lecture in the rendering of legal, tax, accounting, or similar professional services. While the legal, tax and accounting issues discussed in this material have been reviewed with sources believed to be reliable, concepts discussed can be affected by changes in the law or in the interpretation of such laws since this text was printed. For that reason, the accuracy and completeness of this information and the opinions based thereon cannot be guaranteed. In addition, state or local tax laws and procedural rules may have a material impact on the general discussion. As a result, the strategies suggested may not be suitable for every individual. Before taking any action, all references and citations should be checked and updated accordingly.

This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert advice is required, the services of a competent professional person should be sought.

—From a Declaration of Principles jointly adopted by a committee of the American Bar Association and a Committee of Publishers and Associations.

**Copyright March 2019
Danny Santucci**

Table of Contents

Introduction	1
Popular Retirement Myths	1
Plan For 10 to 15 Retirement Years.....	1
Stay With One Company to Retire With the Best Benefits.....	2
Preserve Capital	2
Housing Costs Are Less.....	2
Just the Spouse and Me.....	2
Social Security Will Gap Any Savings or Pension Benefits Shortfall	2
Company Insurance & Medicare Will Cover Medical Bills	3
Retirees End Up In a Nursing Home	3
Defining Retirement	3
When Do I Want To Retire?	4
What Kind Of Lifestyle Do I Want?	5
Do I Want To Move?.....	6
Determining Retirement Costs & Income Needs.....	9
Savings.....	12
Strategies for Savings.....	13
Assets.....	16
Stay Liquid - Be Able To Get Your Money Back	16
Grow - Make Money on Your Money	16
Shelter - Get Tax Benefits	16
Build - Don't Spend Your Benefits	17
Avoid Linking - Each Investment Must Stand On Its Own	17
Analyze - Investigate the Investment	17
Social Security.....	17
Qualification	17
Calculation.....	18
Average Indexed Monthly Earnings (AIME).....	18
Primary Insurance Amount (PIA).....	19
Cost of Living Adjustment Using Dollar Bend Points	19
Adjustment for Retirement Date.....	19
Early Retirement.....	20
Effect of Late Retirement	21
Social Security's Payroll Tax or FICA - §3111 & §3121	21
Rates	22
Covered Earnings	22
Multiple Employers	23
Covered Employment	23
Self-Employment	23
Total Disability Benefits.....	23
Family Members	23
HIV & AIDS	24
Children	24
Qualification	24
Survivors Benefits.....	25
Divorce	26

Medicare.....	26
Who Is Eligible For Hospital Insurance (Part A)?.....	26
Who Can Get Medical Insurance (Part B)?.....	27
Prescription Drug Coverage (Part D).....	27
How Do You Get Medicare?.....	27
What Does Medicare Pay For?.....	28
What Medicare Does Not Pay For?.....	28
Medigap Insurance	28
Retirement Plans.....	29
Sources of Retirement Income	29
Qualified Corporate Programs.....	29
Defined Contribution Plans	30
Profit Sharing Plan.....	30
Money Purchase Pension Plan.....	30
Stock Bonus Plan.....	30
Employee Stock Ownership Plan.....	30
401(k) Plan.....	30
Defined Benefit.....	30
Defined Benefit Pension.....	31
Annuity Plan.....	31
SIMPLE Plans.....	31
Self-Employed Plans	31
Individual Retirement Accounts.....	33
Penalty-Free Withdrawals	33
Roth IRA - §408A.....	33
Tax-Deferred Annuities	34
Mechanics.....	34
Simplified Employee Pension (SEP) Plan	34
Investment Assets.....	35
Ultimate Question	35
Participant Loan Regulations	36
Additional Loan Requirements.....	36
Distributions from Retirement Plans.....	39
Annuity Payments - §72	39
Mandatory Basis Rule	39
Annuity Benefits Paid Over Two Lives	40
Withholding & Estimated Tax.....	40
Lump-Sum Distributions	41
Employer Securities - Net Unrealized Appreciation (NUA).....	41
Capital Gain Treatment	42
Rollovers	42
Eligible Rollover Distributions	42
20% Withholding	43
Exceptions	43
Direct Rollover	44
Rollover Period	44
Annual Usage	44
Qualified Domestic Relations Order Rollover	44
Premature Distributions - 10% Penalty	45
Exemptions	45
Required Distributions.....	46

Required Beginning Date for Minimum Distributions	47
Minimum Distribution Rules	47
Nonqualified Deferred Compensation	48
Contractual Arrangement.....	49
Tax Status.....	49
Unfunded Bare Contractual Promise Plan - Type I.....	49
Funded Company Account Plan - Type II	49
Segregated Asset Plan - Type III.....	50
Life Insurance.....	50
Income Tax.....	50
Estate Taxes.....	51
Types of Life Insurance.....	51
Term Insurance	51
Whole Life (Permanent) Insurance.....	51
Life Insurance Trust	51
Estate Planning.....	52
Simple Will.....	52
Applicable Exclusion.....	52
Portability – Deceased Spousal Unused Exclusion Amount.....	53
Danger for Larger Estates	53
Probate.....	53
Living “A-B” Revocable Trust	53
Living “A-B-C” (QTIP) Trust.....	55
Impact of Spousal Portability on Trust B under TUIRJCA.....	56