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
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