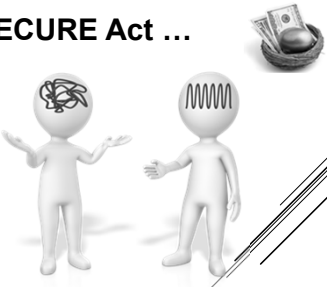


Understanding the SECURE Act ... and More



S. Derrin Watson, Esq., APM
Ilene H. Ferenczy, Esq., APA, CPC
Ferenczy Benefits Law Center




1

Your Co-Hosts

- ▶ Joanne Pecina
- ▶ Maureen Pesek
- ▶ Tim McCutcheon









2

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4

Your Presenters Today

S. Derrin Watson, J.D., APM



Ilene Ferenczy, J.D., CPC, APA



5

Highlights

- ▶ Congress passed Further Consolidated Appropriations Act
 - ▶ President signed December 20, 2019
- ▶ SECURE Act is separate title of FCAA
 - ▶ "Setting Every Community Up for Retirement Enhancement"
 - ▶ Most provisions effective for plan/tax years beginning after December 31, 2019



6

2022 Amendment Deadline

- ▶ No operational failure if amend by last day of first plan year beginning on or after 1/1/2022
 - ▶ IRS can grant later deadline
 - ▶ Governmental and certain union plan deadlines extended two years
 - ▶ Amendment must be retroactively effective
- ▶ Anti-cutback relief also available
- ▶ Must operate in accordance with law and amendment as ultimately adopted
- ▶ Presumably, deadline for terminating plans is termination date
- ▶ Will not be included in DC Cycle 3 restatements



Act Section
601
Qualified
Yes
403(b)
Yes
457(b)
Yes
Eff. Date
N/A

7



401 (K) CHANGES







8

No SH Notice for Nonelective

- ▶ No need for safe harbor notice for safe harbor nonelective plans
 - ▶ Or QACA nonelective plans
 - ▶ But should give notice of automatic contribution arrangement
- ▶ Still need notice for safe harbor match plan
 - ▶ Or QACA match plan
- ▶ Still need notice for ACP safe harbor, even if ADP safe harbor is met with nonelective contribution



Act Section
103(a)
Qualified
Yes 401(k) only
403(b)
No
457(b)
No
Eff. Date
PY begin after 12/31/19
Amendment Needed
Yes

9

Late Adoption of SH Nonelective



- ▶ Suppose ER starts year with ADP-tested plan
- ▶ Can covert to SH nonelective plan
 - ▶ At 3% contribution up to 30 days before PYE
 - ▶ At 4% contribution as late as 12 months after PYE
- ▶ Also applies to QACA SH
 - ▶ But default deferrals had to be in place
- ▶ Does not apply to ADP SH match (or QACA match)
- ▶ Could apply even if plan wants to use ACP safe harbor
 - ▶ Only situation where you'd need a "maybe notice"

Act Section
103(b), (c)
Qualified
Yes, 401(k) only
403(b)
No
457(b)
No
Eff. Date
PY begin after 12/31/19
Amendment Needed
Yes

10

Increase QACA Maximum Automatic Deferral



- ▶ Automatic deferral for QACA has been capped at 10%
- ▶ New cap is 15%
 - ▶ Doesn't apply to initial period (first year+ of automatic enrollment)
- ▶ Doesn't change employer contributions
- ▶ Will require plan amendment to utilize

Act Section
102
Qualified
Yes, 401(k) only
403(b)
Yes
457(b)
No
Eff. Date
PY begin after 12/31/19
Amendment Needed
Yes

11

Polling question 1




- ▶ How many QACAs do you serve? Are any maxed at 10%
 - ▶ None
 - ▶ One or two
 - ▶ A few but none are maxed
 - ▶ A few; at least one is maxed
 - ▶ At least 10% of my deferral plans are QACAs; but few are maxed
 - ▶ At least 10% of my deferral plans are QACAs; several are maxed
 - ▶ What's a QACA?

12


Long-term Part-time Employee Deferrals

- ▶ 401(k) plans *must* allow certain part-time employees to defer
- ▶ Long-term part-time participant (LTPT)
 - ▶ Three consecutive eligibility computation periods with at least 500 HOS each
 - ▶ Don't count ECP beginning before 1/1/2021
 - ▶ Can impose age 21 condition (by end of service period)
 - ▶ Can impose standard entry date
 - ▶ So earliest entry would typically be 1/1/2024
 - ▶ Can we apply non-service eligibility conditions which otherwise would apply?




Act Section
112
Qualified
Yes 401(k) only
403(b)
No
457(b)
No
Eff. Date
Start counting years in 2021
Amendment Needed
Yes

13



- ▶ Must be allowed to defer to 401(k) plan
- ▶ Can exclude LTPT from:
 - ▶ Safe harbor contributions (including QACA)
 - ▶ Other employer contributions
 - ▶ Top-heavy minimums and vesting
 - ▶ Coverage
 - ▶ ADP
 - ▶ ACP
 - ▶ 401(a)(4)




LONG-TERM PART-TIME (LTPT)

14

Special Rules

- ▶ Vesting
 - ▶ If employer chooses to contribute for LTPT
 - ▶ Vesting YOS is any vesting computation period with at least 500 HOS
 - ▶ Vesting break in service is period with less than 500 HOS
- ▶ 1000 Hours
 - ▶ What happens if LTPT has eligibility computation period with 1000 HOS?
 - ▶ Participate as other employees do (eligible for employer contribution if meet conditions)
 - ▶ But what about vesting service rules?



15



LATE ADOPTION

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16

Employer Can Adopt Plan After End of Year

- ▶ Deadline to adopt plan is due date of employer's tax return (plus extensions)
 - ▶ Treated as adopted on last day of prior tax year
 - ▶ Limited to employer contributions (i.e., need to adopt before deferrals can occur)
 - ▶ Normal minimum funding deadline applies
- ▶ Cycle 3 DC documents will include clause that plan cannot be effective earlier than plan year adopted
 - ▶ Will require interim amendment to allow earlier effective date

Act Section
201
Qualified
Yes
403(b)
No
457(b)
No
Eff. Date
Tax years begin after 12/31/19
Amendment Needed
Yes

17

Watch out for other deadlines

- ▶ Dates below are for calendar year plans
 - ▶ 5500/5558 deadline
 - ▶ July 31 (7 months after year end)
 - ▶ Adopt/decide after July 31 guarantees
 - ▶ Penalty
 - ▶ Reasonable cause letter
 - ▶ DVFC
 - ▶ Pension plan minimum funding deadline
 - ▶ September 15 (8½ months after year end)
 - ▶ Fund DB after September 15 guarantees penalty
- ▶ And of course, some companies do not extend their tax returns

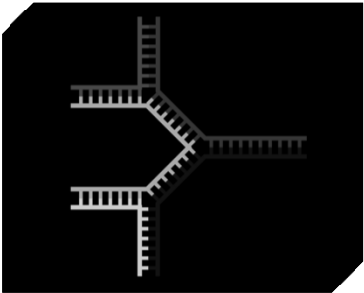
18

Polling question 2





- ▶ How do you feel about the extended adoption deadlines?
 - ▶ It will be nice to have something to offer a client who comes after the end of the year
 - ▶ I really don't like the fact that it moves "selling season" to an already busy period
 - ▶ It doesn't matter; most of my plans have deferrals
 - ▶ I just handle what they give me; I don't care about the new option

19



**MEPS, PEPS
COMBINED
REPORTS**

20

Multiple DC Plans Can File Together



- ▶ Treasury and Labor to revise Form 5500 rules to permit combined filing
 - ▶ May have separate information relevant to each plan
 - ▶ Participants must be able to find aggregated report
- ▶ Requirements
 - ▶ Defined contribution plans
 - ▶ Could include Form 5500-EZ plans
 - ▶ Same Trustee (uncertain how applies to 403(b) Plans)
 - ▶ Same Plan Administrator
 - ▶ Same Named Fiduciary
 - ▶ Same plan year end
 - ▶ Same investments/investment options

Act Section	202(a)
Qualified	ERISA plans
403(b)	ERISA plans?
457(b)	No
Eff. Date	PY begin after 12/31/2021
Amendment Needed	No

21

Pooled Employer Plans (PEP) Authorized



- ▶ PEP is single plan under ERISA
 - ▶ One Form 5500, one bond, one audit
- ▶ DC qualified plans or IRA arrangements
- ▶ Doesn't apply to:
 - ▶ Employers with "common interest other than having adopted the plan" – i.e., pre-SECURE "closed MEP"
 - ▶ Multiemployer plan
 - ▶ Plan that existed before SECURE unless administrator elects to apply PEP rules

Act Section
101(b), (c)
Qualified
DC only
403(b)
No
457(b)
No
Eff. Date
PY begin after 12/31/2020
Amendment Needed
Yes

22

PEP Plan Document Requirements



- ▶ Plan designates pooled plan provider (PPP)
 - ▶ PPP is named fiduciary
- ▶ Plan designates trustee (which qualifies as IRA custodian)
 - ▶ Other than an employer participating in plan
 - ▶ Must be responsible to collect ER contributions
 - ▶ Must have and implement reasonable, diligent, and systematic contribution collection procedures
- ▶ Each employer retains fiduciary responsibility for
 - ▶ Selection and monitoring of PPP and other named fiduciaries
 - ▶ Investment and management of assets of that ER's employees
 - ▶ Unless named fiduciary has delegated authority to another fiduciary (3(38) advisor)
 - ▶ 404(c) protection can apply

23

PEP Document Requirements (continued)



- ▶ No unreasonable fees, restrictions, or penalties re: ceasing participation, receipt of distributions, or asset transfers
- ▶ PPP must provide ERs with DOL-mandated disclosures
 - ▶ May be provided electronically
- ▶ Employers must take actions DOL or PPP determines are needed to administer plan and maintain qualification
 - ▶ Including providing disclosures or other information
- ▶ Ensure only reasonable costs are imposed on PPP and employers
- ▶ ER is plan sponsor with regard to its employees

24

Pooled Plan Provider (PPP) Requirements



- ▶ PPP is plan administrator and named fiduciary
 - ▶ Must acknowledge status in writing
- ▶ PPP is responsible for all administrative functions, including testing
 - ▶ To ensure plan remains qualified
 - ▶ Each ER does what is needed to retain plan qualification
- ▶ PPP responsible to see bonding requirements satisfied
 - ▶ Maximum bond is \$1,000,000
- ▶ Related employer (414(b), (c), (m)) rules apply to PPP
 - ▶ Allows affiliates and subsidiaries to perform designated functions

25

Form 5500 Information



- ▶ Form 5500 for MEP (including PEP) must provide
 - ▶ List of employers
 - ▶ Good faith estimate of each employer's percent of:
 - ▶ Contributions made during year
 - ▶ Aggregate of account balances of the employer NEW
 - ▶ Identifying information for PPP (in case of PEP)
- ▶ DOL can provide simplified reports for MEPs
 - ▶ No more than 1000 participants
 - ▶ If no employer has more than 100 participants

Act Section
101(d)
Qualified
Yes
403(b)
Yes
457(b)
No
Eff. Date
PY begin after 12/31/2020
Amendment Needed
No

26

Bad Apple Rule Softened



- ▶ Adds new Code §413(e)
 - ▶ Applies to DC multiple employer plans that either:
 - ▶ Have employers with common interest outside of plan, or
 - ▶ A PEP with a PPP
- ▶ Plan not disqualified as a whole because an employer doesn't comply
 - ▶ Spin off assets of that employer (per next slide)
 - ▶ Doesn't help if PPP fails to perform duties
- ▶ IRS to publish model plan language for PEPs

Act Section
101(a)
Qualified
Yes
403(b)
No
457(b)
No
Eff. Date
PY begin after 12/31/2020
Amendment Needed
Yes

27

Overlapping Rules



- ▶ PPP must register with DOL and IRS
- ▶ DOL and IRS can audit/investigates PPPs
- ▶ DOL/IRS have broad authorization to issue regulations including:
 - ▶ Identify PPP duties
 - ▶ Provide that if ER fails to take needed actions:
 - ▶ Assets of that ER are spun off to a single employer plan of that employer, to IRAs or other rollover vehicles for participants, or other arrangements DOL/IRS determines
 - ▶ That employer (and not the plan or other employers except as provided in guidance) will be liable for that plan.
 - ▶ DOL/IRS can waive these requirements if it is in best interests of employees
 - ▶ DOL/IRS should take into account whether employer lapse has continued long enough that it "demonstrates a lack of commitment to compliance"

28

Regulations on PPPs, MEPs



- ▶ ER and PPP can comply with good faith interpretation of the law
 - ▶ So, you don't have to wait for regulations to establish PEP
- ▶ IRS can issue regs on MEP qualification failures outside of new SECURE rules
 - ▶ So they can go forward with proposed bad apple regulation

29

Polling question 3



- ▶ How do you feel about the new PEP rules?
 - ▶ I'm worried that expanded MEPs will eat into my business
 - ▶ Finally! I've been waiting to have an open MEP
 - ▶ I don't think it will have much of an impact in the long run
 - ▶ I work primarily with DB plans, so I don't care

30



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31

Required Beginning Date Changed

- ▶ Required beginning date now based on age 72, instead of 70½
 - ▶ Effective for distributions after 2019 for persons turning 70½ after 12/31/19
 - ▶ Effective for persons born after 6/30/1949
 - ▶ Applies to all plan types and IRAs
- ▶ Examples of IRA or 5% owners:

Birthday	70½ Year	72 Year	Required Beginning Date
6/30/1949	2019	2021	4/1/2020
7/1/1949	2020	2021	4/1/2022

Act Section	114
Qualified	Yes
403(b)	Yes
457(b)	Yes
Eff. Date	Persons born after 6/30/1949
Amendment Needed	Yes

32

Elimination of Stretch IRAs/Beneficiary Payouts

- ▶ Current law allows nonspouse designated beneficiaries to receive distributions over their life expectancy
 - ▶ E.g., I leave Roth IRA account to 21-year old grandson
 - ▶ He can take distributions over 62.1 years
- ▶ Under new rules, distributions to most death beneficiaries limited to 10 years

Act Section	401
Qualified	Yes
403(b)	Yes
457(b)	Yes
Eff. Date	Employee dies after 12/31/19
Amendment Needed	Yes

33

Distribution Periods: Death Before RBD



	Old Law (Pre-1/1/2020)	New Law (Post-12/31/19)
Spouse	Spouse; Recalculate Plan can use 5-year rule	Spouse; Recalculate
"Preferred" designated beneficiary	Nonspouse designated beneficiary; beneficiary; subtract 1 Plan can use 5-year rule	Other eligible designated beneficiary; beneficiary; subtract 1
Other designated beneficiary	n/a	10-year rule
Other	5-year rule	5-year rule

34

Distribution Periods: Death After RBD



	Old Law (Pre-1/1/2020)	New Law (Post-12/31/19)
Spouse	Greater of spouse (recalculate) or participant (subtract 1)	Greater of spouse (recalculate) or participant (subtract 1)
"Preferred" designated beneficiary	Nonspouse designated beneficiary: greater of beneficiary or participant; subtract 1	Other eligible designated beneficiary: greater of beneficiary or participant; subtract 1
Other designated beneficiary	n/a	Participant, subtract 1; 10 year maximum
Other	Deceased participant; subtract 1	Deceased participant; subtract 1

35

10-Year Rule



- ▶ Suppose I die in 2020
 - ▶ If RMDs had already begun, plan still must pay final RMD to me or to my beneficiary
- ▶ Balance of account must be paid by 12/31/2030
 - ▶ No need for installments before then
 - ▶ Presumably, designated beneficiary can make direct rollover to an inherited IRA before 2030, but 2030 payment deadline applies
- ▶ Guess: Plan will be able to use 10-year rule for eligible designated beneficiaries (before or after RBD)

36

Eligible Designated Beneficiary



- ▶ Eligible designated beneficiary (not subject to 10-year rule)
 - ▶ Spouse
 - ▶ Person no more than 10 years younger than employee
 - ▶ Minor child (10-year rule applies after majority)
 - ▶ Disabled (Code §72(m)(7))
 - ▶ Chronically ill (Code §7702B(c)(2))
- ▶ After death of eligible designated beneficiary, 10-year rule applies to subsequent beneficiaries
 - ▶ Based on death of eligible designated beneficiary
- ▶ Special rules for trusts

37



IRA-SPECIFIC RULES




38

Older Employees Can Make IRA Contributions




- ▶ Current laws prohibit non-Roth IRA contributions for tax year owner turns 70½ and subsequent years
- ▶ Repealed
- ▶ However, IRA deductions after 70½ reduce IRA charitable distribution exclusion
 - ▶ Suppose Don (age 71) makes deductible \$7,000 IRA contributions in 2020 and 2021 (\$14,000 total)
 - ▶ In 2022, Don makes \$25,000 IRA charitable distribution to Cancer Foundation
 - ▶ Only \$11,000 (\$25K - \$14K) is excludable

Act Section	107
Qualified	No
403(b)	No
457(b)	No
Eff. Date	Tax years begin after 12/31/19
Amendment Needed	No

39

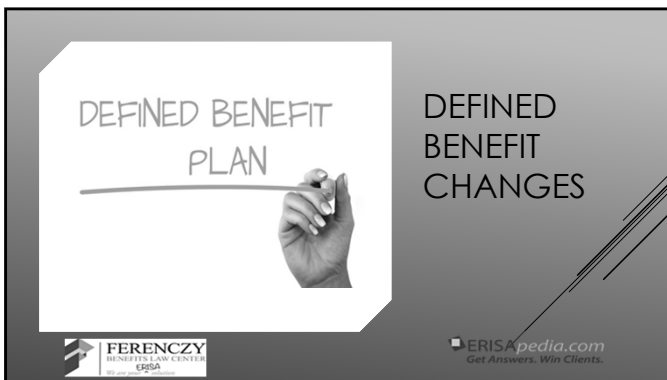
Grad Student IRAs

- Compensation for IRA purposes now includes taxable non-tuition fellowships and stipends
 - Allows grad students to make IRA contributions



Act Section	106
Qualified	No
403(b)	No
457(b)	No
Eff. Date	Tax years begin after 12/31/19
Amendment Needed	No

40



DEFINED BENEFIT PLAN

DEFINED BENEFIT CHANGES


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41

Nondiscrimination Testing for DB Plans with Closed Classes of Participants

- Allows favorable nondiscrimination testing for DB plans with closed classes of participants
 - Includes DB/DC combos
- Allows favorable testing of make-whole DC contributions to members of closed class of DB plan
- Can be effective as early as 2014
 - Ways and Means Chairman: "The legislation modifies the nondiscrimination rules with respect to closed plans to permit existing participants to continue to accrue benefits. The modification will protect the benefits for older, longer service employees as they near retirement."



Act Section	205
Qualified	Yes
403(b)	No
457(b)	No
Eff. Date	Immediate
Amendment Needed	No

42

Closed DB plans



- ▶ Allows testing relief for:
 - ▶ BRF testing
 - ▶ DB/DC combos
 - ▶ Minimum participation
 - ▶ Make-whole DC plans testing on benefits basis
- ▶ Typical requirements
 - ▶ Pass for year of closure and following two years
 - ▶ No later discriminatory amendments
 - ▶ No increases in last 5 years (doesn't apply if closed before 4/5/2017)
 - ▶ DC Plan: Matching contributions, 403(b) with employer contributions or ESOP

43

Set PBGC Premiums for CSEC Plans



- ▶ DB plans of cooperatives and small employer charities have different funding rules than single-employer and multiemployer plans.
- ▶ New PBGC premiums
 - ▶ Flat-rate \$19/participant
 - ▶ Variable rate \$9/\$1,000 unfunded vested benefit

Act Section
206
Qualified
Yes
403(b)
No
457(b)
No
Eff. Date
Immediate
Amendment Needed
No

44

Minimum Funding Standards for Community Newspaper Plans



- ▶ House Ways and Means Chairman:
 - ▶ Community newspapers are generally family-owned, non-publicly traded, independent newspapers.
 - ▶ This provision provides pension funding relief for community newspaper plan sponsors by increasing the interest rate to calculate those funding obligations to 8%.
 - ▶ Additionally, this bill provides for a longer amortization period of 30 years from 7 years.
 - ▶ These two changes would reduce the annual amount struggling community newspaper employers would be required to contribute to their pension plans.

Act Section
115
Qualified
Yes
403(b)
No
457(b)
No
Eff. Date
Plan year end after 12/31/17
Amendment Needed
No

45




**403(B)-
SPECIFIC
RULES**




46

Custodial Accounts in Plan Termination




- ▶ Currently, when 403(b) plan terminates:
 - ▶ Plan can distribute annuity contract to participants
 - ▶ Or certificate of group annuity contract
 - ▶ Treated as free-floating 403(b) plan
 - ▶ Must follow Code rules in effect when distributed
 - ▶ But, there is no such provision for custodial accounts with mutual funds
- ▶ SECURE requires IRS expand this rule to cover custodial accounts within six months of enactment

Act Section
110
Qualified
No
403(b)
Yes
457(b)
No
Eff. Date
Retroactive to 2009
Amendment Needed
?

47

Clarification of Retirement Income Account Rules



- ▶ Churches can maintain 403(b) retirement income account plans
- ▶ Not limited to direct church employees; can cover:
 - ▶ Ministers
 - ▶ Employees of a tax-exempt organization, controlled by or associated with a church or a convention or association of churches
 - ▶ Certain former employees

Act Section
111
Qualified
No
403(b)
Yes
457(b)
No
Eff. Date
Always
Amendment Needed
Yes

48




OTHER STUFF

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49

Small Plan Tax Credits




- ▶ Limited to employers that could sponsor SIMPLE
 - ▶ Credit for qualified plan startup costs
 - ▶ Was \$500/year for three years
 - ▶ Now \$500-\$5,000 for three years (\$250/NHCE covered)
 - ▶ New credit for EACA
 - ▶ \$500/year for three years
 - ▶ Not limited to plan operating costs
 - ▶ Applies to new plans and plans that add EACA feature


Act Section	104, 105
Qualified	Yes
403(b)	No
457(b)	No
Eff. Date	Tax year begin after 12/31/19
Amendment Needed	No

50

No Credit Card Loans



- ▶ Credit card plan loans are now taxable
 - ▶ Even if loan otherwise complies with Code §72(p)



Act Section	108
Qualified	Yes
403(b)	Yes
457(b)	Govt Yes
Eff. Date	Loans after 12/20/2019
Amendment Needed	No

51

Difficulty of Care Payments



- ▶ Difficulty of care payments (in re foster care providers) are exempt from tax under Code §131
 - ▶ Therefore, they haven't been considered to be compensation for plan purposes
- ▶ Now they can be treated as compensation
 - ▶ For IRAs
 - ▶ \$415 compensation for DC and 403(b) plans
 - ▶ Participant contributions treated as after-tax
 - ▶ Doesn't cause failure of "any requirement"

Act Section	116
Qualified	DC Yes
403(b)	Yes
457(b)	No
Eff. Date	Plan year begin aft 12/31/2015
Amendment Needed	Yes

52

Withdrawals After Birth/Adoption



- ▶ New defined contribution distributable event
 - ▶ Qualified birth or adoption distribution
 - ▶ Distribution in one-year period after birth/finalized adoption
 - ▶ Up to \$5,000
 - ▶ Applies to all plans of related employers
 - ▶ Applies to qualified DC, 403(b), gov't 457(b), and IRAS
- ▶ No 10% premature distribution penalty
- ▶ Can repay it to distributing plan or to an IRA
 - ▶ Treated as rollover contribution
- ▶ EE must include name, age, and TIN of child on return

Act Section	113
Qualified	DC Yes
403(b)	Yes
457(b)	Govt Yes
Eff. Date	Distributions after 12/31/19
Amendment Needed	Yes

53

Portability of Lifetime Income Options



- ▶ Plan has offered lifetime income investment
 - ▶ E.g., a product with an annuity distribution option not generally available under the plan
- ▶ Plan is going to drop investment
- ▶ Participants can roll to IRA or other rollover vehicle
 - ▶ Even if there isn't otherwise a distributable event
 - ▶ Limited to direct rollover
 - ▶ Applies during 90-day period prior to dropping investment
 - ▶ Optional provision

Act Section	109
Qualified	DC Yes
403(b)	Yes
457(b)	Govt Yes
Eff. Date	Plan year begin after 12/31/19
Amendment Needed	Yes

54

Lifetime Income Disclosure for ERISA Plans



- ▶ Defined contribution participant benefit statements must include annual disclosure
 - ▶ Lifetime income stream equivalent of account
 - ▶ Expressed as monthly benefit, single life and QJSA
 - ▶ DOL can authorize term certain feature
 - ▶ DOL to provide assumptions
- ▶ DOL to provide model (with explanations) and assumptions within one year
- ▶ No fiduciary liability for providing statement that follows DOL assumptions and provides explanations

Act Section	203
Qualified	ERISA DC Yes
403(b)	ERISA yes
457(b)	No
Eff. Date	Statements provided a year after guidance
Amendment Needed	No

55

Fiduciary Safe Harbor for Guaranteed Income Provider Selection



- ▶ Guaranteed retirement income contract
 - ▶ Annuity contract for fixed term, life, or joint lives
- ▶ Fiduciary safe harbor if fiduciary
 - ▶ Engages in objective search for insurers
 - ▶ Concludes insurer capable of fulfilling commitments
 - ▶ Can be based on written representations
 - ▶ Concludes costs (including commissions and fees) reasonable
 - ▶ Don't have to select lowest cost
 - ▶ Can be done periodically (needn't be for each contract)
 - ▶ Annually is sufficient

Act Section	204
Qualified	ERISA DC Yes
403(b)	ERISA Yes
457(b)	No
Eff. Date	Immediate
Amendment Needed	No

56

Higher IRS Penalties for Late Filing



Return	Old Penalty	New Penalty
5500	\$25/day; \$15,000 max	\$250/day; \$150,000 max
8955-SSA	\$1/participant/day; \$5,000 max	\$10/participant/day \$50,000 max
Withholding notice	\$10/notice; \$5,000 max	\$100/notice; \$50,000 max

Act Section	403
Qualified	Yes
403(b)	ERISA Yes
457(b)	No
Eff. Date	Returns due aft 12/31/2019
Amendment Needed	No

57

Polling question 4



- ▶ Have you ever had the IRS impose penalties for late filing a 5500 series form?
- ▶ Doesn't include warnings/threats
- ▶ Doesn't include cases where they granted reasonable cause
 - ▶ Never
 - ▶ Once
 - ▶ A few times
 - ▶ Frequently when the return is late

58

Lower In-Service Distribution Ages



- ▶ Bipartisan American Miners Act §104
 - ▶ Lowers in-service pension distribution age from 62 to 59½
 - ▶ Lowers in-service government 457(b) distribution age from 70½ to 59½
 - ▶ Tax-exempt stays at 70½

Act Section	BAMA 104
Qualified	Yes
403(b)	No
457(b)	Govt Yes
Eff. Date	PY begin after 12/31/2019
Amendment Needed	Yes

59

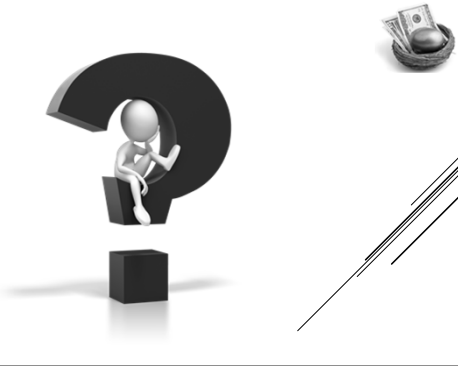
Disaster Relief



- ▶ Congressional retirement disaster relief provided for major disasters between 1/1/2018 and 2/18/2020
 - ▶ Includes Hurricanes Florence and Michael and 2018 California wildfires
- ▶ \$100,000 disaster distribution (deadline June 17, 2020)
 - ▶ No 10% penalty
 - ▶ Distributable event
 - ▶ Can be repaid
 - ▶ Can pay tax over three years
- ▶ Double loan limits (deadline June 17, 2020)
- ▶ Recontribute hardship distributions to purchase home in disaster area
- ▶ Adoption deadline: end of 2020 plan year


60

Questions?





61

Contact Information




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62

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63

For Further Study



Joanne Pecina will demonstrate how to find more information on today's topic from the ERISApedia.com resources.