ED SLOTT'S IRA ADVISOR

July 2020

Tax & Estate Planning for Your Retirement Savings

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Join the Retirement Planning Conversation

June 23, 2020

IRS Announces BLANKET Relief for Unwanted 2020 RMDs!
The IRS has just released IRS Notice 2020-51 which extended the deadline to August 31, 2020 to return any unwanted 2020 RMDs.

Unprecedented Relief!
ALL unwanted RMDs taken in 2020 can now be returned — *rolled over* — back to an IRA or company plan.

By *"ALL"* we mean **ALL**, even non-spouse IRA or plan beneficiaries (who could never do a rollover... until now). The 60-day rollover period is extended to August 31, 2020, no matter when in 2020 the RMD was taken. For example, if an RMD was taken in January 2020, it can still be returned by August 31, 2020. In addition, the once-per-year rule is waived for this relief, so those who took monthly RMDs earlier in the year can return them all.

This new guidance applies to *RMDs only.* Withdrawals of **non-RMD** funds are still bound by the one-rollover-per-year rule and the standard 60-day rollover rule.

Get word out to your clients and contacts and evaluate each situation! Some clients may be OK keeping the distribution if they are in a low tax bracket this year.

Regulation Best Interest and Rollover Considerations: Employer Plan to IRA

On June 5, 2019, the SEC adopted Regulation Best Interest (Reg BI) under the Securities Exchange Act of 1934. Reg BI establishes a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to clients of any securities transaction or investment strategy involving securities.

This includes recommendations of securities account types (e.g., to open an IRA or other brokerage account), as well as recommendations to roll over or transfer assets from one type of account to another (e.g., a workplace retirement plan account to an IRA). As part of this package, the SEC also adopted new rules and forms to require broker-dealers and investment advisors to provide a brief relationship summary, Form CRS, to retail investors. ***Firms must comply with Reg BI and Form CRS by June 30, 2020.***

Factors considered in determining whether a recommendation has taken place include whether the

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Executive Summary

IRS Announces BLANKET Relief for Unwanted 2020 RMDs!

- On June 23, the IRS released Notice 2020-51 which extended the deadline to August 31, 2020 to return any unwanted 2020 RMDs; they can now be returned (rolled over) back to an IRA or company plan.

Regulation Best Interest and Rollover Considerations: Employer Plan to IRA

- The SEC adopted Regulation Best Interest (Reg BI), along with new rules and forms to require broker-dealers and investment advisors to provide a brief relationship summary, Form CRS, to retail investors; firms must comply with Reg BI and Form CRS by June 30, 2020.
- Reg BI establishes a "best interest" standard of conduct for broker-dealers and associated persons when they make a recommendation to clients of any securities transaction or investment strategy involving securities; this includes rollover recommendations.
- Reasons to leave money in a work plan include federal creditor protection, the still-working exception, age 50 exception and age 55 exception.
- Tax considerations during a rollover include net unrealized appreciation (NUA) and Roth conversions.
- Benefits of rolling plan assets to an IRA include more flexible estate planning, consolidation/control of assets, fewer restrictions and the availability of qualified charitable distributions (QCDs).

IRS Releases Additional Guidance on CRDs

- On June 19, IRS released Notice 2020-50, "Guidance for Coronavirus-Related Distributions and Loans from Retirement Plans Under the CARES Act," to expand the definition of a "qualified individual."

Plan Hardship Distributions During the COVID-19 Pandemic

- Hardship withdrawal provisions are not required to be offered by workplace retirement plans.
- Standards for taking a hardship withdrawal require there be an "immediate and heavy financial need" and that the withdrawal is necessary to satisfy that financial need; there are seven "safe harbor" expenses that automatically satisfy the "immediate and heavy financial need" requirement.
- Individuals may be better off requesting a coronavirus-related distribution (CRD) vs. a hardship withdrawal, because CRDs are not limited to the amount of financial need and require less certification.
- Hardship withdrawals by those who are not qualified individuals are not CRDs.
- If a plan does not offer CRDs, a qualified individual may be eligible for a regular hardship withdrawal and then treat that withdrawal as a CRD.

communication "reasonably could be viewed as a 'call to action.'" A rollover, which is referenced 78 times throughout the Reg, is a call to action.

The application of Reg BI to recommendations of rollovers and withdrawals from retirement accounts is one of the rule's "most significant enhancements over the status quo," said Securities and Exchange Commission Chairman Jay Clayton, and these recommendations "should be approached with care."

Coupled with the highest unemployment rate in U.S. history due to COVID-19, now more than ever it is imperative to understand all options available when rolling over funds from an employer plan to an IRA. While each situation is unique, there are universal considerations advisors must keep in mind when helping clients faced with these important decisions.

Plan Advantages

Losing or changing jobs can be stressful and overwhelming. It may be tempting for some people to simply ignore their retirement savings and leave those dollars in a former employer's plan. This is not a thoughtful strategy. Funds should only remain in an employer plan if there are compelling reasons to do so.

Factors to consider include:

☑ **Federal Creditor Protection:** Generally, company plan assets under ERISA receive federal creditor protection. ERISA provides the "gold standard" when it comes to creditor protection outside of bankruptcy.

On the other hand, state law is the only protection offered to IRAs. Since state-level IRA protection varies, it is important to know what safeguards your state offers. If a state provides limited-to-no creditor protection and there are malpractice, divorce, or creditor problems, creditor protection should be considered prior to rolling over to an IRA.

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Example 1: Dr. Jonah is facing a malpractice lawsuit. His 401(k) from a previous employer has a value of $2 million. He is considering rolling the entire account to an IRA to purchase investments unavailable in the 401(k) plan.

However, Dr. Jonah was advised to hold off on the rollover until the malpractice case is decided since his state does not offer strong creditor protection. His financial advisor knows that keeping the entire $2,000,000 protected in the plan is more valuable right now to Dr. Jonah than gaining access to a particular investment.

> Funds should only remain in a company plan if there are compelling reasons to do so.

☑ **Still-Working Exception:** Another reason to leave money in a plan is the still-working exception. If an individual subject to required minimum distributions (RMDs) believes her job will be restored after the pandemic, she might want to leave the money in the company plan.

Similarly, an individual who finds a new job might want to roll over the funds to a plan with her new employer. The still-working exception allows individuals to delay RMDs from the company plan where they are still working until after they officially retire or separate from service.

Be aware that the still-working exception is neither a mandatory plan provision nor does it apply to IRAs. As an added consideration, individuals can roll pre-tax IRA funds to a company plan and delay RMDs on those former IRA dollars — *assuming the plan allows rollovers from IRAs.*

☑ **Age 50/55 Exceptions:** When a plan participant is age 55 or older in the year he leaves his job, he can take withdrawals from that employer plan. The distributions will be subject to tax, but there is no 10% penalty. If he rolls the plan funds to an IRA, any withdrawals before age 59½ will be subject to the 10% early distribution penalty unless an exception applies.

There is an age 50 withdrawal exception for federal, state and local public safety employees. It applies to both defined contribution and defined benefit plans. This group of employees includes law enforcement officers, firefighters, emergency medical service workers, certain customs officials, border protection officers, air traffic controllers, nuclear materials couriers, U.S. Capitol Police, Supreme Court Police, and diplomatic security special agents of the Department of State. Be aware — *the age 50/55 exceptions do not apply to IRA distributions.*

Tax Breaks to Consider

While traditional IRAs offer a number of benefits that plans do not, before requesting a rollover, individuals should carefully consider all options. Being too quick could mean substantial tax breaks get missed, such as:

☑ **Net Unrealized Appreciation (NUA):** If a work plan includes highly appreciated company stock, that stock could be withdrawn while the rest of the plan assets could be rolled over to an IRA. If processed properly, the only initial tax owed would be ordinary income tax on the cost basis of the stock when it was acquired within the plan — *not the current market value on the day of distribution.*

Upon liquidation of the NUA stock at any point in the future (even if immediately after the distribution from the plan), the NUA (appreciation while the stock was in the plan) will receive long-term capital gains treatment. Any appreciation after the original NUA distribution must be held for a year to receive favorable long-term capital gains tax rates.

To qualify for the NUA tax benefit, the original plan distribution must be a lump-sum distribution, meaning all plan assets must be distributed in one calendar year. The company stock gets transferred in-kind to a non-qualified brokerage account, and the remaining dollars go to an IRA.

The distribution can only occur after any one of these four triggering events: reaching age 59½; separation from service (not for self-employed); disability (only for self employed); or death. A good custodian and/or plan administrator can offer invaluable assistance with an NUA transaction.

Be careful not to jump the gun. If company stock is rolled over to an IRA, there is no going back. A rollover is irrevocable and the NUA opportunity will be lost forever.

Example 2: Nora, age 62, recently retired from ABC Bank. She has $800,000 in her 401(k), which consists of $500,000 in ABC Bank stock and $300,000 in cash. The cost basis of her bank stock is only $100,000. Nora has not taken any distributions from her plan and has met two triggering events (age 59½ and separation from service).

Nora executes an NUA transaction in one calendar year: the $300,000 in cash is rolled over to her IRA, and the $500,000 in ABC Bank stock is distributed to her non-qualified brokerage account.

Nora will only owe ordinary income tax on the $100,000 cost basis of the stock. She will pay long-term capital gains on the $400,000 of NUA whenever it is sold. Any additional gains on the ABC Bank stock above the $500,000 day-of-distribution value will need to be held for one year to receive long term capital gains treatment.

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☑ **Roth Conversions:** Another option when moving money from a work plan to an IRA is a Roth conversion. For those who lost their job this year and anticipate decreased income, a Roth conversion could be in the cards.

Yes, Roth conversions are usually taxable, but a reduction in annual income might drop them into a lower tax bracket, thereby potentially reducing the tax hit. For those with after-tax funds in their employer plan, this may be the time to convert those dollars to a Roth IRA with no tax bill.

How so? When funds are distributed from a plan, the administrator can separate the pre-tax and after-tax portions. The pre-tax monies can be directly rolled over to a traditional IRA, and the after-tax portion can be converted to a Roth IRA, tax-free.

The option to split the pre-tax and after-tax portions is only available when a distribution comes from a plan. If all funds are rolled over to a traditional IRA, this break is lost. The plan dollars are now considered to be IRA funds and are subject to the pro-rata formula.

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Example 3: Al left his former employer and would like to consolidate his 401(k) plan with his IRAs. His 401(k) consists of $300,000 in pre-tax dollars, $100,000 in Roth, and $50,000 in after-tax (non-Roth) dollars. Al can roll the pre-tax monies to a traditional IRA and the 401(k) Roth dollars to a Roth IRA. The after-tax dollars can go to either IRA.

If he rolls the $50,000 in after-tax dollars to his traditional IRA, he will now have basis that will be subject to the pro-rata rule, should he wish to do a Roth conversion in the future. Al avoids this headache by rolling his after-tax funds directly from the plan to the Roth IRA.

IRA Rollover Advantages

There are definitive advantages of rolling money to an IRA vs. leaving it in an employer plan, such as:

☑ **Estate Planning:** Since IRAs can more easily be coordinated with an overall estate plan, this makes for another consideration whether to roll over or not. For example, IRAs offer the option of splitting accounts while the owner is still alive and naming several primary and contingent beneficiaries. IRA owners can name anyone they wish as their IRA beneficiary.

Funds in some company retirement plans are subject to a federal law that requires participants to name their spouse as beneficiary unless the spouse signs a waiver. The IRA rollover makes the estate plan more flexible. This flexibility within an IRA allows owners to make changes quicker and without the administrative hurdles or delays that plans can impose.

☑ **Investment Options:** IRA owners have more investment options to choose from compared to a limited number of investments typically offered by company plans.

☑ **Consolidation and Control:** Rolling over old work plans into an IRA is a great way to consolidate retirement funds. Consolidation will help participants stay in control by minimizing paperwork and will streamline withdrawal options. RMDs can be aggregated among IRAs so individuals will no longer have to worry about required distributions from both their company plan(s) and IRAs.

☑ **No Withdrawal Restrictions:** Work plans have strict rules as to when a participant can access an account and what dollars are available. Even in an emergency, loans and/or hardship withdrawals from a plan may not be allowed.

IRAs carry no such restrictions. IRA owners, regardless of age, have full access to their IRA account. Penalties may apply to those under age 59½.

☑ **Qualified Charitable Distributions (QCDs):** For the charitably inclined, a QCD can exclude an IRA withdrawal from income and annually direct up to $100,000 to qualified charities. Since QCDs are available from IRAs only, individuals that have money in a work plan will first need to roll the money to an IRA. ■

IRS Releases Additional Guidance on CRDs

Notice 2020-50, "Guidance for Coronavirus-Related Distributions and Loans from Retirement Plans Under the CARES Act," was released by the IRS on Friday, June 19.

Highlights of this much anticipated guidance include the following:

A qualified individual is eligible to take up to $100,000 of coronavirus-related distributions (CRDs) penalty-free from employer plans and IRAs in 2020 and spread the taxes over three years. In response to many comments received, the IRS has expanded the existing definition of a qualified individual to include one who experiences adverse financial consequences due to COVID-19 as a result of:

- Having a reduction in pay (or self-employment income) or having a job offer rescinded or start date for a job delayed;

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- Having a spouse or a member of a household (as defined below) being quarantined, being furloughed or laid off, having work hours reduced, being unable to work due to lack of childcare, having a reduction in pay (or self-employment income), or having a job offer rescinded or start date for a job delayed; *or*
- Closing or reducing hours of a business owned or operated by the individual's spouse or a member of the individual's household.

A "member of the individual's household" is defined as someone who shares the individual's principal residence. (This could include a non-family member such as a roommate.)

The CARES Act allows individuals to repay a CRD within three years and to file amended tax returns to reflect repayment. Notice 2020-50 says that a qualified individual need not amend the 2020 tax return to reflect a CRD repayment if repayment is made before timely filing the 2020 tax return (including extensions). The IRS also confirms that non-spouse beneficiaries who take CRDs cannot repay the CRD.

The Notice clarifies that a CRD taken by an IRA owner who is currently taking substantially equal periodic payments under section 72(t) will not be considered a modification of the payment plan.

Additionally, the IRS included a sample certification letter for employees to use to gain access to a CRD from a company plan. The plan administrator may rely on an employee's certification unless the administrator has knowledge that the certification is not accurate. ■

Plan Hardship Distributions During the COVID-19 Pandemic

As part of the CARES Act, Congress made it easier for certain individuals to take withdrawals from 401(k), 403(b) and governmental 457(b) plans (as well as from IRAs). For 2020, these plans are permitted to offer coronavirus-related distributions (CRDs) up to $100,000 as a new distributable event under the plan.

Besides the fact that they deplete retirement savings, there are two other problems with CRDs. First, only those people who fit the expanded definition of a qualified individual in Notice 2020-50 are eligible. Second, CRDs are optional. While many company plans are making CRDs available, some are not.

> While many company plans are making CRDs available, some are not.

Advisors should be aware that there is a workaround for both of these situations. Many employees can still get access to their company savings — *even if they are not qualified individuals* — through a regular hardship distribution. And many qualified individuals can still use the special tax breaks available for CRDs — *even if the plan does not offer CRDs* — by taking a hardship distribution.

Hardship Withdrawal Basics

Many workplace retirement plans offer hardship withdrawals for participants at any age, but they don't have to, so check the plan's summary plan description or ask the plan administrator. (Many plans also offer withdrawals at age 59½, regardless of hardship.)

Since hardship withdrawals deplete retirement savings, the IRS has intentionally set strict eligibility standards. A 401(k) or 403(b) hardship withdrawal can only be made if it satisfies two conditions:

1. It is made on account of an immediate and heavy financial need of the employee; *and*
2. It is necessary to satisfy the financial need.

The standards for 457(b) hardship withdrawals are even stricter: the distribution must be on account of an "unforeseeable emergency."

Immediate and Heavy Financial Need: The IRS has listed certain kinds of expenses that automatically satisfy the "immediate and heavy financial need" requirement — *as long as the employee can document the expense.* These are called "safe harbor" expenses. (Instead of using the safe harbor approach, plans can determine, on a case-by-case basis, whether an employee has an immediate and heavy financial need. That approach is rare.) The safe harbor expenses are:

- Medical expenses for the employee or the employee's spouse, dependent or primary beneficiary under the plan.
- Costs related to the purchase of a principal residence for the employee (excluding mortgage payments).
- Tuition, fees and room and board expenses for up to the next 12 months of post-secondary education for the employee or the employee's spouse, child, dependent or primary beneficiary under the plan.
- Payments necessary to prevent eviction or foreclosure on a mortgage from the employee's principal residence.
- Burial or funeral expenses for the employee's parent, spouse, child, dependent or primary beneficiary under the plan.

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- Expenses for the repair of damages to the employee's principal residence.

In final regulations published in September 2019, the IRS added a seventh safe harbor:

- Expenses and losses (including the loss of income) incurred by the employee on account of a disaster declared by FEMA, provided the employee's principal residence or principal place of employment at the time of the disaster was located in a designated disaster area.

While most plans have likely adopted the new disaster expense safe harbor (plus the original six), check with the plan administrator.

Withdrawal is Necessary to Satisfy Financial Need: A hardship withdrawal can be made only if it is necessary to satisfy the financial need. To establish necessity, the amount requested cannot be more than the expense. Also, the employee must demonstrate that she has no other liquid assets available to pay the expense.

Hardship Withdrawals vs. CRDs

In many cases, individuals who satisfy the safe harbor for disaster-related expenses and losses may meet the definition of a qualified individual and therefore qualify for a CRD (if offered by the plan) in addition to qualifying for a regular hardship withdrawal. Such an individual may be better off requesting a CRD, because CRDs are not limited to the amount of financial need. Also, CRDs require less certification than hardship withdrawals and are likely to be approved quicker.

> A hardship withdrawal can be made only if it is necessary to satisfy the financial need.

Hardship Withdrawals for Non-Qualified Individuals

Many individuals fortunate enough not to be qualified individuals still face unusual financial challenges as a result of the coronavirus pandemic. In many cases, those expenses could be relieved through a regular hardship withdrawal that meets one of the IRS safe harbors.

Keep in mind that hardship withdrawals by those who are not qualified individuals are not CRDs. These distributions are subject to tax in the year of distribution, and, if applicable, the 10% early distribution penalty. There is no exception to the 10% penalty for hardship distributions. Additionally, a hardship distribution is not eligible for a rollover and cannot be repaid like a CRD.

Turning a Hardship Withdrawal into a CRD

Even if a plan does not offer CRDs, a qualified individual may be able to qualify for a regular hardship withdrawal under the disaster expense safe harbor — *as long as the plan offers hardship withdrawals and has adopted that safe harbor.* Due to COVID-19, all 50 states, the District of Columbia, and 4 territories have been designated as FEMA disaster areas. Thus, regular hardship withdrawals should be widely available for coronavirus-related expenses.

And there's more good news: the IRS has confirmed that a qualified individual is allowed to treat a hardship withdrawal like a CRD and take advantage of the special tax relief, even if her company has decided not to offer CRDs. In other words, for tax purposes, she can effectively turn a 2020 regular hardship withdrawal of up to $100,000 into a CRD. ■

Protecting Purchasing Power, Not Principal

Guest Expert

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To say that the COVID-19 pandemic has been a game changer is an understatement. Moreover, it's too early to fully grasp the long-term impact of the virus' spread in 2020 and our efforts to rein it in. What's certain, though, has been the near-term result for many workers and their retirement plans. Millions of people have lost their jobs; countless small businesses and professional practices have been shuttered.

Among those affected are clients and prospects in the age 55+ demographic who now face retirement earlier than anticipated. Consequently, some present and future clients will see their peak earning years cut short and lifelong savings threatened. Such individuals and their families will need true retirement income planning. Common questions and concerns — *having enough money saved in an IRA or qualified plan, retirement money invested in the right accounts, claiming Social Security early or tapping an IRA* — will become more pressing. And one topic that's not addressed frequently enough — *the impact of*

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taxes on drawing down retirement plans — will become critical. Some investors may flee to perceived safety: out of volatile equities and into cash or near cash.

At our firm, we believe that's the wrong path to take. We tell clients that the most important financial consideration for retirees is protecting purchasing power, creating "paychecks" that will grow over what could be 20 or 30 years or longer without earned income. Advisors who successfully make this point will have better client relationships.

Revealing the Risks

How do we impart this advice to clients? By focusing on what we call the 5 unique risks for retirees:

- **Short term risks: (1) market risk and (2) withdrawal risks.** Taking money from IRAs now, for instance, might mean selling at a loss and leaving fewer dollars to benefit from a potential recovery.
- **Long-term risks: (3) inflation and (4) longevity.** Prices will head higher over a lengthy retirement, and nest eggs can be depleted if clients live beyond normal life expectancy.
- **(5) Tax risk.** This is a straddle risk, spanning short- and long-term risk. Taxes are always a threat to wealth, so lifelong planning is vital.

To help clients understand the multiple risks faced by retirees, we have developed a three-part presentation. In Part One, we present the fundamentals of investing, which includes having a diversified investment mix, periodic rebalancing to maintain the desired asset allocation, and avoidance of behavioral traps such as selling low or buying high.

In Part Two, we have clients articulate the risks they most fear. Inflation and taxes are usually at the top of the list.

In Part Three, we introduce a three-bucket system to manage all the risks other than tax risk, which will be covered separately.

Filling the Buckets

Our bucket plan starts with an income bucket, where we urge clients to park 2 to 3 years of planned distributions. That will help clients manage market and withdrawal risk in the short term, as they can ladle out needed cash flow without having to draw down depressed equities.

The next bucket contains growth and income assets, which might include laddered bonds or dividend paying stocks. Such holdings can manage inflation risk as well as provide cash to refill the income bucket when markets are on the rise.

Our third bucket covers longevity risk, both the chances of living beyond life expectancy and the possibility of steep medical costs. (Long-term care is discussed separately.)

Capital Ideas

After outlining our bucket plan, we walk clients through capital markets results using data from Ibbotson Associates (Morningstar, Inc.). This helps them understand how stocks, bonds, and cash have done historically. We explain that the asset classes work in conjunction with one another, long- and short-term, and how results compare with inflation.

With our process, clients can make asset allocation decisions from a viewpoint that includes risk in all its different facets. Most importantly, they'll understand how their wealth needs to grow to protect purchasing power over an extended retirement.

On the flipside, clients appreciate how market risk historically has looked on the downside. When they understand their asset allocation decision from a true risk and reward perspective, they're committed to their decision, emotionally and intellectually.

Moreover, when clients in distribution mode understand that their income need for the next 2 to 3 years is covered by the income bucket, not subject to market volatility (like during COVID-19), they tend to ride out storms without considering reactive and often harmful changes.

Tackling Taxes

Once clients agree on their investment policy, we move on to taxes. We explain that, with the possible exception of health care, taxes will be their largest expense in retirement.

> With the possible exception of health care, taxes will be their largest expense in retirement.

Tax planning can be an ideal differentiator for an advisory firm because the value can be quantified. *Here are examples:*

- **Asset location.** Decide which investments should be held in tax-advantaged retirement accounts and which should be in regular taxable accounts.
- **Partial Roth conversions.** Moving money from tax-deferred to tax-free territory, clients can use today's relatively low tax brackets.
- **Required minimum distributions (RMDs).** We look into whether it is better to skip RMDs in 2020, as permitted, or take them and avoid larger future RMDs at possibly higher tax rates.

We work from the premise that many clients with large amounts

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in tax-deferred plans will not be in a lower tax bracket after retiring. Once the Tax Cuts and Jobs Act sunsets in six years, tax rates are scheduled to rise by up to 25%. COVID-19 and the trillions of dollars spent to stimulate the economy may now lead to even steeper tax increases in the future.

Blending the Streams

From this baseline, we encourage clients to blend income streams in retirement — *Social Security, tax-deferred accounts, Roth accounts, taxable accounts, and so on.* Client education begins by imparting an understanding of how different silos of income will be taxed. Generally, income can be grouped into two broad categories: taxable income and tax-free income.

Providing a basic understanding of how different forms of income are taxed is a foundational piece of planning. This affects how the calculations of the different forms of income will show up on tax returns and ultimately the amount of taxes paid. Once clients understand that, they can apply it to their personal situation and ask: *How do I draw on my various income sources to produce the least amount of tax?*

The answers not only are unique to each taxpayer, but can vary from year to year, depending on the client's situation, the economy and markets, and possibly as a result of tax code changes. Often, this is best done in coordination amongst the advisor, client, and the client's CPA.

If clients are generating income in the most tax efficient manner possible, some things will be true. First, by minimizing their tax, clients are automatically maximizing their income. Second, by minimizing tax, retirees need to withdraw less from savings; withdrawing less from savings will enable those savings to last longer. The ability to tap different income sources to minimize the tax bill provides tax risk diversification, which is a powerful retirement income strategy.

Partial Progress

Among the tactics we suggest for blending income streams, partial Roth conversions are typically the most impactful, especially for clients who have most of their savings in pre-tax retirement accounts. We explain partial Roth IRA conversions as a way to reduce the embedded tax liability in qualified retirement accounts. With a series of strategically timed conversions, clients can withdraw money from pre-tax accounts and minimize taxes.

Once money is in a Roth IRA and the requirements are met (five-year holding period, age 59½), it will never be taxed again. As Ed Slott says, "You're moving money from forever taxed to never taxed." That's true even if the Roth accounts are largely held in equities, and there's a post-pandemic boom, leading to strong stock market gains.

Clients appreciate professionals who can make such complex topics easy to grasp. Astute advice in this area leads to better decisions and more focus on important issues, in less time. Providing such a path to a possibly lengthy and probably comfortable retirement can increase the confidence that clients have in you, as their trusted advisor. ■

S. Joseph DiSalvo, ChFC ®, AIF, is a co-author of the book, *Income for Life: A Retiree's Guide to Creating Income from Savings*. As an expert specializing in all aspects of retirement income planning, Joe is passionate about the coordination and integration of clients' income, investment and tax strategies. Joe is the President of Quest Capital & Risk Management, Inc., which he founded in 1997 and has nearly three decades of experience in the financial services industry. He is a proud member of Ed Slott's Elite IRA Advisor Group℠. Joe has been recognized as being in the top tier of advisor relationships nationwide with AssetMark, a Fortune 500 company that helps financial advisors build strong businesses. He is an accomplished public speaker and has had the honor of leading over 100 national educational workshops. For more information, visit incomeforlifebook.com. Joe can be reached at (631) 724-3933 or jdisalvo@questcapitalmgmt.com.

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Updated for the SECURE & CARES Acts

July 9-10, 2020

"This program, with its emphasis on the SECURE Act, empowered me to start immediate discussions with my clients today for a better tomorrow. I was reminded at this training that being complacent hurts a client. I strive for excellence by being up-to-date on new tax rules and strategies to make sure I am maximizing my clients' potential retirement and legacy for which they have worked so hard. They deserve it and should demand this because it's all about them. Fantastic education! Wonderful presentation!"
— Leticia Hewko, Tustin, CA

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—Ken Friedman, Jacksonville Beach, FL

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Join the retirement planning conversation

MASTER THE SECURE & CARES ACTS

The SECURE Act single-handedly upended many long-standing retirement rules on January 1, 2020. Only three months later, a second and equally enormous piece of legislation was passed—*the Coronavirus Aid, Relief, and Economic Security (CARES) Act.* From RMD waiver eligibility and age changes to Coronavirus-Related Distributions (CRDs), **are you prepared to answer your clients' questions and be a knowledgeable fiduciary in this new terrain?**

RECOGNIZE NEW BACK-DOOR ROTH OPPORTUNITIES

By repealing the maximum age for IRA contributions, more clients will be eligible to complete Roth conversions. However, with recharacterizations eliminated, knowledgeable expertise is more important than ever to avoid costly and irreversible mistakes!

RIP STRETCH IRAS

Congress has pulled the rug out from retirees late in the game—*especially those with large IRAs!* Join us to learn about a key new beneficiary category still eligible for stretch provisions and the **five new strategies** that you can use to give your clients post-death control and minimized taxes.

CRITICAL ANSWERS THAT YOU, YOUR CLIENTS & COMMUNITY NEED *NOW*

Now more than ever, obstacles and volatility are a constant variable: the stock market, interest rates, tax laws, political and regulatory environment surrounding a global pandemic and an election year.

How will history remember 2020? That is yet to be written and out of our control. How will your clients remember you and the actions you took during these trying times? It is said that crisis does not build character—*it reveals it.*

Empty claims of being a "retirement expert" will quickly end in costly mistakes for those unequipped with the latest knowledge and advice. Leading financial advisors, those who take the reins during one of the most difficult periods in recent American history, need to be knowledgeable on these significant tax laws and updates.

The urgency for knowledgeable, professional advice has never been more essential!

The most timely, up-to-the-minute IRA education

Since January 1, our team of IRA Experts has been flooded with questions from thousands of Americans— consumers, professionals and media alike—such as:

- Which retirement accounts are affected by the RMD waiver?
- Can an RMD already taken for 2020 be rolled over?
- Is the age for QCDs still 70 ½?
- Who is eligible for a Coronavirus-Related Distribution?

As news continues to break, this LIVE virtual training will prepare you to answer the top questions of your clients, prospects and centers of influence.

After two days, you will be armed with immediately actionable intel to help your clients maximize their hard-earned retirement savings.

Get focused. Get educated. Take action.

It all starts by spending two days with us, America's IRA Experts, at our VIRTUAL Instant IRA Success. Join us for:

- **The most-up-to-date IRA expertise,** including new opportunities and planning considerations stemming from the SECURE and CARES Acts
- **An action plan** to implement into your business immediately to protect your clients and prospects from avoidable (and costly) planning errors
- **A 400+ page manual** available for the first time ever in a digital format to use as a practical reference guide
- **Valuable CE credits**
- **Direct access to our team of IRA Experts** through a virtual Q&A chat experience to make sure you leave with no questions unanswered

WHAT ATTENDEES ARE SAYING...

"Outstanding 2 days of training! 40 years in the business and this was an eye-opening experience! What you don't know CAN hurt you."
— Chuck Price, Portland, OR

"Within the first 30 minutes of Ed's workshop, I realized I had made a common IRA planning mistake. I called my office and stopped a transaction saving my client tax on $136,000 and saving the relationship. This program paid for itself within the first hour I was here!"
— Jim Flanagan, Naperville, FL

"The emphasis on the SECURE Act was critical. No amount of self-study could prepare me as well as the Slott team!"
— Scott Dewhurst, New York, NY

"I was able to show a prospect (now client) how to save $52,000 on their RMDs from the material at this training! Their CPA loved it and so did the client."
— Larry Schuffman, Pensacola, FL

"Without this course, any professional advising clients on IRAs could make costly, in some cases savings-crushing, mistakes."
— Lisa Barram, Fort Washington, PA

"Ed Slott and Company's 2-Day IRA Workshop not only provided detailed explanations and illustrations of the latest updates from the SECURE Act, but the experts were dynamic, engaging and provided key ideas to help pre- and post-retirees maximize tax favorable treatment! I learned many valuable ideas to help my current and future clients. The education is top notch!"
— Maria Muth, Somerville, NJ

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2 days of educational and empowering IRA strategies

DAY ONE

DAY TWO

IMPORTANT: All sessions are shown in **Eastern Time.** Sessions begin at 10 EDT / 9 CDT / 8 MDT / 7 PDT in the morning and end at 5:10 EDT / 4:10 CDT / 3:10 MDT / 2:10 PDT in the afternoon on both days. To receive CE credits, you must be in attendance for the entire workshop on **both days.**

Session One **10:00 am – 10:50 am EDT**

Navigating the CARES Act

- Introduction and Program Overview
- CARES Act Relief Provisions
- 2020 RMD Waiver
- Coronavirus-Related Distributions (CRDs)
- Plan loan relief

Break **10:50 am – 11:00 am EDT**

Session Two **11:00 am – 11:50 am EDT**

SECURE Act / Planning for the End of the Stretch IRA /3 Beneficiary Categories / Eligible Designated Beneficiaries (EDBs) – Who Qualifies?

- SECURE Act – Summary of Key Changes
- The End of the Stretch IRA – SECURE Act Planning Solutions
- 3 Beneficiary Categories under the SECURE Act
- Eligible Designated Beneficiaries (EDBs) – Who Qualifies?

Break **11:50 am – 12:40 pm EDT**

Session Three **12:40 pm – 1:30 pm EDT**

SECURE Act Impact on Stretch IRAs / How Post-Death Payout Rules Will Work / Practice Examples / Beneficiary Forms / Custodial Document Checklist

- SECURE Act - How post-death payouts will work
- Practice Examples – Post-death payouts based on the type of beneficiary
- Why Most Beneficiaries Overpay Their Taxes
- Common Mistakes in Setting up Inherited IRAs
- IRA Beneficiary Form Mistakes That Wipe Out Inheritances
- How to Use the IRA Beneficiary Form to Build Referrals
- IRA Beneficiary Selection
- What to Look for in IRA Custodial Documents
- IRA Custodial Document Checklist – One Dozen Questions Advisors Must Ask

Break **1:30 pm – 1:40 pm EDT**

Session Four **1:40 pm – 2:30 pm EDT**

25 IRA Rules You Must Know (Part One)

- 25 IRA Rules You Must Know and How to Capitalize on Them, Including New Rules Under the SECURE Act (Part One)

  Highlights Include:
  - IRA Distribution Basics
  - Aggregating Distributions
  - 5-Year Rule Confusion After Death
  - SEP and SIMPLE IRA Confusion
  - Creditor/bankruptcy protection of IRAs
  - Year of Death Distribution - Who Takes It?
  - IRAs Don't Generally Pass Through Wills

Break **2:30 pm – 3:20 pm EDT**

Session Five **3:20 pm – 4:10 pm EDT**

25 IRA Rules You Must Know (Part Two)

- 25 IRA Rules You Must Know and How to Capitalize on Them, Including New Rules Under the SECURE Act (Part Two)

  Highlights Include:
  - Two Different 5-Year Rules for Roth IRAs
  - QDROs Do Not Apply to IRAs
  - A Non-Spouse Beneficiary Cannot do a Rollover
  - The 10% Penalty Exceptions

Break **4:10 pm – 4:20 pm EDT**

Session Six **4:20 pm – 5:10 pm EDT**

25 IRA Rules You Must Know (Part Three)

- 25 IRA Rules You Must Know and How to Capitalize on Them, Including New Rules Under the SECURE Act (Part Three)

  Highlights Include:
  - Splitting IRAs
  - No Deadline for a Spousal Rollover
  - 20% Withholding Tax Rule
  - Eligible Rollover Distributions (ERDs)
  - Tax Breaks for IRA and Plan Beneficiaries
  - Rollover or Transfer? – 60-Day Rollover Relief
  - Roth IRA Beneficiaries Must Take RMDs
  - Correcting Excess IRA Contributions

Session Seven **10:00 am – 10:50 am EDT**

Roth Conversion Planning / 3 Roth Conversion Questions You Need to Ask / Estate Planning with Roth IRAs

- Roth IRA Tax Planning After the SECURE Act
- The 3 Questions to Ask in Every Roth Conversion Evaluation
- Who Should and Who Should Not Convert
- Estate Planning with Roth IRAs

Break **10:50 am – 11:00 am EDT**

Session Eight **11:00 am – 11:50 am EDT**

Roth 401(k) Rules / IRA Update – The Latest IRA Changes, Rulings and Cases

- Roth Conversions from Company Plans
- Roth 401(k), Roth 403(b), and Roth 457(b) Contribution and Distribution Rules
- IRA Update: The Latest IRA Tax Law Changes Including the SECURE Act, New Tax Strategies, Rulings, Court Cases and Planning Opportunities

Break **11:50 am – 12:40 pm EDT**

Session Nine **12:40 pm – 1:30 pm EDT**

Naming Trusts as IRA Beneficiaries (Part One)
Everything You Need to Know / SECURE Act Effect on IRA Trust Planning

- Separate Account Rules for Multiple IRA Beneficiaries - Splitting IRAs
- Naming Trusts as IRA Beneficiaries – The SECURE Act Impact and Why Most IRA Trusts Won't Work Anymore!

Break **1:30 pm – 1:40 pm EDT**

Session Ten **1:40 pm – 2:30 pm EDT**

Naming Trusts as IRA Beneficiaries (Part Two)
SECURE Act Effect on IRA Trust Planning / Latest IRA Trust Rulings and Planning Strategies / IRA Trust Checklist

- SECURE Act Effect on IRA Trust Planning
- Conduit Trusts vs. Accumulation Trusts
- How to Determine RMDs When a Trust is the IRA Beneficiary
- Avoid Major IRA Trust Mistakes That Most Other Advisors Make Routinely
- The Latest IRA Trust Rulings
- 10-Point IRA Trust Checklist

Break **2:30 pm – 3:20 pm EDT**

Session Eleven **3:20 pm – 4:10 pm EDT**

How to Use the SECURE Act to Attract Large IRA Rollover Clients / Advising Clients on Key Rollover Decisions / 72(t) Planning

- How to Use the SECURE Act to Attract Large IRA Rollover Clients
- Advising Clients on Key Rollover Decisions
- NUA (Net Unrealized Appreciation) Rules and Strategies for Employer Stock
- 5 NUA Mistakes You Cannot Afford to Make
- 72(t) Rules for Early IRA and Plan Distributions
- 72(t) IRS Rulings and Court Cases

Break **4:10 pm – 4:20 pm EDT**

Session Twelve **4:20 pm – 5:10 pm EDT**

The Missing Estate Plan / IRA Estate Planning Strategies After the SECURE Act / Life Insurance Planning with IRAs

- The Missing IRA Estate Plan...Means More Money for YOU
- IRA Estate Planning Strategies – New Strategies After the SECURE Act
- How to Plan for Estate Tax Uncertainty
- Use of Life Insurance to Protect IRA Values – SECURE Act Impact
- IRA Strategies to Increase Your Insurance and Annuity Sales
- Planning for State Estate Taxes
- The 2 Biggest Tax Breaks in the Tax Code and How to Make Sure Your Clients Get Them - Creating the Perfect IRA Estate Plan

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Please charge the registration fee to my: ☐ Visa ☐ MC ☐ Discover ☐ Amex ☐ Gift Card

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Number of Attendees:	Price per Attendee:
1	$1995
2	$1595
3-9	$1495
10+	$1295

This workshop will be broadcast using Zoom. Once registered, you will receive a link to join the event via email the week of the event.

**Discount codes and group rates cannot be combined*

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