

NAGDCA ANNUAL CONFERENCE 2009

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- CFP
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Hardships and Loans: Dealing
with Increased Foreclosures and
Evictions



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Plan Loans

- Not all plans are created equal
 - Loans in IRA-based plans = no
 - Loans in qualified plans = maybe
 - Loans 403(b) & 457(b) = maybe
- Basic loan provisions
- Taxability issues
- Late deposits of EE contributions



Hardship Distributions

- Hardship defined
 - 401(k), 403(b)
 - Beneficiaries
- Hardship limits
 - Basic limits
 - Effect of designated Roth account



Unforeseeable Emergency Distributions

- Unforeseeable emergency defined
 - 457(b)
 - Beneficiaries
- Unforeseeable emergency limit
 - Basic limits



Pre-Retirement Distributions Tax Consequences

- Take it or leave it – things to consider
- 10% early distribution additional tax
 - Exceptions
 - Age 59 ½
 - Separation from service and age 55
 - Substantially equal payments
 - Disability or death
 - Does not apply to 457(b) plans



Rollover of Pre-Retirement Distributions

- Rollover or not?
- Direct rollover rules
- Automatic rollovers
- Roth 401(k)/ Roth 403(b)/ IRA
- Withholding requirements
- 60-day rollover waiver – PLR



May A Plan Be Terminated?

- 401(a) Plan – Yes
- 403(b) Plan – Yes
- 457(b) Plan – Yes



Required Minimum Distributions

- Required Minimum Distributions
 - WREIRA provides some relief
 - No RMD for 2009
- Special rule for governmental plans



Divorce

- Qualified Domestic Relations Order (QDRO)
 - Special rules governmental plans
 - Permitted distribution options per plan
 - Not subject to 10% early withdrawal additional tax





ROBS



- Rollovers as Business Start-ups
 - Establish C corp and retirement plan
 - Rolls over retirement assets to new plan
 - 100% of rollover invested in ER stock
 - Funds used to purchase franchise or start-up business



What if a Mistake is Made?

- IRS Correction Programs -
 - Self-Correction, Voluntary or Audit
- Correction Examples
 - Failure of 60-day rollover rule
 - Failure to make RMD
- Fix-It Guides Available
- 457(b) Governmental Plans



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Benefits Practitioners | Plan Participant Employees | Plan Sponsor Employees

Governmental Plans

Materials from the Roundtable are available.

Plans and Programs

Wish to go directly to a plan type or IRS Employee Plans program? Find it here.

- Retirement Plans Community Topics
- [Newsletters](#)
 - [Published Guidance](#)
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Questions?

Thank you!


