

# **Fast Track Retirement Planning**

## **Course Description & Study Guide**

We are all (including tax practitioners) getting older, and the need for effective retirement planning has never been greater. This 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 calculated; net after tax Social Security benefits are determined; and distribution options from IRAs and retirement plans are explored. Special consideration is given to the tax treatment of the home and business on retirement. Buy-sell agreements are discussed and eldercare planning is examined.

**Completion Deadline & Exam:** This course, including the examination, must be completed within one year of the date of purchase. In addition, unless otherwise indicated, no correct or incorrect feedback for any exam question will be provided.

**Course Level:** Overview. This program is appropriate for professionals at all organizational levels.

**Field of Study:** Taxes

**Prerequisite:** General understanding of federal income taxation.

**Advanced Preparation:** None

## **Learning Assignments & Objectives**

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

### **ASSIGNMENT**

### **SUBJECT**

#### **Chapter 1**

#### **How Much Do You Need To Retire?**

At the start of Chapter 1, participants should identify the following topics for study:

- \* Mapping mechanics
- \* Common pitfalls
- \* Popular retirement myths
- \* Defining retirement
- \* Developing a plan
- \* Savings
- \* Assets

### **Learning Objectives**

After reading Chapter 1, participants will be able to:

1. Recognize the importance of personal retirement maps to suit client objectives & lifestyles and summarize the basic guidelines of retirement planning, including common pitfalls and misconceptions of retirement.
2. Determine retirement using the major levels of retirement and key questions that have financial and personal ramifications.
3. Identify retirement costs and income needs of clients based on their current budget, recognize tax savings strategies and identify guidelines when purchasing investment assets.

After studying the materials in Chapter 1, answer the exam questions 1 to 21.

### **ASSIGNMENT**

### **SUBJECT**

#### **Chapter 2**

#### **Social Security Benefits & Retirement Planning**

At the start of Chapter 2, participants should identify the following topics for study:

- \* Will Social Security be there?
- \* How Social Security works
- \* Social Security participants
- \* Social Security benefits
- \* Retirement benefits
- \* Direct deposit
- \* Social security tax
- \* Total disability benefits
- \* Survivors' benefits
- \* Medicare

### **Learning Objectives**

After reading Chapter 2, participants will be able to:

1. Determine how Social Security funds are assessed and then paid, specify the system's mechanics, and select qualified Social Security participants noting their benefit eligibility.

2. Identify the requirements to receive Social Security retirement benefits, and determine clients' retirement benefits following a multi-step calculation process.
3. Recognize Social Security taxes, their tax rates and covered earnings allowing better retirement planning.
4. Specify the eligibility requirements of Social Security disability benefits and survivors' benefits, and determine what constitutes Medicare Part A and Medicare Part B noting qualifications.

After studying the materials in Chapter 2, answer the exam questions 22 to 36.

<b>ASSIGNMENT</b> <b>Chapter 3</b>	<b>SUBJECT</b> <b>Retirement Plans</b>
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At the start of Chapter 3, participants should identify the following topics for study:

- \* Qualified deferred compensation
- \* Basic requirements of a qualified pension plan
- \* Basic types of corporate plans
- \* Types of defined contribution plans
- \* Self-employed plans - Keogh
- \* Distribution & settlement options of IRAs
- \* Tax-free rollovers for IRAs
- \* Roth IRAs
- \* Simplified employee pension plans (SEPs)
- \* SIMPLE plans

**Learning Objectives**

After reading Chapter 3, participants will able to:

1. Identify nonqualified and qualified deferred compensation plans noting their benefits and contributions limits and recognize the current and deferred advantages and disadvantages of corporate plans including fiduciary responsibilities and prohibited transactions.
2. Specify the requirements of the basic forms of qualified pension plans.
3. Determine the differences between defined contribution and defined benefit retirement plans and specify several types of defined contribution plans noting their impact on retirement benefits.
4. Recognize self-employed plans from qualified plans for other business types and owners.
5. Identify the requirements of IRAs, SEPs, and SIMPLEs and tax-free Roth IRA distributions noting strategies to maximize plan benefits.

After studying the materials in Chapter 3, answer the exam questions 37 to 56.

**ASSIGNMENT**

**SUBJECT**

**Chapter 4**

**Distributions from Retirement Plans**

At the start of Chapter 4, participants should identify the following topics for study:

- \* Prior law for annuity payments
- \* Mandatory basis rule for annuity payments
- \* Nonqualifying lump-sum distributions
- \* Treatment options for lump-sum distributions
- \* Eligible rollover distributions
- \* 20% withholding
- \* Rollover period
- \* Premature distributions
- \* Minimum distribution rules
- \* Making charitable gifts with plan balances

**Learning Objectives**

After reading Chapter 4, participants will be able to:

1. Identify popular ways to receive distributions from a retirement plan or an IRA, specify types of annuities noting their effect on how and when participants receive payments and determine the tax on annuity payments under the general rule or the simplified general rule.
2. Determine what constitutes a lump-sum distribution permitting clients to receive special tax treatment on such distributions.
3. Recognize the key components of rollovers that can be used to reinvest cash or other assets without including the amount in income.
4. Specify the tax consequences of taking premature distributions noting how to avoid the 10% penalty.
5. Identify the minimum distribution rules and ways to avoid the 50% penalty associated with either taking smaller distributions than required or with taking distributions after the required beginning date for minimum distributions.

After studying the materials in Chapter 4, answer the exam questions 57 to 68.

**ASSIGNMENT**

**SUBJECT**

**Chapter 5**

**Nonqualified Plans**

At the start of Chapter 5, participants should identify the following topics for study:

- \* Postponement of income

- \* Purposes & benefits
- \* Constructive receipt
- \* Economic benefit
- \* Funded company account plan
- \* Segregated asset plan
- \* Tax consequences
- \* Accounting
- \* Estate planning considerations
- \* Withholding, Social Security & IRAs

### **Learning Objectives**

After reading Chapter 5, participants will able to:

1. Recognize the postponement of income with a nonqualified plan by:
  - a. Identifying nonqualified plan advantages including ways to design the plans and specifying the IRS's position on such arrangements noting the impact of constructive receipt and economic benefit concepts;
  - b. Specifying deferred compensation patterns set forth in R.R. 60-31 noting the taxability of each; and
  - c. Determining unfunded and funded plans noting the use of company assets or bookkeeping accounts to avoid employee taxation.
2. Identify the set up of a segregated asset plan where the account is not subject to the claims of the employer's creditors and still avoids employee taxation and specify the tax consequences of establishing a nonqualified plan.

After studying the materials in Chapter 5, answer the exam questions 69 to 77.

### **ASSIGNMENT**

### **SUBJECT**

#### **Chapter 6**

#### **Life Insurance, Annuities & Buy-sell Agreement**

At the start of Chapter 6, participants should identify the following topics for study:

- \* Taxes
- \* Types of life insurance
- \* Life insurance trusts
- \* Annuities
- \* Buy-sell agreements
- \* Purchase price & terms
- \* Community property
- \* Professional corporations
- \* S corporations

\* Sole shareholder planning

### **Learning Objectives**

After reading Chapter 6, participants will able to:

1. Specify reasons to purchase life insurance and the parties with rights in a life insurance policy.
2. Recognize the tax treatment of life insurance proceeds by:
  - a. Identifying the tax treatment of premiums and lifetime benefits noting several exceptions to the transfer for value rule and specifying variables that influence whether life insurance is taxable for federal estate tax purposes; and
  - b. Determining the gift tax associated with transfers of life insurance policies.
3. Identify the pros and cons of types of life insurance policies to help clients choose a suitable policy.
4. Specify the reasons for using an irrevocable life insurance trust in an estate plan identifying trust considerations and the differences between deferred and private annuities.
5. Determine what constitutes entity purchase and cross purchase buy-sell agreements noting tax and legal advantages.

After studying the materials in Chapter 6, answer the exam questions 78 to 93.

### **ASSIGNMENT**

### **SUBJECT**

#### **Chapter 7**

#### **Home Sales & Moving Expenses**

At the start of Chapter 7, participants should identify the following topics for study:

- \* Capital gains rates
- \* Rate groups
- \* AMT
- \* Home sales under §121
- \* Special rules for ownership & use requirements
- \* Prorata exception
- \* 1099-S reporting
- \* Distance & time tests for moving expenses
- \* Deductible moving expenses
- \* Reporting moving expenses

### **Learning Objectives**

After reading Chapter 7, participants will able to:

1. Determine the relationship between home sales and the capital gains rates and specify the rate “baskets” created by the capital gain provisions noting the tax treatment of capital assets in each category.
2. Recognize the key elements and application of the §121 home sale exclusion and identify safe harbor regulations associated with the home sale exclusion.
3. Identify when a taxpayer meets distance and time tests for deductible moving expenses under §217.

After studying the materials in Chapter 7, answer the exam questions 94 to 103.

<b>ASSIGNMENT</b>	<b>SUBJECT</b>
<b>Chapter 8</b>	<b>Estate Planning</b>

At the start of Chapter 8, participants should identify the following topics for study:

- \* Unlimited marital deduction
- \* Applicable exclusion amount
- \* Stepped-up basis
- \* Basic estate planning goals
- \* Simple will
- \* Types of trusts
- \* Charitable trusts
- \* Insurance trusts
- \* Family documents
- \* Private annuities

### **Learning Objectives**

After reading Chapter 8, participants will able to:

1. Determine what constitutes estate planning for clients by:
  - a. Identifying elements of estate tax planning that have remained unchanged by recent legislation;
  - b. Recognizing the unlimited marital deduction and its effect on the gross estate of the value of property; and
  - c. Specifying the applicable exclusion amounts for various years of death.
2. Identify the concepts of “stepped-up basis” and “modified carryover basis” for estate tax purposes.
3. Specify basic estate-planning goals, and recognize the benefits and drawbacks of the primary dispositive plans.

4. Identify various types of estate trusts and family documents that every taxpayer should consider, and determine the advantages and disadvantages of the former private annuity format.

After studying the materials in Chapter 8, answer the exam questions 104 to 120.

### **Notice**

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