NATIONAL QUALITY REVIEW

2018 Tax Season Reference *for* Retirement Accounts

IRA Contribution Deadlines

Subject	Regulatory Guidance	Comments/Observations	Potential Impact
IRA Contributions Mailed to Custodian	IRA Contribution (Traditional or Roth) for 2017 must be received by the Custodian in an envelope postmarked on or before April 17, 2018.[1] [Postmark Rule-Code Section 7502(a)(1)]	Even if the Custodian receives the IRA Contribution after April 17, 2018,[1] the IRS permits the Custodian to treat the IRA Contribution as having been timely made for 2017 as long as it is received in an envelope with a postmark from the U.S. Postal Service of April 17, 2018,[1] or earlier.	Knowing the Postmark Rule will allow the caller to make an informed investment decision. It is helpful for the caller to know that the Postmark Rule may allow him/her a little extra time to make his/her 2017 IRA Contribution and still have it treated as timely made by the Custodian. Omission of this information could discourage a procrastinating account owner from making a contribution for 2017 and being able to take a corresponding tax deduction for 2017 (Traditional IRA).
IRA Contributions - "In Good Order"	IRA Contribution (Traditional or Roth) for 2017 must be received by the Custodian "In Good Order" no later than April 17, 2018.[1]	In order for 2017 IRA Contributions to be treated as received "In Good Order," the signed and dated contribution check must be drawn on an active account with sufficient funds to cover the contribution. "Replacement" checks received after the IRS contribution due date and drawn on a new account or after the original account has been credited with sufficient funds to cover the contribution cannot be treated as having been timely made by the IRS contribution deadline for the 2017 tax year.	Providing IRA Contributions deadlines will assist the caller in making timely contributions. It is helpful for the caller to understand that the Custodian will not be permitted by the IRS to treat a "holder" check written on an inactive account or an account with insufficient funds as a contribution timely made and "In Good Order." "Replacement" checks for bounced checks or backdated checks received after the April 17, 2018,[1] contribution deadline cannot be treated as timely made 2017 contributions. Omission of this information could result in the caller trying to take an ineligible deduction for a 2017 IRA Contribution and having to file an amended 2017 federal tax return.
Account Owner Not on IRS-Approved Extension for 2017 Form 1040.	IRA Contribution (Traditional or Roth) for 2017 must be received by the Custodian no later than April 17, 2018.[1]	IRA Contributions for 2017 must be received by the Custodian no later than April 17, 2018.[1] For contributions made between January 1, 2018, and April 17, 2018,[1] the account owner must indicate on the check or in a companion Letter of Instruction that the contribution is intended for the 2017 tax year. Otherwise, the IRS recommends that the Custodian credit the contribution to the tax year in which it is received.	Understanding the limits of non-IRS-approved extensions to federal return filing deadlines will help the caller avoid pitfalls. It is helpful for the caller to be certain that he/she will be able to make his/her 2017 IRA Contribution in good order and that the Custodian will be able to treat it as timely made. Omission of this information could result in the caller's failure to be able to invest funds for the 2017 tax year on a tax-favored basis and/or to receive a 2017 tax deduction for the contribution (Traditional IRA).
Account Owner on IRS-Approved Extension for 2017 Form 1040.	IRA Contribution (Traditional or Roth) for 2017 must be received by the Custodian no later than April 17, 2018.[1]	Even if the account owner received an approved IRS extension for filing the 2017 Form 1040, the extension does not apply to the due date of the 2017 IRA Contribution. The 2017 IRA Contribution must still be received by the Custodian on or before April 17, 2018,[1] in order to be treated as timely made. If the 2017 IRA Contribution is made between January 1, 2018, and April 17, 2018,[1] the account owner must indicate on the check or in a companion Letter of Instruction that the contribution is intended for the 2017 tax year. Otherwise, the IRS recommends that the Custodian credit the contribution to the tax year in which it is received.	Receiving an explanation of the scope of IRS-approved extensions to federal return filing deadlines will assist the caller in making timely contributions. It is helpful for the caller to understand that the April 17, 2018,[1] deadline still applies to his/her 2017 IRA Contribution even he/she is on an IRS-approved extension for filing his/her 2017 Form 1040. Caller needs to understand that the extension for filing his/her 1040 does not apply to the IRS deadlline for making his/her 2017 IRA Contribution. Omission of this information could result in the caller's failure to be able to invest funds for the 2017 tax year on a tax-favored basis and/or to receive a 2017 tax deduction for the contribution (Traditional IRA).

IRA Contribution Deadlines *(Continued)*

Subject	Regulatory Guidance	Comments/Observations	Potential Impact
Contribution Year Designation	For IRA Contributions made between January 1, 2018, and April 17, 2018,[1] the IRS recommends that Custodians credit the contribution to the tax year in which it is received unless instructed by the taxpayer to designate the Contribution to the prior tax year.	If the IRA Contribution is received between January 1, 2018, and April 17, 2018,[1] the account owner must indicate on the check or in a companion Letter of Instruction that the contribution is intended for the 2017 tax year. Otherwise, the IRS recommends that the Custodian credit the contribution to the tax year in which it is received. If the account owner should discover that a prior year's IRA Contribution was not credited to the tax year for which it was intended, the account owner should be instructed to request in writing that the tax year designation be corrected and that a revised Form 5498 be prepared and sent to the account owner and to the IRS.	Understanding IRS recommendations to Custodians with regard to contribution year designations will help the caller with deductibility issues. It is helpful for the caller to know what information to provide to the Custodian to ensure that his/her IRA Contribution is designated as a contribution for the 2017 tax year and to ensure that the information provided to the IRS on Form 5498 will align satisfactorily with any IRA Contribution deduction reported by the account owner on his/her 2017 Form 1040. Omission of this information could result in incorrect information being reported to the IRS and the loss of a 2017 tax deduction for the intended 2017 contribution.

Required Minimum Distributions

Required Beginning Date for Required Minimum Distributions: Traditional IRA, SEP, SIMPLE IRA	Account owners must take their first Required Minimum Distribution (RMD) no later than April 1 of the calendar year following the calendar year in which the owner attains age 70½.	If the account owner attained age 70½ in 2017, the account owner must take the first Required Minimum Distribution (RMD) (for the 2017 tax year) from the IRA no later than April 1, 2018. However, if the account owner waits until April 1, 2018, to take the first RMD, then the account owner must take a second RMD (for the 2018 tax year) on or before December 31, 2018. RMDs in subsequent tax years must always be taken on or before December 31 of the tax year. Any distribution taken during the tax year can be credited toward the RMD.	Knowing the basic requirements for Minimum Distributions from Traditional, SEP, and SIMPLE IRAs will assist the caller with receipt of timely distributions. It is helpful for the caller to know when and how to request his/her Required Minimum Distribution (RMD) in order to have the distribution processed by the appropriate RMD deadline and to prepare adequately for his/her tax liability with regard to the distribution.
Required Beginning Date for Required Minimum Distributions: Roth IRA	Account owners are not subject to the Required Minimum Distribution (RMD) rules.	The assets invested in a Roth IRA are not subject to the Required Minimum Distribution (RMD) rules. Even though the account owner has attained age 70½, the account owner is not required to take a distribution from the Roth IRA.	Explaining to the caller that Required Minimum Distribution rules do not apply to Roth IRAs will be beneficial to the caller as well as the financial institution by avoiding unnecessary withdrawals and by allowing the funds to retain tax-favored treatment while they remain in the account.
Required Beginning Date for Required Minimum Distributions: *Retired Participant* **401(k) Plan, 403(b) Plan, 457(b) Plan**	Participants must take their first RMD no later than April 1 of the calendar year following the later of (1) the calendar year in which the participant attains age 70½ or (2) the calendar year in which the participant retires (special rule for 5% owners).	If the participant attained age 70½ in 2017 and was retired from the service of the employer maintaining the plan, the participant must take the first Required Minimum Distribution (RMD) (for the 2017 tax year) no later than April 1, 2018. However, if the participant waits until April 1, 2018, to take the first RMD then the participant must take a second RMD (for the 2018 tax year) on or before December 31, 2018. RMDs in subsequent tax years must always be taken on or before December 31 of the tax year. Any distributions taken during the tax year can be credited toward the RMD.	Providing callers with requirements for Minimum Distributions from 401(k), 403(b), and 457(b) plans will assist callers with receipt of timely distributions. It is helpful for the caller to know when and how to request his/her Required Minimum Distribution (RMD) in order to have the distribution processed by the appropriate RMD deadline and to prepare adequately for his/her tax liability with regard to the distribution.

Required Minimum Distributions (Continued)

Subject	Regulatory Guidance	Comments/Observations	Potential Impact
Required Beginning Date for Required Minimum Distributions: *Active Participant* **401(k) Plan, 403(b) Plan, 457(b) Plan**	Participants must take their first Required Minimum Distribution (RMD) no later than April 1 of the calendar year following the later of (1) the calendar year in which the participant attains age 70½ or (2) the calendar year in which the participant retires (special rules for 5% owners).	If the participant attained age 70½ in 2017 but was still actively employed by the employer maintaining the plan, the participant is not required to take a Required Minimum Distribution (RMD) by April 1, 2018. The participant will not be required to take the first RMD until the April 1 following the calendar year in which the participant actually retires from the service of the employer maintaining the plan.	Receiving information about the deferred distribution deadlines for 401(k), 403(b), and 457(b) plans will be beneficial to the caller as well as the financial institution by avoiding unnecessary, premature withdrawals and by allowing the funds to retain tax-favored treatment while they remain in the account.
Excise Tax on Failed Required Minimum Distributions: Traditional IRA, SEP, SIMPLE IRA, 401(k) Plan, 403(b) Plan, 457(b) Plan	If the amount distributed to a payee under the plan/account is less than the Required Minimum Distribution (RMD) for that year, a 50% non-deductible excise tax is imposed on the payee for the amount not taken for the year beginning with or within the calendar year in which the RMD is required to be distributed.	If the participant is required to take the first Required Minimum Distribution (RMD) by April 1, 2018, and fails to do so, a 50% non-deductible excise tax will be assessed on the amount not taken. This assessment is for the 2018 tax year, the calendar year containing the Required Beginning Date. The tax must be paid by the participant and reported to the IRS on Form 5329, Additional Taxes Attributable to Qualified Plans, IRAs, Annuities, and Modified Endowment Contracts. If the participant is required to take a Required Minimum Distribution (RMD) by December 31, 2017, and fails to do so, a 50% non-deductible excise tax will be assessed on the amount not taken. The assessment will be for the 2017 tax year, the year in which the RMD should have been taken. The tax must be paid by the participant and reported to the IRS on Form 5329, Additional Taxes Attributable to Qualified Plans, IRAs, Annuities, and Modified Endowment Contracts.	Knowing the penalties associated with failed Required Minimum Distributions will encourage callers to avoid missed deadlines. It is helpful for the caller to know when and how to request his/her Required Minimum Distribution (RMD) to avoid missing the distribution deadline and, ultimately, being assessed a 50% excise tax by the IRS on the amount not distributed.
Taxation of Required Minimum Distributions: Traditional IRA, SEP, SIMPLE IRA	Required Minimum Distributions (RMDs) from IRAs are subject to ordinary income tax, are not eligible for rollover, and are subject to the TEFRA Voluntary Withholding rules.	Any Required Minimum Distribution (RMD) taken from an IRA will be subject to ordinary income tax, will not be eligible for rollover, and will be subject to the TEFRA Voluntary Withholding rules. Under these rules, the account owner may elect to have a portion of the RMD withheld and applied toward federal income tax for the year of the distribution or the account owner may waive withholding on the RMD. However, if the account owner fails to make a withholding election, the custodian is required to withhold 10% of the RMD which will be forwarded to the IRS as a credit toward the account owner's total federal income tax liability for the year of the distribution.	Understanding the rules surrounding taxation of Required Minimum Distributions from Traditional, SEP, and SIMPLE IRAs will help the caller make an informed decision about the distribution and be able to prepare adequately for the tax liability with regard to the distribution.
Taxation of Required Minimum Distributions: 401(k) Plan, 403(b) Plan, 457(b) Plan	Required Minimum Distributions (RMDs) from 401(k) plans, 403(b) plans, and 457(b) plans are subject to ordinary income tax, are not eligible for rollover, and are not subject to 20% Mandatory Withholding.	Any Required Minimum Distribution (RMD) that a participant takes from a 401(k) plan, 403(b) plan, or 457(b) plan will be subject to ordinary income tax, will not be eligible for rollover, and will not be subject to 20% Mandatory Withholding. These RMDs are subject to the voluntary withholding rules for periodic payments. Withholding may be waived.	Informing the caller about taxation regulations for Required Minimum Distributions from 401(k), 403(b), and 457(b) plans will assist the caller in making an informed decision about the distribution and in being able to prepare adequately for the tax liability with regard to the distribution.

Required Minimum Distributions *(Continued)*

Subject	Regulatory Guidance	Comments/Observations	Potential Impact
Aggregation of Required Minimum Distributions (RMDs): Traditional IRA, SEP, SIMPLE IRA	If an IRA account owner maintains multiple IRA accounts, the account owner may choose to satisfy the distribution requirements of Code Section 401(a)(9) by aggregating the Required Minimum Distributions (RMDs) from all IRA accounts and electing to take a distribution of the aggregated amount from a single IRA account.	If the taxpayer maintains multiple IRA accounts (Traditional, SEP, SIMPLE) and is required to take a Required Minimum Distribution (RMD) for 2017, the taxpayer may elect to aggregate the RMDs from all of the taxpayer's IRA accounts for 2017 and take the aggregated amount as an RMD from a single IRA account. The IRA RMDs may not be aggregated with RMDs from 401(k) (and other qualified) plans, 403(b) plans, or 457(b) plans.	Explaining the aggregation rules for Required Minimum Distributions from Traditional, SEP, and SIMPLE IRAs will help the caller avoid pitfalls. It is important for the caller to be able to provide instructions to the Custodian(s) of his/her IRA accounts as to the accounts from which to take the Required Minimum Distributions (RMDs) in order to avoid being assessed the 50% excise tax by the IRS for failure to take the required distribution(s).
Aggregation of Required Minimum Distributions (RMDs): 401(k) Plan, 457(b) Plan	In order for a participant in a 401(k) plan or a 457(b) plan to satisfy the distribution requirements under Code Section 401(a)(9), the participant must take each Required Minimum Distribution (RMD) from the plan to which it is attributable. These RMDs may not be aggregated with RMDs from other retirement plans/accounts and distributed from a single account.	If the participant is required to take a Required Minimum Distribution (RMD) from a 401(k) (or other qualified or 457(b)) plan for 2017, the participant must take this RMD from the account to which it is attributable. The participant may not aggregate the RMD from one 401(k) (or other qualified or 457(b)) plan with the RMD from any other 401(k) (or other qualified or 457(b)) plan or with the RMD from any other retirement plan/account or elect to have aggregated amounts distributed from a single plan/account.	Receiving an explanation of the aggregation rules for Required Minimum Distributions from 401(k) and 457(b) plans will assist the caller in providing accurate instructions to the Custodian(s) of the caller's account(s). It is important for the caller to be able to be certain that the Custodians of his/her 401(k) (or other qualified or 457(b)) accounts have processed his/her Required Minimum Distributions (RMDs) from the correct accounts and to provide instructions, if necessary, in order to avoid being assessed the 50% excise tax by the IRS for failure to take the required distribution(s).
Aggregation of Required Minimum Distributions (RMDs): 403(b) Plan	A participant in multiple 403(b) plans may elect to aggregate the Required Minimum Distributions (RMDs) from the 403(b) plans and have the aggregated amounts distributed from a single 403(b) plan in order to satisfy Code Section 401(a)(9). However, the participant may not elect to have the RMD from any 403(b) plan aggregated with the RMD from any other retirement plan/account [other than another 403(b) account] and have the aggregated amounts distributed from a single account.	If a participant in a single 403(b) plan is required to take a Required Minimum Distribution (RMD) for 2017, the participant must take the RMD from the account to which it is attributable. If the participant is a participant in multiple 403(b) plans, the participant may elect to take the 2017 RMDs from these plans as an aggregated amount from just one of the 403(b) plans. However, the participant may not elect to aggregate the RMDs from any 403(b) plans with the RMDs from any other type of retirement plan/account and have the aggregated amount distributed from a single account.	Understanding the aggregation rules for Required Minimum Distributions from 403(b) plans will better equip the caller to provide accurate instructions to the Custodian(s) of the caller's account(s). It is important for the caller to be able to provide instructions to the Custodians of his/her 403(b) accounts as to the accounts from which to take the Required Minimum Distributions (RMDs) in order to avoid being assessed the 50% excise tax by the IRS for failure to take the required distribution(s).

Please Note:
In 2018, April 15 falls on a Sunday, and Monday, April 16, is observed as a legal holiday, Emancipation Day. Therefore, the 2017 tax filing due date is extended to Tuesday, April 17, 2018.

(1) See Postmark Rule for IRA Contributions Mailed to Custodian.