

Tax Treatment of Retirement Plans, Pensions and Annuities

Course Description

Employer-sponsored retirement plans, generally referred to in the aggregate as qualified employee plans, constitute one of the important “legs” of the retirement stool that individuals look to for their income in retirement. The other two legs of that stool are personal savings—through investment in securities, deferred annuities, savings accounts, etc. and Social Security retirement benefits. This course will examine qualified employee plans, their limits and their tax treatment along with a discussion of annuities and their taxation.

Annuities offer their owners the opportunity to systematically liquidate a principal sum or save money for a long-term objective. For many annuity buyers, that objective is to provide income during retirement. As we will see in our examination of annuities, they provide owners with a number of advantages; principal among them is their tax treatment. By purchasing and investing in an annuity, a contract owner can avoid current income taxation of earnings. By avoiding current income taxation, earnings that might have been used to pay current income taxes can be invested to produce additional income.

Completion Deadline & Exam: This course, including the examination, must be completed within one year of the date of purchase.

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

CPE Credits: 3 (CPA, EA)

Field of Study: Taxes

Prerequisite: None

Advanced Preparation: None

Course Learning Objectives

Chapter 1 - Qualified Retirement Plans

After reading this chapter, you should be able to:

1. Identify the types and characteristics of qualified employee plans;
2. Recognize the limits imposed on qualified employee plan contributions and benefits;
3. Identify the requirements applicable to qualified employee plan loans; and

4. Recognize the rules governing rollovers to and from qualified employee plans.

Chapter 2 - Tax Treatment of Qualified Plans

After reading this chapter, you should be able to:

1. Identify the tax treatment of loans from qualified plans;
2. Recognize the changes made to qualified plan loans and coronavirus-related distributions by the CARES Act; and
3. Identify the federal tax laws for qualified employee plan contributions and distributions.

Chapter 3 - Annuities

After reading this chapter, you should be able to:

1. Identify the principal types of annuities;
2. Recognize the principal characteristics of deferred and immediate annuities; and
3. Recognize the tax treatment of annuity contributions, distributions taken as an annuity, surrenders, loans and withdrawals.