

# Automatic Rollover News

Providing Safe Harbor Solutions



Welcome to the **March issue** of Millennium Trust's quarterly newsletter.

## Obama Administration Considers Mandatory IRAs to Increase Retirement Savings

In early February, Bloomberg reported the Obama Administration's efforts to increase retirement savings by requiring all businesses to offer payroll direct deposit IRA accounts "The Automatic IRA", as part of a tax package aimed at middle income Americans.

According to the Government Accounting Office, almost 80 million Americans do not have retirement accounts through their employers and about 63 percent of low-income workers may have no savings at retirement to supplement Social Security. "The Automatic IRA has the advantage of being able to fill in the gap," said David C. John, who developed an Automatic IRA proposal with Mark Iwry, now deputy assistant treasury secretary for the Retirement Security Project, a joint venture of Georgetown University's Public Policy Institute and the Brookings Institution in Washington.

In advance of legislators work to establish the automatic IRA requirement, **Millennium Trust rolled out its own voluntary Payroll Deduction IRA** as an easy way for businesses to give employees an opportunity to save for retirement.

- The employer sets up the payroll deduction IRA program with Millennium Trust.
- Employees choose whether and how much they want deducted from their paychecks and deposited into the IRA.
- The employer need not make any employer contributions.
- In addition to the convenience of a payroll deduction, employees may choose among many mutual funds, stocks, bonds and certificates of deposit.

A Payroll Deducted IRA custodied at Millennium Trust can simplify the process for the employer and encourage employees to get started with retirement savings.

ISSUE 1.3 | MARCH 2010



### IN THIS ISSUE

[Obama Administration Considers Mandatory IRAs to Increase Retirement Savings](#)

[Automatic Rollovers and the Deceased Participant](#)

[Roth IRA Conversion Changes in 2010](#)

[Accountholders Receive Annual Statements](#)

### CONFERENCE SCHEDULE

**P&I East Coast Defined Contribution**  
March 7-9  
Aventura, FL

**ASPPA 401(k) Summit**  
March 14-16  
Orlando, FL

**NABT Spring Seminar**  
April 7-10  
Savannah, GA

**ABI Annual Spring Meeting**  
April 29 - May 2  
National Harbor, MD

## Automatic Rollovers and the Deceased Participant

Since March of 2005, we have been directed to open up hundreds of accounts for deceased individuals as a result of automatic rollovers from company retirement plans. In many cases, the plan sponsor does not know the former employee has died.

If after attempting to set up an automatic rollover IRA, we discover that the individual accountholder had died prior to the establishment of the IRA, the Plan may direct us to act on behalf of the Plan and distribute such funds according to the provisions of the Plan and the applicable beneficiary designation. Or we may return such funds to the Plan if the Plan does not provide such distribution directions or prefers to handle beneficiary distributions directly.

## Roth IRA Conversion Changes in 2010

Are your clients considering converting their Traditional IRA accounts to Roth accounts? Prior to 2010, Roth IRA conversions were limited to those individuals and households with less than \$100,000 of modified adjusted gross income and available funds to pay the taxes for the year of conversion.

As a result of the Tax Increase Prevention and Reconciliation Act of 2005 (TIPRA), income restrictions that prevented individuals from converting Traditional IRAs to Roth IRAs are lifted, and special tax alternatives are offered for conversions in 2010.

Roth IRA conversion changes in 2010 give investors the choice of reporting and paying all taxes on the converted amount for the 2010 tax year or choosing to equally spread income reporting over the 2011 and 2012 tax years.

The 2010 Roth IRA conversion changes may be viewed as a way for the Federal Government to capture more tax dollars now rather than later. At the same time, it affords investors the opportunity to possibly hedge against future income tax increases by paying now and enjoying some tax-free retirement income in the future.

## Accountholders Receive Annual Statements

Annual statements were delivered to accountholders in January, 2010. Our Automatic Rollover client service team can be reached Monday through Friday from 8 a.m. to 4:30 p.m. at 877.682.4727 to answer client questions.

Millennium Trust Company performs the duties of a custodian and, as such, does not provide investment advice or sell investments, nor offer any legal or tax advice.

**NIPA**  
May 2-5  
Las Vegas, NV

**SunGard Relius Summit**  
June 7-8  
Amelia Island, FL

**ASPPA Great Lakes Benefits**  
June 16-17  
Chicago, IL

## NEXT ISSUE

- Participant Search Efforts
- Stale Dated Checks
- MTC Announces New Relationships

## LEARN MORE

To learn more about how Millennium Trust's Automatic Rollover Solution can benefit you, contact: ARP Sales at 630.368.5675.

Please add us to your safe senders list.