HERE WE ARE IN THE FUTURE, NOW WHAT?

Just last week, I stumbled onto an article titled “What ‘Back to the Future II’ Got Right and Wrong About 2015”. I won’t go into too much detail here but the movie “Back to the Future II” is a 1989 science fiction film where the lead characters travel to the future and it is full of concepts and imaginings about the types of technologies that may exist in that far off future (2015). In the article, the author revisits the movie and its ‘predictions’ about the kinds of technology we’d be living with in 2015. In some cases, the movie producers were fairly close to the future we live in: large flatscreens and teleconferencing for example. In others, like the presence of telephone booths (or better, the absence of smartphones), they missed the mark. Back in 1989, who really imagined the role the internet and mobile technology would play in our future? Apparently, not Hollywood.

If nothing else, the article sets up an interesting mental exercise to start our 15th year of business. When I think back to Millennium Trust’s founding, in 2000: what did we imagine we’d look like in 2015; what did we think the alternative investment industry would look like; and what did we picture our role would be?

Of course, with the benefit of hindsight you might be tempted to say that in 2000 we thought we would experience long periods of growth and that the alternative investment industry would become a mainstay of institutional investors globally, eventually attracting the attention of mainstream, individual investors. You might even be compelled to say that we knew we would become the go-to provider of custody solutions for emerging industries like peer-to-peer lending.

The truth is, back then, the only thing we really knew about the future was that if we built a business based on being responsive to our clients’ needs and open to exploring new opportunities when they arise, we could only improve our odds of success. In that respect, we were dead-on. Thanks to our clients, 2014 was one of the most successful years on record for Millennium Trust and we have every confidence that 2015 will be even better.

While we can’t peer into the future and tell you exactly what Millennium Trust or our industry will look like another 15 years from now, we can tell you that technology will play a central role. We imagine it will be similar to the role technology played in transforming the traditional investment industry through online trading platforms that emerged in the early 1990’s. Over the course of 2015 we will be rolling out a number of new technologies, all aimed at improving our clients’ experience. Projects range from a full website redesign to help us engage and provide services on a deeper level, to the launch of our online alternative investment marketplace to improve your ability to research and direct your investments in alternative assets from one online platform.

Thanks again for an amazing 2014 and I’m looking forward to working with you in the future.

T. Scott McCartan, CEO
**ALTERNATIVES TO THE TRADITIONAL**

**NOTE TO FUTURE SELF: TAKE REQUIRED MINIMUM DISTRIBUTIONS**

It’s important for people of retirement age (generally 70½ and older) who choose to hold alternative assets—which often cannot be sold quickly or easily—in their self-directed IRAs to plan ahead for required minimum distributions (RMDs).

An IRA holder’s first RMD must be taken by April 1 of the year following the year in which the account holder reaches age 70½. The year after reaching age 70½ and every year after, RMDs must be taken by December 31. The required distribution amount for any year is determined by the value of the IRA as of the end of the immediately preceding calendar year divided by a distribution period from the IRS’s “Uniform Lifetime Table.” A separate table is used if the sole IRA beneficiary is the owner’s spouse who is ten or more years younger than the owner. The idea is that the entire amount of the IRA will be distributed over the account holder’s lifetime (or the lifetimes of the owner and designated beneficiary).

If an owner fails to take the minimum, the penalty can be as much as 50% of the amount owed. (RMDs do not apply to Roth IRAs; there is no requirement to take withdrawals from your Roth IRA during your life.)

When IRAs hold liquid assets that are valued daily—such as mutual funds, stocks, bonds, or liquid alternative funds—paying RMDs is relatively simple. The IRA owner sells assets to generate cash and pays the amount owed. However, when an IRA holds illiquid or hard-to-value assets—real estate, business interests, or non-traditional investments—paying RMDs can be a challenge. There are a variety of options available. These include:

- Paying the distribution from another IRA. If an IRA owner has several IRAs, the RMD does not have to be taken from each IRA. As long as enough money to cover the RMD is taken from an IRA of the same tax character, the IRS is satisfied.

- Taking an in-kind distribution of an illiquid asset. The account holder can choose to have all or a portion of the illiquid asset distributed in-kind.

- Taking out more than the RMD amount is acceptable. If less than the RMD is taken, the account owner may owe a 50% tax penalty on the amount not taken.

As always, it’s a good idea for IRA holders to work with legal and tax advisors to determine how changing regulations could affect their RMDs, and to develop strategies for paying them.

**IRA NEWS**

**THINGS YOU SHOULD KNOW…**

IRS Form 5498 is sent to clients who made contributions to an IRA the preceding tax year. A copy of this form is also sent to the IRS.

It reports total annual contributions as well as any amounts that are rolled over or transferred from other accounts to the IRA. In addition, the report tells you the reported fair market value of all the investments in the account and whether you may be required to take a required minimum distribution (RMD) in the next calendar year based on your age of record.

Because you are able to make contributions to your IRA for the previous year up to the April 15th tax filing deadline, 5498 forms are completed after this deadline. Millennium Trust will mail 5498 forms by the IRS deadline, which is June 1, 2015 for the 2014 filings.
YOU ASKED!
MILLENNIUM TRUST ACCOUNT Q&A

Those of you who have been receiving our quarterly newsletter know that we typically reserve this section to answer your most frequently asked questions. In the spirit of a new year, we thought we would change things up.

We asked Mary Corrigan, our VP, Manager of Security Operations if she could shed some light on the IRS’s new, “One-Per-Year” IRA Rollover Limit which began at the beginning of this year.

Shift to “One-Per-Year” IRA Rollover Limit

The IRS revised the way it interprets the IRA rollover rule effective January 1, 2015. A rollover occurs when an IRA owner withdraws assets from an IRA and deposits the same assets into the same type of IRA within 60 days, including redeposit into the same account. Starting in 2015, a person will be allowed only one tax-free IRA rollover in any 12-month period, regardless of the number of IRAs owned. This is a significant departure from the IRS’s prior interpretation. This “one-per-year” rollover limit applies to the aggregate of a person’s IRAs across all types – including traditional, ROTH, SEP and SIMPLE – and across all IRA Custodians/Trustees. These rollover limits do not apply to ROTH conversions or direct rollovers between qualified plans and IRAs.

To allow for a transition, there will be no “look back” to distributions that occurred in 2014, which means any distribution received in 2014 and properly rolled over to an IRA, will not count in the application of the new 2015 rule. Beginning in 2015, the first IRA distribution received and properly rolled over to another IRA will receive tax-free treatment. However, subsequent distributions received within 12 months of this initial distribution, from any of the individual’s IRAs, will be ineligible for a tax-free rollover. The start of the 12-month period is determined when the IRA owner receives the distribution.

In light of this new IRS interpretation, we want to spotlight occasional situations where an investment sponsor distributes funds directly to the account owner or sends it to a third party at the account owner’s direction, on behalf of an investment held in an IRA at Millennium Trust. These asset movements are reported as taxable distributions on IRS Form 1099-R that may not be eligible for tax-free rollover treatment. To meet these IRS reporting requirements and help you avoid unexpected tax consequences from making unintended IRA distributions, Millennium Trust and other IRA custodians require all IRA investment transactions and money movements to be processed through the IRA custodian.

All liquidations, distributions and other payouts from investments held in IRAs at Millennium Trust must be sent to the Millennium Trust account. While you can only make one tax-free 60-day rollover in any calendar year, there is no limit on tax-free IRA “transfers.” A “transfer” is the movement of cash or assets between IRAs, made by your IRA trustee or custodian as a trustee-to-trustee transfer. Millennium Trust as your IRA custodian must process these “transfers” directly to or from your Millennium Trust IRA to any IRA you hold with another trustee or custodian. Utilizing tax-free “transfers” will preserve your once-per-year tax-free rollover opportunity.

For additional information, refer to IRS publications: IRA One-Rollover-Per-Year Rule and IR-2014-107.

The information above is not offered as or intended to be tax advice. Consult with your tax advisor for further guidance.
**IMPORTANT IRA DATES**

The following is a helpful reminder of the specific documentation to complete and actions to take in order to successfully meet IRS deadlines for 2015. Please note that Millennium Trust must receive written directions and completed forms in good order with sufficient time allowed for processing prior to deadlines.*

**FEB. 2, 2015**  
**IRS Deadlines for sending:**
- 2014 1099-R, 1099-Int, 1099-Div, 1099-SA tax documents
- 2014 Fair Market Value Statements (which may include a Form 5498 substitute if no contributions were made the previous year.)
- 2015 Required Minimum Distribution (RMD) notification letters to account holders

**FEB. 17, 2015**  
**IRS Deadline for sending 2014 1099-B tax documents to account holders.**

**MAR. 1, 2015**  
**RMD Paperwork Due:**
- Account holder who turned 70½ last year, but deferred taking their first RMD, must submit completed distribution directions for 2014 RMDs to Millennium Trust by this date to allow for processing by 4/1.

**APR. 1, 2015**  
**RMD IRS Deadline**
- Last day for account holders who deferred their first RMD to take the required distribution for the previous year (also required to take payment for the current year RMD by 12/31/15). Prior to this date, Millennium Trust must have received written directions in good order with sufficient time allowed for processing.

**APR. 15, 2015**  
**Last day deadlines for account holders to do the following:**
- Establish an IRA for 2014 tax-year contribution*
- Recharacterize previous year IRA contributions (plus extensions)*
- Remove previous year excess IRA contributions including interest or other income earned on the excess (plus extensions)*
- Postmark 2014 tax-year IRA contributions to Millennium Trust
- Postmark previous year 990-T Form (exempt organization business income tax return) and any applicable tax payment to the IRS.* Note: Form 990-T must be signed by your plan’s trustee or custodian (i.e. Millennium Trust)

*Alternative investments may be illiquid or may take significantly longer to liquidate or re-register. Review the liquidation/re-registration terms of your alternative investment(s) and submit directions early enough to allow adequate time. Millennium Trust is not responsible for the timing or for its receipt of proceeds on any liquidations for alternative assets.

**WHAT CAN MILLENNIUM TRUST CUSTODY?**

While many people tend to think of alternative investments as one asset class, there are actually a wide variety of asset classes, strategies, and investment vehicles that can be considered ‘alternative investments.’ Broadly speaking, an alternative investment is simply an investment in any asset other than traditional stocks, bonds and cash.