



Important Notice: 18-373

Year-End Processing Deadlines for Retirement Accounts¹

Important processing guidelines and year-end deadlines for retirement accounts.

Distribution Date: November 6, 2018

Effective Date: Various

Questions, contact: Your Client Service Manager

Submitter: a491276; RIA

Action Required: Yes

Action Steps:

- Please ensure that retirement processing areas are aware of all year-end deadlines.

Description & Key Points

The end of the year is approaching, and Fidelity would like to take this opportunity to alert you to a number of important processing deadlines for retirement accounts. Deadlines for gifting out of non-retirement brokerage accounts are also included.

Highlights of this notice include:

- 2018 Retirement Distributions including RMDs
- Deadlines for Executing Trades Needed to Satisfy a 2018 Distribution
- Special Year End Processing for Periodic Distribution Plan Payments
- Roth IRA Conversions
- Tax Reporting
- Deadline to Establish Fidelity Retirement Plans and SEP-IRAs
- Contributions to Roth IRAs and the Five-Year Aging Date
- Reviewing NIGO Notifications
- Key Dates to Remember
- Year-End Best Practices

The information contained herein is provided for informational purposes only and should not be construed as legal or tax advice. Customers should be encouraged to consult a tax advisor or an attorney for information related to their specific situation.

1. 2018 Retirement Distributions including RMDs

The last day to request a 2018 retirement distribution including a required minimum distribution (RMD) is December 31, 2018 (December 28, 2018 for distributions via an Electronic Fund Transfer (EFT) payment method). To help ensure that we are able to process the distribution by year end, we strongly recommend that a completed distribution form is received in good order by December 14, 2018. Submitting requests earlier allows your firm to address any problems prior to year-end. On a best efforts basis, we will continue to process all retirement distribution requests received in good order after December 14, up to December 31, 2018, received no later than 4:00 PM Eastern time.

Any EFT distribution requests entered to the Integrated Cashiering Platform (ICP) pursuant to an Asset Movement Authorization (AMA) on December 31, 2018 will be reported as a 2019 distribution. Any EFT distribution requests received on December 31, 2018 will be sent as a check to the address of record (only if not using AMA).

Note: For all retirement distribution requests that require a customer signature, please ensure the distribution form is signed and dated by the customer no more than 45 days prior to the date of the transaction. Additionally, due to the absence of required disclosure language, any letter of instruction requesting a retirement distribution will be considered not in good order (NIGO).

2. Deadline for Executing Trades Needed to Satisfy a 2018 Distribution

All trades must settle by December 31, 2018 to be available for distributions on December 31, 2018. Therefore, equity trades must be executed no later than December 27, 2018. Please take the settlement periods for different securities into consideration when placing trades. Failure to allow sufficient time for trade settlement may cause distributions requested for 2018 to occur in 2019.

If trades are unable to be completed in time for year-end settlement, distributions 'in kind' from an IRA can be processed to an open Fidelity brokerage account. Additionally, if taxes are to be withheld, cash sufficient to cover the withholding must be available at the time of the distribution.

Note: Distributions in kind are subject to market fluctuation and may not meet or may exceed an RMD amount.

3. Special Year End Processing for Periodic Distribution Plan Payments

For plans scheduled to pay prior to December 11, 2018 - If funds in the core account are insufficient to meet the scheduled distribution amount, the distribution will "pend" for three business days. If the full amount scheduled does not become available during the three business day pending period, Fidelity will pay the amount available at the close of business on the third business day.

Note: The three day partial distribution process is the standard procedure in effect throughout the year and applies to scheduled periodic distribution plan payments only.

For plans scheduled to pay between December 11, 2018 and December 31, 2018 - All December periodic distribution plan payments from a customer's core account scheduled to occur from retirement accounts between December 11, 2018 and December 31, 2018, will be "pulled forward" and processed in the December 6, 2018 nightly cycle. This will help ensure that all 2018 retirement distributions are processed in the 2018 tax year. Scheduled liquidations to fund these periodic distributions will occur at the market close on December 6, 2018.

- If funds in the core account are insufficient to meet the scheduled distribution amount, the distribution will "pend" for the greater of three business days or until December 28th for EFT payments or December 31st for other payment methods.
- If the full amount scheduled does not become available during this pending period, Fidelity will pay the amount available at the close of business December 28th for EFT payments or December 31st for other payment methods based on the partial distribution rules summarized below.
- Advisors subscribed to alerts will not receive Projected Failure SWP alerts for the plans included in the pull forward sweep.

Note: Modifications to December payments during the period between December 6, 2018 and December 31, 2018 are strongly discouraged, as the payments will either have already been initiated or may have been distributed.

Pending payment process - The partial distribution process works as follows:

- Fidelity will pay the available amount on December 31, 2018, if the amount available is \$50 or more.
- For payment requests under \$50, any available funds, up to the amount of the distribution request, will be paid out on December 31, 2018 (December 28, 2018 for EFT payments) or at the end of the payment pending period, whichever is greater.
- If the pending period extends to January 2019, Fidelity will pay the full amount remaining if it becomes available during the pending period, or any partial amount \$50 or greater available both on December 31th and at the end of the pending period.
- The unpaid portion of the distribution will be deleted upon expiration of the pending period if sufficient funds have not become available to meet the requested amount.

Systems Deadline for New 2018 Periodic Distribution Plans- December 26, 2018 is the last day to establish a new periodic distribution plan to pay in 2018. Beginning December 27, 2018, Fidelity will process a one-time retirement distribution for 2018 in addition to establishing the periodic distribution plan for 2019. If funding is required for the distribution, you will receive a Service Message NIGO notification alerting you to liquidate positions to meet the distribution amount.

Note: To ensure proper handling, please do not submit distribution requests for 2019 reporting until after December 31, 2018.

4. Roth IRA Conversions

Distributions from a Traditional IRA, Rollover IRA, SEP-IRA and SIMPLE IRA must be made on or before December 31, 2018, and converted to a Roth IRA within 60 days after the day such amount was received in order for the income to be included in gross income for 2018. If you wish to process a full conversion and the client is 70 ½ or older, the RMD must be completed first.

Note: SIMPLE IRA assets are not eligible for conversion until after the first 2-years of participation has elapsed for the SIMPLE IRA.

Conversions to a Roth IRA are eligible for entry to ICP. For conversion requests submitted to Fidelity for processing, to help ensure that we are able to process these conversions by December 31, 2018, we strongly recommend that a completed Roth IRA Conversion form is received in good order on or before December 14, 2018. Conversion forms received in good order after December 14th will be processed on a best-efforts basis up to December 31, 2018.

To ensure Roth IRA Conversion requests are received in good order:

- Ensure there are no unsettled trades applicable to the conversion. The conversion cannot be processed until the day after settlement.
- Ensure all deposits have cleared prior to submitting the request.
- Ensure all open orders applicable to the conversion are cancelled before submitting the request.
- Ensure cash is available to cover tax withholding when applicable.
- If a request is received for a conversion with trades settling in 2018, Fidelity will convert all available securities for 2018 and then NIGO the request for clarification to see if the customer wants the remainder processed as a 2019 conversion.
- Dividends pertaining to a 2018 payment period but posting to an account in 2019 will not be included in a 2018 full Roth IRA conversion. Dividends must be posted to the account in 2018 to be included in the conversion transaction.

5. Tax Reporting

Consistent with Internal Revenue Service (IRS) requirements, tax reporting is performed for the year the distribution is processed. Distributions and Roth IRA conversions cannot be backdated to reflect a previous tax year. Advisors should familiarize their staffs with these time frames to help ensure the timely processing of all distribution requests.

Please be advised: All tax forms will be mailed by January 31, 2019. The tax forms will be mailed to the customer's address of record on file as of December 31, 2018.

Note: Distributions and conversions of residuals will be reported in the year that the residual distributions are processed.

6. Deadline to Establish Fidelity Retirement Plans and SEP-IRAs

- The IRS deadline to establish new 2019 calendar year Retirement Plans is December 31, 2018. Fidelity will accept plan paperwork until the 4:00 PM Eastern time on December 31st.
- Clients who wish to establish a new SEP-IRA for 2019 have until their tax filing deadline (including extensions) to establish and fund a SEP-IRA.
- Employer plans have until their tax filing deadline (generally April 15), plus extensions, to fund their plan for the 2018 tax year.

7. Contributions to Roth IRAs and the Five-Year Aging Date

It is the IRA owner's responsibility to track his or her Five-Year Aging Period(s). The Five-Year Aging Period for Roth IRAs begins on January 1st of the tax year for which the contribution is made, and ends on the last day of the fifth consecutive year.

Contributions to a Roth IRA made by December 31, 2018 begin the Five-Year Aging Period on January 1, 2018. Contributions to a Roth IRA made between January 1, 2019 and April 15, 2019, as a prior year contribution, also begin the Five-Year Aging Period on January 1, 2018. For customers who convert to a Roth IRA, the conversion contribution has to be deposited to the Roth IRA by December 31, 2018 to begin the Five-Year Aging Period on January 1, 2018. The others deadlines mentioned above in the Roth IRA Conversions section also apply.

8. Reviewing NIGO notifications

All NIGO requests for money movement and items pending due to insufficient funds can be viewed on Service Center Messages.

- 1) View Service Messages by clicking on the main Service menu> Alert Manager
- 2) Click the Service Center tab
- 3) Click the Service Messages tab

It is very important that you monitor any NIGO alerts to be able to meet year end deadlines. NIGO transactions that are unable to be resolved until 2019 will not be able to be completed for 2018 reporting.

In order to receive Service Message Alerts, be sure to set your alert subscriptions to the Service Message Alerts online in Alert Manager:

- 1) View Alert Manager by clicking on the main Service menu >Alert Manager
- 2) Click the "Subscription" tab
- 3) Click the "Service Messages" menu item
- 4) Check the appropriate subcategory to receive alert notifications and click "Edit" to modify alert conditions

For detailed instructions and definitions of the Service Message categories, refer to the Service Center Online Help Text found under the Support link > Help >Service > Service Center.

9. Key Dates to Remember

- All retirement periodic distribution plan payments scheduled to be made between December 11, 2018, and December 31, 2018 will be pulled forward and processed in the December 6, 2018 nightly cycle. Modifications to December payments during this period are strongly discouraged.
- The last day to request 2018 retirement distributions including RMDs is December 31, 2018; however, it is strongly recommended that these requests be submitted in good order by December 14, 2018.
- The last day to establish a new periodic distribution plan for a distribution for the 2018 tax year is December 26, 2018. It is recommended that all distribution forms to establish periodic plans be received by Fidelity by December 14, 2018.
- One-time retirement distributions via EFT must be processed by December 28, 2018 in order to post by December 31, 2018. Any EFT request loaded in ICP on December 31, 2018 will be reported as a 2019 distribution.

10. Year End Best Practices

- Enter transactions into the ICP tool when available for quicker processing. One time retirement distributions and Roth conversions are eligible within the ICP tool. Attach documents using the DocAttach feature for clearer images.
- Ensure funds are available for requested transactions; trades must be settled and incoming deposits must be cleared.
- Ensure requests using Standing Instructions have instructions on file prior to submitting one time requests. EFT transactions must clear the prenote period prior to using EFT instructions for distributions. Periodic distribution plans that are established with payment dates during the EFT prenote period will send a check to the address of record.
- Use the applicable form to provide complete transaction instructions. Certain retirement distributions (Disability, Return of Excess, Recharacterization, Keogh distributions and Direct Rollovers) not governed by Asset Movement Authorization require a form to be completed in order to be considered in good order.
- Ensure retirement distributions and Roth IRA conversions have a tax withholding election selected prior to submitting the request. If no election is selected, the default in effect at the time of the transaction will apply. Ensure that cash is available to cover withholding on in-kind distributions and conversions.
- Ensure all customer signed requests are dated no more than 45 days prior to the date the transaction.

Gifts from non-retirement brokerage accounts: (Transfer of Assets, deliveries)

Gift		Mutual Fund	Direct Registration System (DRS)	Depository Trust Co (DTC) – Includes ACATS (PTD)
Initiation Deadline		Same day if received by 1:00 p.m. ET	Same day if received by 1:00 p.m. ET	Same day if received by 1:00 p.m. ET
Expected Delivery Timeframe upon initiation		2-7 bus days	3-5 bus days	24 hours
Gifting Deadlines for 2018 Processing	December 7 th	X		
	December 14 th		X	
	December 14 th			X

Note: If the delivering account is part of a multi-margin relationship or if the asset to be delivered settles internationally additional time may be required for initiation.

¹ Includes Premiere Select® Traditional, Roth, Rollover and SEP IRAs, Inherited IRAs and Inherited Roth IRAs, Fidelity SIMPLE IRAs and Fidelity Retirement Plan Accounts.

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