
Honorable Mention

By Editorial Staff Thu, Nov 26, 2020

ARA weighs in on 'lifetime income illustrations' in 401(k) plans; Barbara Turner becomes Ohio National's first female CEO; Congress should support PPP tax relief: AICPA.

ARA weighs in on 'lifetime income illustrations' in 401(k) plans

In a Nov. 17 comment letter on the Department of Labor's interim final rule on lifetime income illustrations (LIIs), the American Retirement Association (ARA) offers support for the rule, but recommends changes in certain key areas.

The DOL rule, published in the Federal Register Sept. 18, came in response to the SECURE Act's requirement for benefit statements to include a lifetime income disclosure containing "the lifetime income stream equivalent of the total benefits accrued with respect to the participant or beneficiary."

As to whether the final rule should require illustrations based on multiple ages rather than a single age, the ARA contends that using a single uniform age balances the participants' need for information with efficient provision of the required illustrations. Service providers generating LIIs may not have records of actual birth dates and requiring actual ages for participants would add considerable cost and complexity.

The letter further suggests that the LIIs should explain that the fixed nominal annuitized income streams present will have declining purchasing power over time—that is, it should be made clear that the LIIs are predicting the actual anticipated stream of payments, ARA said.

ARA suggests prominent placement of the rule's explanation that the monthly payment amounts in the LIIs "are fixed amounts that would not increase with inflation" and that "as prices increase over time, the fixed monthly payments will buy fewer goods and services." The ARA further requests clarification of the rule's requirement that the determination of a participant's account balance include the outstanding balance of any participant loans unless the participant is in default on such loan.

The ARA also cited concerns that by creating a safe harbor for these DOL-prescribed disclosures, there may be a perception that other disclosures (for example, those made in connection with website planning tools) may result in fiduciary liability simply because they

have not been accorded a comparable safe harbor status.

Among the ARA's other recommendations is clarification of the timing of the first benefit statement that is required to include a LII. The IFR is effective on Sept. 18, 2021, and applies to pension benefit statements furnished after such date. Since the LII must only be included in one pension benefit statement during any one 12-month period, the ARA recommends that the first benefit statement that must include a LII should be in the second quarter of 2022.

Barbara Turner becomes Ohio National's first female CEO



Barbara Turner

Barbara A. Turner has been elected president and chief executive officer of Ohio National Financial Services by the board, effective January 1, 2021. Previously she was president and chief operating officer.

Turner succeeds Gary T. "Doc" Huffman effective January 1, 2021. Huffman served a chief executive for 12 years and continues as chairman of the board. Turner is Ohio National's 11th president and the first woman and person of color to serve in this role since its founding in 1909.

She joined Ohio National in 1997 and has served as Ohio National's president and chief operating officer since November 2018. Among other positions, Turner has led Ohio National's annuities strategic business unit, served as chief administrative officer, and serving as president and chief executive officer of The O.N. Equity Sales Company (ONESCO), the company's affiliated broker/dealer. Under her leadership, ONESCO

experienced historic growth and profitability and was recognized as a top broker/dealer in the country by Financial Planning magazine. Additionally, ONESCO's client assets grew to over \$8 billion.

Huffman joined Ohio National in August 2008 as vice chairman, distribution, and advanced to vice chairman and chief operating officer in November 2009. Under his leadership, enterprise GAAP assets increased 60% to \$39.7 billion and GAAP equity increased 66% to \$2.9 billion. Domestic life insurance direct total premium and fees increased 130% to \$1.14 billion and domestic disability income insurance direct total premium increased 30% to \$45.3 million.

Congress should support PPP tax relief: AICPA

The American Institute of CPAs (AICPA) this week called on its member accountants to ask Congress to pass S.3612 and H.R.6821 (the Small Business Expense Protection Acts of 2020), or H.R. 6754 (the Protecting the Paycheck Protection Program Act).

The bills would ensure that receipt and forgiveness of PPP assistance does not result in an unexpected and burdensome tax cost. "CPAs are now assisting business and individual clients with year-end tax and cash flow planning which is critical not only for filing 2020 returns, but also to determine their operating needs for 2021; planning in the midst of coronavirus-induced economic uncertainty is particularly important," said AICPA Vice President of Taxation, Edward Karl, CPA, CGMA, in a release.

The CARES Act stated that any loan forgiveness under the program would be excluded from the borrower's taxable income. Although Congress clearly intended to allow the deductibility of expenses related to loan forgiveness, the statute was silent on that point. The publication of IRS Notice 2020-32, and more recently Rev. Rul. 2020-27, settled this policy by denying borrowers the ability to deduct the same expenses that qualified them for the loan forgiveness.