The Pension Digest

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ALSO IN THIS ISSUE –

Collin W. Fritz and Associates, Inc.,
"The Pension Specialists"

President Barack Obama Makes SEP/Profit Sharing Plan Contributions for 2007-2011

The disclosure or non-disclosure of federal income tax returns has been an issue of the current presidential election between Barack H, Obama and Willard Mitt Romney. The Obamas have released their tax returns for 1998-2011. The Romney's have released their tax returns for 2010 and 2011.

We at CWF reviewed their tax returns for IRA and pension activity. The purpose of the article is to illustrate the tax benefits one receives when an individual makes a SEP-IRA or profit sharing contribution.

President Obama has annually contributed around $49,000 to his SEP-IRA or profit sharing plan each year since 2007. No IRA contributions have been made. In 2009, there were IRA distributions totalling $48,732. Neither was age 59½. Mr. Obama was born in 1961 and Mrs. Obama was born in 1964. Since the tax return does not reflect the 10% additional tax for pre-59½ distributions, one assumes an exception applied. However, the Form 5329 was not prepared and filed showing the claimed exception.

Mr. and Mrs. Romney's 2011 tax return contains no IRA or pension plan contributions or distributions. Their 2011 adjusted gross income was $20,901,075. Most of this income arose from taxable interest ($4,099,156), dividends of $5,074,620 (regular and qualified), business income of $110,500, capital gain income of $10,700,179 and other income. Their 2011 tax liability was $3,226,623. Their gifts to charities were $4,020,572.

Mr. and Mrs. Obama's 2011 tax return does reflect the $49,000 contribution on line 28 as being made to either a SEP, qualified plan or both. The IRS does not ask on the Form 1040 to be informed of the specific plan or plans to which the contribution was made. Their 2011 adjusted gross income was $789,674. Most of this income arose from wages of $394,821 and business income of $441,369. Their 2011 tax liability was $162,074. Their gifts to charities were $172,130.

Many small businesses and self-employed individuals will establish either a SEP-IRA plan or a profit sharing plan because they are relatively simple to establish and maintain. Mr. Obama was eligible to do so due to his writing books and his speaking endeavors. Commencing with the 2007 federal income tax return, President Obama has made the maximum annual contribution for a defined contribution plan.

The chart on page 4 shows Mr. Obama's business income and his SEP/Pension contributions for 2004-2011 along with the tax savings he realized by making his contributions. When he or his beneficiary(ies) withdraws the funds from his SEP-IRA or profit sharing plan, he or his beneficiary will include the amount in income and pay tax at what ever marginal tax rate applies at that time to the recipient. One does wonder why his tax advisor did not

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Seeking More IRA Contributions From Higher Income Clients and Understanding a Special Rollover Rule

Many individuals with high incomes do not make any IRA contributions even though they are eligible. Their tax advisors are not as bright as they think they are or these high income individuals would be making more IRA contributions than they are. It may be that the $5,000 or $6,000 is seen as too small of a transaction and that it is not worth making. This article discusses why it is worthwhile for a high income individual to contribute $5,000 or $6,000 to his or her traditional IRA each year. The time to start is 2012.

For purposes of this article, high income is defined to be a single person with income of more than $125,000 or a married couple with income of $200,000 or more.

This definition of high income means a high income individual is ineligible to make an annual Roth IRA contribution, but he or she is eligible to make a nondeductible traditional IRA contribution. Any person with wage income or business income is eligible to make a traditional IRA contribution for a tax year, albeit nondeductible, as long as he or she does not or would not attain age 70½ in such year.

Based on their 2011 federal income tax returns, President Obama and Mr. Romney are high income individuals and were both eligible to make $6,000 traditional IRA contributions for tax year 2011 and so were their spouses. President Obama was born August 4, 1961. Willard (Mitt) Romney was born March 12, 1947. The 2011 and 2012 annual contribution limit is $6,000 if age 50 or older and $5,000 if under age 50 as long as the individual has wages income or business income of at least $5,000/$6,000. A special rule applies to certain married individuals.

Neither President Obama nor Mitt Romney nor their spouses made a traditional or Roth IRA contribution for 2011.

If a person with a high income has knowledge about IRAs, but chooses to not make a nondeductible traditional IRA contribution, then he or she most likely believes that he or she will not realize sufficient tax benefits so he or she fails to make the contribution. He or she is wrong. The advisor is also wrong. Even though the contributions may be nondeductible, he or she will benefit by making the nondeductible contributions if some pre-planning is done.

Nondeductible traditional IRA contributions have existed since the inception of traditional IRAs. During the period of 1975-2012 there have been some individuals who because of the factual situation of their tax return did not benefit by claiming a deduction for their IRA contribution. This happens many times when a person suffers a tax loss and such loss is larger than the remaining taxable income. Since 1987, individuals who were active participants in an employer sponsored plan and whose incomes exceeded certain limits could no longer claim a tax deduction for some or all of their contribution. But they still were allowed to make nondeductible IRA contributions.

In the 1980's and 1990's financial advisors argued that making non-qualified annuity contributions were better than making nondeductible IRA contributions. Financial advisors and accountants also argued that doing the accounting work associated with nondeductible contributions (i.e. Form 8606) was a nightmare and should be avoided.

Those arguments lost merit when in 2010 any person with money in a traditional IRA became eligible to convert some or all of his or her traditional IRA to a Roth IRA. The eligibility requirements to make a conversion contribution were repealed. The money in the traditional IRA to be converted may either be taxable, nontaxable, or both. As discussed later, a person wishes to have the money to be converted be nontaxable funds.

The importance of the fact that a Roth IRA may earn tax-free income for 1-70 years or more cannot be overemphasized.

What does this Roth IRA conversion right have to do with the topic of why a high income person will benefit by making nondeductible traditional IRA contributions?

The answer is: an individual wants to contribute as much money to his or her Roth IRA as the law permits.

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IRA Contributions,
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There are two types of Roth contributions - annual contributions and conversion contributions. High income individuals are not permitted to make annual contributions. They must make conversion contributions.

This article discusses various planning techniques for making the conversion contributions. More individuals with higher incomes will make the decision to convert traditional IRA funds to be Roth IRA funds and more individuals with high incomes will also decide to make nondeductible IRA contributions.

There are substantial tax benefits to be realized as discussed below. In some cases, pre-planning is required. In other cases, no pre-planning is required. The planning goal is to have only nontaxable money or a very small amount of taxable money in the traditional IRA.

When a person has no money presently in a traditional IRA, there is no pre-planning needed. The person makes his or her nondeductible contribution to the traditional IRA and then immediately converts it. This subject was discussed in previous newsletters.

Things are more difficult if an individual has "taxable" money in his or her traditional IRA. But being more difficult does not mean the problem cannot sometimes be solved.

What is the "tax difficulty?" The IRA distribution rules provide that when an IRA is comprised of both taxable and nontaxable funds that a person's distributed amount will be allocated so that a prorata portion will be taxable and the other other portion will be nontaxable. Example. Jane has $160,000 of taxable money within her traditional IRA. She now makes a $6,000 nondeductible contribution. Later, she withdraws $4,000. How is the $4,000 taxed? She will need to include in her income $3855.42 ($4,000 x $160/166) and the remaining amount of $144.58 is not taxable. As currently structured, Jane is not allowed to convert hardly any portion of the nondeductible $6000 unless she is willing to pay income tax on the $160,000.

The tax laws do provide a planning tool. A person is authorized to rollover their taxable dollars from their traditional IRA to a 401(k) or other employer sponsored plan. A person is ineligible to rollover any <u>nontaxable</u> funds from his or her IRA to a 401(k) plan.

Example of rollover in current year.

If Jane worked for an employer which had a 401(k) plan written to authorize the acceptance of IRA rollover contributions she could rollover the $160,000. This would leave the $6000 of nontaxable funds within the IRA which she then could convert. Annually she could make additional nondeductible contributions and convert them also.

Example of rollover in a future year.

There is no requirement that the rollover into the 401(k) plan happen immediately. It may happen later.

It is now assumed that Jane does not currently work for an employer that sponsors a 401(k) plan which will allow her to rollover the $160,000. Also assume that for the next 9 years Jane contributes $6000 per year. Her account balance increases to $295,000 ($160,000 balance, $60,000 of nondeductible contributions and $75,000 of earnings. After the 9 years, Jane separates from service and starts her own business. Jane could establish a 401(k) plan with respect to this business. She could rollover her taxable IRA funds ($235,000) into this 401(k) plan. This would leave the nontaxable amount of $60,000 in her traditional IRA which she could convert into her Roth IRA with no taxes owing. And then she could continue to make annual nondeductible IRA contributions and convert them.

In summary, higher income individuals should be making more nondeductible IRA contributions than they are. They and their advisors have been slow to catch on to the tax benefits. By using the special rollover rule allowing a person to only roll over taxable dollars from their traditional IRA into a qualified plan, it may be possible for individuals to convert nontaxable funds within their traditional IRAs while minimizing the conversion of taxable dollars. When the economy improves, higher income individuals and other individuals will also want to start converting the taxable dollars. ◆

President Obama,
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have him make the maximum contribution for 2005 ($42,000) and 2006 ($44,000) because he certainly had the business income.

Year	Business Income	Pension Contribution	Tax Savings/ Marginal Tax Rate
2004	0.00	0	0
2005	$1,141495	0	0
2006	$506,618	0	0
2007	$3,972,821	$45,000	$15,750 (35%)
2008	$2,479,648	$46,000	$16,100 (35%)
2009	$5,173,777	$49,000	$17,150 (35%)
2010	$1,382,889	$49,000	$17,150 (35%)
2011	$441,369	$49,000	$17,150 (35%)
Totals	**$15,097,617**	**$238,000**	**$83,300 (35%)**

In summary, president Obama has chosen to realize the tax benefits associated with making SEP-IRA or profit sharing contributions for 2007-2011. By contributing $238,000 to his SEP-IRA or profit sharing plan, their taxable income was reduced by $238,000 and their tax liability was reduced by $83,300. Mr. Romney has chosen not to make similar contributions for 2010 and 2011 although it appears he was eligible to do so.◆

Gold Within a Self-Directed IRA

An IRA custodian/trustee will have clients and potential clients who will ask about using his or her IRA funds to buy gold. An IRA custodian/trustee should at least consider rendering this service. The answer need not be an automatic, "no." It may be that individuals are willing to pay fees to make the rendering of this service worthwhile. Such fees are negotiable.

In January of 2004 gold was selling for around $400 per ounce. On September 12, 2012, the price was around $1,725 per ounce.

Code section 408(m)(3) authorizes that certain gold may purchased as an IRA investment and that such an investment will not be a prohibited transaction. See the June, 2006 newsletter discussing what coins and bullion (including gold) qualify as an IRA investment.

An IRA custodian/trustee should consult with its attorney before establishing procedures to buy and sell gold on behalf of IRA accountholders. Here is are some suggestions to be considered when establishing the policies and procedures applying to gold as an IRA investment.

1. Ownership must be by the financial institution as the IRA custodian/trustee. For example, Second Third Trust Department as IRA trustee for John Doe's traditional In. The seller of the gold needs to acknowledge this is in writing and that the seller is not authorized to discuss this investment with the individual. The trust department could choose to not even tell the seller about the individual.
2. The seller of the gold should certify that the gold being sold/purchased does meet the requirements of Code section 408(m)(3) so that the purchase of this gold will not be a prohibited transaction.
3. Physical possession of the gold. Most conservative is that the trust department hold possession, but this is not required. The trust department could retain a third party to hold the gold. The individual cannot have access to the gold.
4. The purchase of the gold must be by the trust department as the IRA trustee.
5. The should be a basic discussion of the prohibited transaction rules with the individual regarding the gold investment and possibly other investments. Furnishing a written discussion would be a good idea.

Gold may be a permissible investment for IRAs. Each institution will need to decide if it can charge sufficient fees to make it a worthwhile business endeavor. There are individuals who want to invest in gold.◆

What Impact Does a Tax Extension Have on the SEP-IRA Contribution Deadline?

IRS guidance makes very clear that if an employer receives a tax extension (6 months) then this employer has until the end of the tax extension to make its SEP-IRA contribution. For example, if a corporation's filing deadline for its 2011 corporate return was March 15, 2012, but an extension had been received, then this corporation could make its SEP-IRA contribution for 2011 on September 15, 2012 even though it had it filed the corporate return on August 22, 2012.

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Before this guidance, many tax practitioners thought the SEP-IRA contribution had to be made before the tax return was filed.

Also note that a corporate employer without a SEP-IRA plan, but with a tax extension, does have until September 15, 2012 to establish and make a SEP-IRA contribution for 2011.

In general, many corporations regular tax filing deadline is March 15th while a sole proprietor has a filing deadline of April 15th (April 17th) for tax year 2011.

Remember, in reporting SEP contributions on the 2012 Form 5498, the IRA custodian reports in box 8 the amount of SEP contributions it received during 2012 regardless of whether the contributions were designated for 2011 or 2012.◆

Errata – July Article on Common HSA Misunderstandings

In the July newsletter we discussed the fact that many times an HSA owner mistakenly thinks he or she must recontribute a reimbursement payment from a HDHP to his or her HSA. This was misunderstanding #2 as discussed on pages 7 and 8. The article discussed an example where Jane Doe had withdrawn $2,700 and used it as follows: $1,500 was used to cover medical expenses she knew the plan would not pay because she had a $1500 deductible; $300 to buy a new walker; and $900 to pay for physical therapy. Ultimately the HDHP did reimburse her for the $900 and the $300. And she recontributed this $1,200 into her HSA. The purpose of the article was to set forth CWF's understanding that her recontribution of the two reimbursement amounts must be treated as two normal HSA contributions subject to the appropriate contribution limit.

The original article should have had a second purpose. A person can make a bad situation worse. Jane's first problem was she used her HSA as direct pay account, when it is best used as a reimbursement account. And then she recontributed the $1,200. The above HSA situation creates a tax trap for the unwary.

We erred because we stated that she would not need to pay tax on the $2,700 as she had used the funds to pay for qualified medical expenses. However, only $1,500 was used to pay qualified medical expenses. She did not use the $1,200 to be pay a qualified medical expense as the HDHP paid these same expenses. Consequently, she would be required to include the $1,200 in her taxable income and also pay the 20% penalty tax ($240).

We hope the IRS has the authority to grant tax relief for this situation and will do so. Until the IRS issues additional guidance, individuals will be better-off if they adopt the following payment timing procedures. Inform the medical service provider that it should be paid by the HDHP. To the extent, the HDHP does not pay the expense, then the individual can decide whether to use HSA funds or personal funds to pay such expense. When in doubt and if able, always pay a medical expense with personal funds. One will always have the right to reimburse themselves from their HSA later. ◆

IRA Rollover Mess

There are times when an IRA custodian/trustee will be forced to deal with a rollover (or direct rollover) mess created by a 401(k) administrator. A rollover mess arises when one attempts to make a rollover contribution, but one or more of the rules governing rollovers is not met. That is, a noncomplying rollover is made and the fault is due to the 401(k) administrator and not the IRA custodian or the individual.

An IRA custodian wants to be prepared with policies and procedures to handle a failed rollover (i.e., a rollover mess). If a rollover mess occurs, it means an excess IRA contribution has been made and it will need to be corrected. Normally, this means the excess contribution as adjusted for earnings or losses must be withdrawn. If nothing else, correcting a rollover mess is very time consuming and the IRA custodian/trustee will want to be compensated for its time and the work that it performs.

Example. Jane Doe has participated in her employer's 401(k) plan since 1993. Her current vested account balance is $160,000. The 401(k) plan authorizes that a distribution may be made once a participant reaches age 59½. She instructs the plan administrator that once she is age 59½ she wishes to withdraw the $160,000 and

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IRA Mess,
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have it directly rolled over to her traditional IRA with her IRA custodian/trustee, Sixth Third Bank. On August 10, 2012 the 401(k) plan sent $160,000 to Sixth Third Bank as IRA custodian for Jane Doe's traditional IRA.

The problem, Jane Doe attained age 59½ on September 10, 2012 and not August 10, 2012. She was not yet age 59½ at the time of the deemed distribution and direct rollover. Somebody had input her date of birth incorrectly into the computer system. Since the distribution of August 10th was not authorized by the 401(k) plan, the purported rollover into the IRA is an excess contribution and will need to be corrected. To make matters worse, Jane Doe authorized the IRA custodian to invest $50,000 of her $160,000 in Tritax, LLC a closely held corporation and it did so. This stock purchase is illiquid for the next five years. Her IRA hold corporate shares with an issuance value of $50,000.

It is now late September and the 401(k) plan administrator has now informed Jane and the IRA custodian that it made an error and that the $160,000 (plus earnings or minus losses) must be returned to the plan. In order to maintain the "qualified " status of the plan, the erroneous distribution must be undone. Once the money is returned to the 401(k) plan, then the 401(k) plan will make another direct rollover to Jane's traditional IRA.

The above situation is a mess. Since the plan document did not authorize this distribution, the distribution is ineligible to be rolled over into a traditional IRA; the contribution to the traditional IRA is an excess contribution. The way to correct the excess contribution is to withdraw the excess contribution as adjusted for any earnings or losses.

The IRA custodian/trustee will want to consider the following.

1. This situation is sufficiently complicated that the IRA custodian should strongly suggest to Jane that she needs the assistance of her tax professional.
2. It is the responsibility of the individual (and his or her advisors) to determine that the 401(k) plan actually did make the error being alleged to have occurred. That is, the plan document does not authorize a distribution to a participant who is not yet age 59½. Sometimes more than one error is made.
3. The individual (i.e. Jane) has the primary duty to correct the excess contribution by withdrawing it. The IRA custodian/trustee needs to monitor the situation. In general, the IRA custodian/trustee will want to follow the instructions of the individual. However, if the individual fails to withdraw the contribution, the individual (or his or her tax advisor) will need to explain in writing why it is not being withdrawn. In some situations the IRA custodian/trustee may need to resign as the IRA custodian/trustee. The IRA custodian wants to return the contribution amount to the individual and not the 401(k) administrator unless the individual instructs the IRA custodian in writing to the return the funds to the plan administrator.
4. It would be simplest administratively for the IRA custodian to distribute the IRA assets to the individual and let him or her return the funds to the 401(k) administrator. The 1099-R form would be prepared to show the withdraw of an excess contribution as adjusted for earings or losses. That is, the IRA custodian would not issue the check to the 401(k) plan.

   Note that in Jane's case she must withdraw the $50,000 of stock as issued by ABC LLC. She should obtain guidance in writing from the 401(k) plan whether the 401(k) plan will accept this stock. If not, the plan needs to explain in writing what she is to do. Will the plan or the employer be willing to purchase the ABC LLC stock from her so she can return case to "the plan ".

   And then could her IRA buy such stock from the employer or the plan? It is complicated. She needs to act on the advice of her attorney or tax professional.
5. The IRA custodian will need to decide if it will charge a fee for assisting with correcting the 401(k) administrator mistakes. One would hope the 401(k) administrator acknowledges its mistake and be willing to pay such fee(s). ◆

Email Q & A

Q-1 Subject: Non-Spouse Beneficiary

I have a problem and I need your help. I have an IRA customer that passed away last month. She left her IRA to her two children 50/50. A son and daughter. The son wants his money now and the daughter wants to wait another month until her divorce is final. Do I have the option of moving his half now into the inherited IRA for him or do I need to wait until the daughter comes in also? I'm not sure what to do.

A-1

You may handle the transactions for the son and the daughter at different times. You may pay the son immediately and then pay the daughter later. Double check to make sure that both understand they have no ability to rollover a distribution from an inherited IRA. Once the distribution is made, the recipient will need to include this amount in their income

The bank as the IRA custodian will need to prepare a final 2012 Form 5498 for the deceased IRA owner and the bank will need to prepare a Form 1099-R for the son and also a Form 1099-R for the daughter. If the bank has the capability (and the right) to prepare these Form 1099-R's without setting up the inherited IRAs for the son and daughter, there would be no need to set up the two inherited IRAs. Remember, the bank is required to file the 1099-R's electronically with the IRS only if it files more than 250 2012 Form 1099-R's. Otherwise, the two 1099-R's could be filed in paper format. Most banks choose to file electronically and therefore you would set up two inherited IRAs - one for the son and one for the daughter. Any distribution to a beneficiary of a traditional IRA will need to show a reason code 4 (death) in box 7 of the Form 1099-R.

Q-2 Subject: Non-Spouse Beneficiary

Hey, to follow up on my earlier phone call. The three beneficiaries that have to take their deceased fathers RMD yet this year, when I do the one sons that is transferring his to another institution and they want us to withhold the RMD and give it directly to him do I need to separate entries, one to show as a transfer out to the inherited IRA and one to show as a death distribution to the son for reporting purposes? Thank you.

A-2

Yes. Two transactions. One is a reason rode 4 for Form 1099-R purposes and the other is a nonreportabie transfer distribution.

Q-3 Subject: An Estate as the Beneficiary

Do estate distributions need a code 4, we will report under the Estate TIN

A-3

Yes. All payments to an inheriting traditional IRA beneficiary, including an estate beneficiary, are to reported on Form 1099-R using code "4".

A payment to an estate as a Roth IRA beneficiary will either be a code "T" or "Q" (five-year rule met).

Q-4 Subject: Non-spouse Roth IRA Beneficiary (Separate Accounting RMD Rules)

I've done some reading regarding the death of a Roth IRA owner

Two children are the beneficiaries 50/50. One child has responded to my mailing. She is the oldest. The owner is under 70½. I figured the RMD based on the oldest.

This is where I'm not sure. Do I split the RMD in half to pay out to both beneficiaries, then split the balance in half even though I've only heard back from one beneficiary? I have all the paperwork to establish the Inherited Roth IRA for one beneficiary. We don't establish Inherited IRA's without paperwork, yet, my confusion lies with the fact that the deceased IRA owner's balance won't be split 50/50 if I wait for the other beneficiary's paperwork. What do I do?

A-4

In what year did the Roth IRA owner die? 2011, 2012 or some other year?

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Email Q & A,
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First, a nonspouse beneficiary must take his or her RMD by December 31 of year following year of death There is no RMD with respect to a Roth IRA owner for the year of death. If a beneficiary would miss this deadline, the beneficiary could consider switching to the 5-year rule. Most nonspouse beneficiaries of an inherited Roth IRA would not switch, they would pay the 50% tax for the one year. The inherited Roth IRA will generate tax free income for many years for the beneficiary.

As you are aware, an IRS regulation allows the RMD to be calculated for each separate beneficiary if the separate accounting rules apply. First, the separate account must be set up by December 31 of the year following the year of the death. Second, a separate calculation is made for a specific beneficiary starting with the first year following the year the separate account was established. The term separate account also include performing separate accounting within the inherited Roth IRA.

If the owner died in 2012, the first RMD will be for 2013. If a separate account is set up in 2012, then the 2013 RMD calculation for that specific beneficiary will be based on his or her divisor. If a separate account is not set up in 2012, then the calculation for 2013 will be based on the oldest beneficiary.

If the separate inherited Roth IRA is not set up in 2012, but is set up by by December 31, 2013, then the RMD divisor for 2014 will be based on that specific beneficiary. Calculations for future years would also be based on the specific beneficiary.

If the separate account is not set up until after December 31, 2013, then the oldest beneficiary will be used to determine the divisor.

We don't believe all beneficiaries must be set up their separate inherited IRAs in order for one beneficiary to get the benefit of the separate accounting rules. This determination can be made on a person-by-person basis. If the bank sets up a beneficiary with a separate account, he or she will be allowed to have his or her RMD calculated using the separate accounting rules regardless if one or more other beneficiaries do not set up separate inherited IRAs.

You state the bank has the approach that you do not set up an inherited Roth IRA for a beneficiary until you receive certain paperwork. I understand.

However, this should not mean you cannot set up the inherited Roth IRA for the beneficiary who did complete the paperwork. You would transfer this beneficiary's share from the decedent's Roth IRA to this beneficiary's inherited Roth IRA.

You would set up the inherited roth IRA for the other beneficiary once the paperwork is completed.

Q-5 Subject: Rollovers – Once Per Year Rule

I think I might be over thinking a transaction request

A customer has an IRA investment with Smith Barney. He is taking a full distribution as a direct rollover. He wants to disburse the funds between 5 different IRA CDs. He will establish one plan, and have the CDs under the Plan.

Can this be done? I understand that the individual can make 1 withdrawal for rollover FROM the investment within a 12-month period. Then I started reading and started to question myself about placing the money in several different IRA Cds.

A-5

The once per year rule applies to a distribution from a traditional IRA which is rolled over into another or the same IRA or a pension plan. It does not apply to distributions from a pension plan.

He can move his money into one IRA plan and then purchase 5 CDs. The purchasing of the 5 CDs are not separate rollovers as they are internal transfers.

Since he has done a rollover from his IRA with Smith Barney, he will not be able to take a distribution from any of the 5 CDS within his IRA and roll any one over until the 12-month period applying to the Smith Barney distribution has expired. ◆