Internal Revenue Manual Section 5.8.5.10 (09-30-2013)

Retirement or Profit Sharing Plans

1. Funds held in a retirement or profit sharing plan are considered an asset and must be valued for offer purposes.
2. Contributions to voluntary retirement plans are not a necessary expense. Review of the retirement plan document may be necessary to determine the taxpayer's benefits and options under the plan.
3. It may be necessary to secure a copy of the plan to determine the taxpayer's vested interest and ability to borrow.
4. When determining the value of a taxpayer's pension and profit sharing plans consider:

If…	**And…**	**Then…**
The account is an Individual Retirement Account (IRA), 401(k), or Keogh Account	The taxpayer is not retired or close to retirement	Equity is the cash value less any tax consequences for liquidating the account and early withdrawal penalty, if applicable.
The account is an Individual Retirement Account (IRA), 401(k), or Keogh Account	The taxpayer is retired or close to retirement	• Equity is the cash value less any tax consequences for liquidating the account and early withdrawal penalty, if applicable. • The plan may be considered as income, if the income from the plan is required to provide for necessary living expenses.
The contribution to a retirement plan is required as a condition of employment	The taxpayer is able to withdraw funds from the account	Equity is the amount the taxpayer can withdraw less any tax consequences and early withdrawal penalty, if applicable.
The contribution to an employer's plan is required as a condition of employment	The taxpayer is unable to withdraw funds from the account but is permitted to borrow on the plan	Equity is the available loan value.
Any retirement plan that may not be borrowed on or liquidated until separation from employment	The taxpayer is retired, eligible to retire, or close to retirement	Equity is the cash value less any tax consequences for liquidating the account and early withdrawal penalty, if applicable,or consider the plan as income if the income from the plan is necessary to provide for necessary

If…	And…	Then…
		living expenses.
The plan may not be borrowed on or liquidated until separation from employment and the taxpayer has no ability to access the funds within the terms of the offer	The taxpayer is not eligible to retire until after the period for which we are calculating future income	The plan has no equity.
The plan includes a stock option	The taxpayer is eligible to take the option	Equity is the value of the stock at current market price less any expense to exercise the option.