



ARE YOU NEW TO FORM 278?

If you have moved from submitting a Form 450 to a Form 278, you have likely been promoted. Congratulations! That's the good news. Here's the bad news. The financial disclosure requirements for Form 278 are very extensive and complex. There are a lot of differences between the two forms, and here are some tips to keep in mind. Note, this is an introduction to Form 278, and it is not an exhaustive list of the financial disclosure requirements.

- **Your financial disclosures will be available to the public.** While the Form 450 is confidential, 278s are available to the public, and anyone can request a copy of your 278. Your financial disclosures could be scrutinized by the press or the public, so it is important to get them right.
- **You will have to disclose more information than you did on Form 450.** Be sure you understand everything that has to be included on Form 278. There are several items you did not have to disclose on Form 450, but you will have to include on Form 278. For example, you did not have to report a "diversified mutual fund" on Form 450. However, on Form 278, not only will you have to report it, but you will also have to include detailed information about it.
- **Allow more time to complete your 278.** You will need to gather more records and information to complete your 278 than you did for your Form 450. With the 450, you did not have to report the value of your investment assets, how much income you received from each investment, or the type of income you received, but this information is required to complete your 278.
- **The reporting requirements vary depending on the type of account.** There are different reporting requirements depending on whether the account is a retirement account or a brokerage account.

If an investment is held in a retirement account, you do not have to report the income type or the amount of income. The Office of Government Ethics (OGE) generally considers income received when you owe taxes on it. Since you do not owe tax on dividends received in an IRA until you take money out of the IRA, OGE does not require you to report this income.

However, you have to include this information if you hold that same fund or stock in a brokerage account. Note, if you hold a fund that meets the definition of an excepted investment fund, you will not have to report the income type, but you will have to report the amount of income received.

- **You will have to report your cash emergency fund.** You did not have to report your bank account balance on the Form 450, but you have to include it on Form 278 if the balances at a single institution total more than \$5,000 or produced more than \$200 of income.
- **If you buy or sell an investment during the year you may have to file a 278-T within 30 days of the transaction.** You may have to report your investment transactions after you make them. You do not have to file a 287-T if you buy an excepted investment fund or add money to your TSP, but you will have to file a 278-T for transactions greater than \$1,000 involving stocks, bonds, and other securities.

If you are preparing a Form 278 for the first time, invest the time at the beginning to make sure you understand everything you have to disclose. This will save you some headache and frustration.

About ClearLogic Financial For Federal Employees & Retirees

ClearLogic has extensive experience with federal and military employment requirements since half of our clients are federal employees or retirees. We provide our federal-employee clients comprehensive advice on their irrevocable decisions just prior to retirement as well as during their working years and throughout their retirement. We help clients clearly understand their options – so they can make the best choices – regarding:

- TSP, FERS, & CSRS pension plan options
- tax smart distribution planning
- social security options
- saving for & transitioning into retirement
- estate planning & administration
- investment management

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