January 2007
Published Since 1984

# The Pension Digest

## ALSO IN THIS ISSUE –



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



## Transfer of Inherited QP Funds to an Inherited IRA - Additional IRS Guidance

The IRS has recently issued guidance with respect to the new laws allowing the direct rollover of inherited eligible retirement plan (ERP) funds into an inherited IRA. The IRS furnished this guidance in Notice 2007-7, as issued in the Internal Revenue Bulletin in January of 2007.

An ERP is a qualified plan as defined in Code section 401(a), an annuity plan as defined in Code section 403(a) or (b), or an eligible governmental section 457(b) plan.

Code section 402 sets forth the rules that a distribution from an eligible retirement plan, in general, will need to be included in the income of the recipient. The recipient will then pay income tax with respect to this amount at his or her applicable marginal income tax rate. However, when a person rolls the distribution over, they no longer have receipt of the funds, and it should not have to be included in income. Code section 402(c)(11) was added by the Pension Protection Act of 2006. It creates the authority for certain nonspouse beneficiaries to directly roll over inherited qualified plan (QP) funds into an IRA. If a nonspouse beneficiary elects a direct rollover, the amount is not includible in gross income. If the nonspouse beneficiary is paid funds from an eligible retirement plan, such funds are ineligible to be rolled over.

**Continued on page 2**

## IRA Accountholders Have Until April 17, 2007

On January 24, 2007, the IRS issued a news release (IR-2007-15). The IRS has determined that all taxpayers (including IRA contributors) across the nation will have until Tuesday, April 17, 2007, to file their 2006 returns, and not April 16, as previously thought. Prior to this release, it was thought the filing deadline was April 16 (Monday), because the 15th is a Sunday — except for those states and the District of Columbia which observe Patriots Day — April 16. Individuals in those states and the District of Columbia would then have until April 17, 2007, to file their returns.

However, the District of Columbia recently enacted legislation making Emancipation Day (April 16) a legal holiday in the District of Columbia. Under a federal statute enacted many years ago, holidays observed in the District of Columbia have an impact nationwide, and are not limited solely to the District of Columbia. By federal law, filing and payment deadlines that fall on a Saturday, Sunday or legal holiday are considered timely made if made on the next business day.

The April 17, 2007, deadline will apply to the following tax transactions:

- Contributions to a traditional or Roth IRA for tax year 2006
- Filing refund claims for tax year 2003, where the regular three-year statute of limitations is expiring

**Continued on page 5**

**Transfer of Inherited QP Funds to an Inherited IRA, Continued from page 1**

For purposes of the direct rollover authorized by Code section 402(c)(11), the IRS has defined a trustee-to-trustee transfer to be a direct rollover. A transfer of any portion of the funds from the ERP to an inherited IRA qualifies as a direct rollover. However, a direct rollover only occurs for inclusion of income purposes. This special distribution is not subject to the notice requirement of section 402(f), the requirements of section 401(a)(31) mandating a plan must make a direct rollover available, or the mandatory withholding requirements.

In order for nonspouse beneficiaries to use this new rollover rule, the ERP must be written/amended to authorize this special nonspouse direct rollover; however, it is not mandated that an ERP allow this special rollover. In at least one instance, an inheriting nonspouse ERP beneficiary will be able to perform a direct rollover even though the plan does not authorize it. If the ERP plan is a frozen plan within the meaning of DOL regulation 2550.404, then such a plan is deemed to include this provision even though such provision is not written in the plan document.

A nonspouse beneficiary of an ERP will need to establish an inherited IRA to receive the inherited ERP funds. Q/A of the Notice states, "The IRA must be established in a manner that identifies it as an IRA with respect to a deceased individual and the beneficiary, for example — Tom Smith as beneficiary of John Smith."

A transfer of any portion of the IRA funds from the ERP to an inherited IRA will be treated as a direct rollover for purposes of Code section 402(c)(11).

The IRS has expressly said that a direct rollover is possible even if a trust was the designated beneficiary. The beneficiaries of the trust must qualify as designated beneficiaries for required distribution purposes. The IRA must be established as discussed above, for example, "The Tom Smith Trust dated dd/mm/yy as beneficiary of Tom Smith." The general rule will be that the distribution period (i.e. the divisor in the RMD formula) will be determined by using the age of the oldest beneficiary.

For distribution purposes, it will need to be determined whether the ERP participant died on, after, or before, his or her required beginning date. The IRS provides the following guidance as to whether or not a nonspouse beneficiary is required to be distributed a required distribution for the year of death and subsequent years. **A required distribution is not eligible to be rolled over or directly rolled over.**

If the ERP participant died before his or her required beginning date, then no distribution is required for the year of death. It does not matter whether the life-distribution rule or five-year rule applies.

The IRS has adopted the approach that the inherited IRA established to receive the direct rollover must apply the same required distribution rules as set forth in the ERP. That is, if the ERP mandated that the five-year rule applies, then the five-year rule must be applied by the IRA. If the ERP mandated the life distribution rule, then the life-distribution rule must be applied by the IRA. We at CWF will be doing further research to determine if there is any legal authority for the IRS' position, because it certainly would be desirable for a beneficiary to be able to switch from the five-year rule to the life-distribution rule.

If the ERP participant died before his or her required beginning date and <u>the 5-year rule applies</u>, then no distributions are required for the year of death or the following four years. Thus, the entire amount in the ERP is eligible to be directly rolled over into an inherited IRA. The same 5-year rule will apply once the funds are within the inherited IRA. On or after January 1 of the fifth year following the year the ERP participant died, no portion of the ERP funds may be directly rolled over to an inherited IRA, since the entire amount is a required distribution.

If the ERP participant died before his or her required beginning date, <u>and the life-distribution rule applies</u>, then there will be a required distribution for the year following the year of the participant's death, and for each subsequent year. Thus, if the nonspouse beneficiary does a direct rollover in the year of death, the entire amount may be directly rolled over. If the nonspouse beneficiary does a direct rollover in a subsequent year, the entire amount may not be directly rolled over, since there will be a required distribution for such year. The amount ineligible to be directly rolled over includes all undistributed required minimum distributions for the current year and any prior year (even if the 50% excise tax has been paid).

If the ERP participant died on or after his or her required beginning date and the life distribution rule

**Continued on page 3**

**Transfer of Inherited QP Funds to an Inherited IRA, Continued from page 2**

applies, then there will be a required distribution for the year of death and subsequent years. The required distribution applying to the ERP participant for the current year (the year of the participant's death) will also apply to the ERP beneficiary(ies) for such year. For subsequent years, the required distribution amount will be determined by using the standard RMD formula. The distribution period is determined using the age of the beneficiary for the first year, and then reducing this initial factor by one for each subsequent year. Note that the required distribution under the inherited IRA must be determined using the same applicable distribution period as would have been used under the ERP if the direct rollover had not occurred. ◆

## Don't Be Confused — Designated Roth Distributions Come from 401(k) Plans, Not Roth IRAs

The 2006 Form 1099-R has two boxes which are only to be completed if the distribution being reported is a designated Roth distribution from a qualified plan. These boxes are NOT to be completed for a Roth IRA distribution.

**Box 5:** In the past, this box (entitled "Employee contributions or insurance premiums") was used for after-tax employee contributions to a 401(k) plan, and insurance premiums. For 2006, the title has been changed to include "Designated Roth contributions." A separate Form 1099-R must be used for the portion of an employee's basis that has been distributed from a designated Roth account under a 401(k) plan.

**Box to the left of box 10:** This box is new for 2006. It is to be used to enter the first year for which a designated Roth contribution was made to a 401(k) plan.

IRA custodians will want to be certain their software vendor is aware that boxes 5 and 10 are not to be used for IRA reporting. CWF has heard from some IRA custodians that their IRA software is completing box 5 and box 10. These boxes only apply to a 401(k) plan. A Form 1099-R used for reporting IRA distributions will not have box 5 or box 10 completed. For your information, boxes 9a and 9b are also not used for IRA reporting purposes. ◆

## Are Your 1099-Rs Correct?

CWF has had many calls from financial institutions which are using various software vendors' programs, asking if the way such vendor's software has prepared governmental reporting is correct. Many times we have found errors.

It appears to CWF that the software vendors take no responsibility for whether or not their software prepares 1099-Rs and 5498s correctly; they lay the burden on the financial institution to make certain the forms are correctly prepared. The IRS has strict guidelines for preparing these forms; it is how they gather information so they can check it against tax returns to make sure individuals are reporting IRA transactions correctly on their tax returns. It is extremely important that these forms be completed according to IRS directions.

As an example, CWF recently received 1099-Rs to review from a bank, asking if the forms had been prepared correctly. Our response was that they were not.

**Situation #1.** For a withdrawal of an excess contribution, the bank's software prepared two 1099-Rs — one showing the withdrawal of the contribution before the due date of the individual's tax return, and the other showing the withdrawal of the interest relating to that contribution. The amount of the excess contribution was shown as "taxable." The IRS instructions do not indicate that two 1099-Rs should be prepared for this situation. The instructions state that the gross amount of the distribution (contribution plus related income) goes in box 1, and the interest income goes in box 2a, with a reason code of 81 in box 7. This assures the IRA accountholder had not attained age 59½. This bank's software showed the excess contribution as taxable, when it was not, and the form also had the "taxable amount not determined" checked! In this situation, the IRA custodian knows that only the interest income is taxable. The withdrawal of the excess contribution is not taxable when withdrawn before the due date of the tax return. The bank should correct this situation.

**Situation #2.** Another 1099-R was reviewed relating to a recharacterization. The bank's software prepared the 1099-R showing the recharacterized amount as taxable. The IRS instructions clearly state that box 2a (taxable amount) should be completed with "0" when

**Continued on page 4**

**Are Your 1099-R Correct?, Continued from page 3**

there is a recharacterization distribution. The bank will need to send in a correction to this form.

**CWF's Comments.** Because of the number of calls we get concerning incorrect reporting, it is obvious that more than a few software vendors have errors in their programs concerning the preparation of Forms 1099-R and 5498. A financial institution needs to be certain their software prepares governmental reporting correctly. Some errors can subject a bank to a $50 per form penalty. ◆

## Qualified Charitable Distributions — Additional IRS Guidance

A qualified charitable distribution (QCD) is a distribution that is eligible to be excluded from income because the following special rules have been met. The distribution must take place in 2006 or 2007. The distribution amount must $100,000 or less per individual per year. The distribution must be made from either a traditional IRA or a Roth IRA. The distribution may not come from a SEP or SIMPLE IRA. The distribution must take place after the individual as attained age 70½. The distribution must be made directly by the IRA custodian or trustee to certain qualifying charitable organizations. The distribution would have had to qualify as a charitable contribution deduction under section 170, without regard to the percentage limitation of section 170(b).

The IRS has also recently issued guidance with respect to the new laws related to QCDs. The IRS furnished this guidance in Notice 2007-7 as issued in the Internal Revenue Bulletin in January of 2007.

1. The distribution must be made directly by the IRA custodian or trustee to certain qualifying charitable organizations. There was some question whether the following would qualify as a direct payment — the IRA custodian/trustee would prepare a check listing the charitable organization as the payee, and then furnishes the check to the IRA accountholder, who would deliver it to the charitable organization. The IRS has ruled that this qualified as a direct payment. Presumably, the IRS rationale was that since the check is made payable to the charitable organization, it is not negotiable by the individual.

2. The DOL has informed the IRS that an impermissible prohibited transaction does not occur under Code section 4975(d) when an IRA accountholder makes a QCD to a qualifying charitable organization. This is true even if the individual (i.e. the IRA accountholder) had an outstanding pledge to the receiving charitable organization. The DOL has ruled that a QCD will be treated as a receipt by the IRA accountholder under section 4975(d)(9). It provided the following:

> Subsection (d)(9) provides that a prohibited transaction does <u>not</u> take place when there is "receipt by a disqualified person of any benefit to which he may be entitled as a participant or beneficiary in the plan so long as the benefit is computed on the basis which is consistent with the terms of the plan as applied to all other participants and beneficiaries."

3. Funds within a SEP IRA or a SIMPLE IRA are ineligible to be a QCD only if the SEP IRA or the SIMPLE IRA is "ongoing." The IRS has defined "ongoing" to mean there needs to be an employer contribution made for the plan year ending with or within the IRA owner's taxable year in which the charitable contributions would be made. If an employer has <u>not</u> made an annual contribution, then funds may be directly transferred from a SEP IRA or SIMPLE IRA as a QCD, assuming the other requirements have been met.

4. The IRA custodian or trustee is allowed to rely on the reasonable representations of the IRA accountholder that the required distributions will qualify as a QCD. We at CWF believe that the use of our Form 57-C will satisfy this requirement. It may well be that the use of a standard distribution form will not meet this requirement.

5. The IRA withholding rules do not apply to a QCD. The IRA custodian or trustee is neither required to furnish the withholding notice nor withhold any portion of the distribution amount.

6. For purposes of taking one or more distributions which equal or exceed the aggregate RMD amount, A QCD is to be taken into account. That is, a QCD is treated as if a required distribution had been taken.

7. There will be cases where a person makes a distribution believing it is entitled to tax-free treatment as a QCD, but for some reason, the distribution does not so qualify. The amount sent to the charitable organization will be treated as a distribution from the IRA to the IRA accountholder, and he or she will need to

**Continued on page 5**

The Pension Digest

## All Mistakes Are Not Correctable

Through our Hotline Consulting, we encounter many inadvertent mistakes made by individual IRA accountholders. Many times the individual does not understand why some mistakes are unable to be corrected, leaving the accountholder to possibly face unwanted tax consequences. There are very specific rules governing IRA transactions. These rules do not normally allow a simple correction, such as renaming an account or moving funds, when a mistake is made. Many times complicated procedures must be followed to correct a mistake, and many times there is no corrective action authorized under federal income tax law.

**Example #1.** Paul and Marie have been married for 40 years. Paul, 68, is retired and is receiving payments from his pension plan; Marie is still working. For the last six years, Paul has made a contribution to Marie's IRA. He has made no contribution during this time period to his own IRA.

In February of 2006 (for IRA year 2005), Paul made a contribution to <u>his</u> IRA of $4,500. In January of 2007, he came into the bank and said that he had made a mistake, and that the 2/06 contribution should have been made to Marie's IRA. He thinks the bank should have known that, since the contributions made in the last six years have been to Marie's IRA.

Unfortunately, the bank must tell this customer that there is no way, at this point in time, to correct this mistake. If Paul was eligible to make this contribution, there is a special rule to correct this mistake. However, he would have had to have corrected the transaction by withdrawing the funds by 10/15/06. Because that deadline has passed, he cannot correct it under this rule.

If Paul was not eligible to make a contribution to his own IRA for 2005, the amount of $4,500 would be an excess contribution to the IRA. The remedy is to withdraw the amount. However, Paul will owe a 6% excise tax for 2005 and 2006 on the excess contribution amount. This tax is assessed for each year the excess remains in the IRA.

**Conclusion.** What a customer might think of as a "simple" mistake, when viewed with respect to IRA law, can be a serious tax problem. In the above example, there is no authority to withdraw the funds as an excess without paying the excise tax, and there is no authority to simply move the funds to the other IRA.

If Paul was eligible to make the IRA contribution, then he simply has $4,500 more in his account. He could, of course, then withdraw the funds he was eligible to contribute, pay normal income tax on the amount (with no penalty, because he is older than age 59½), and then contribute the desired amount to Marie's IRA.

**Continued on page 6**

### Qualified Charitable Distributions, Continued from page 4

include that amount in gross income. The distribution will then also be treated as a charitable contribution subject to the limits of section 170. The accountholder may or may not be able to claim a deduction for the full contribution amount. Note that the IRS does not address the subject of whether the reporting duties of the IRA custodian will vary depending on when it has knowledge of such failure. The IRS will need to issue further guidance on this matter. ◆

### IRA Accountholders Have Until April 17, 2007, Continued from page 1

- Requesting an automatic six-month tax-filing extension, whether submitted electronically or on Form 4868
- Filing 2006 tax returns, unless an extension has been given (such filing may be made electronically or on paper)
- Paying the amount due with respect to 2006 tax returns; such payment may be made electronically or by check
- Paying the estimated tax payment for the first quarter of 2007, either electronically or by check. ◆

All Mistakes Are Not Correctable,
Continued from page 5

**Example #2.** An IRA owner died 1/12/07, at age 69. He had designated his three children as his IRA beneficiaries. The IRA account balance as of his date of death was $60,000. On 1/17/07, the three children withdrew the $60,000, each receiving a check made to themselves, in the amount of $20,000.

One of the beneficiaries went to one of the largest financial institutions in the U.S., and was allowed to roll over his $20,000 into an inherited IRA. The other two children went to their respective banks and asked to roll over the funds to an inherited IRA, and were told that this was not permissible.

As was blatantly stated on the front page of CWF's December newsletter, **A NONSPOUSE BENEFICIARY OF AN IRA HAS NO ROLLOVER RIGHTS!**

What should the financial institution's response be if the individual who was allowed the rollover realizes the mistake and wishes to return the funds to the father's IRA? CWF knows of no authority, in this situation, to return the funds to the IRA; the individual will simply have to live with the tax consequences of this transaction. If he chooses to leave the funds in the inherited IRA, the funds are considered to be an excess contribution, because the rollover was impermissible. The individual will owe the 6% excise tax for every year the funds remain in the IRA. If he would leave them there for 10 years, and then be audited and was found to have made an invalid rollover, the tax alone would be substantial, not to mention the addition of possible interest and penalties. If the individual is interested in correcting this excess IRA contribution, the solution is to remove the $20,000 plus related interest by 10/15/08.

**Conclusion.** Because the checks were made directly to the children of the decedent, there is no authority to return the funds to the IRA, have inherited IRAs set up by the institution and take distribution using the 5-year rule or life-distribution rule. The individuals are going to have pay normal income tax on the distribution in the year it is received. If the beneficiary who rolled the funds to an IRA does not remove them by 10/15/08, he will owe the 6% excise tax for each year the funds remain in this impermissible IRA. If he does remove the funds by 10/15/08, he will have to pay normal income tax on the amount in the year received.

A financial institution has no authority to allow the recontribution of the funds. Whether the transaction was done in haste, or because the individuals didn't know any better, they each received a check in their own name, and once that transaction is done, there is no authority to reverse it. A financial institution will want to be certain they use a special distribution form in beneficiary situations. This form must clearly state that nonspouse IRA beneficiaries have no rollover rights. ◆

## Frequently Asked IRA Questions

**Can an individual contribute to a traditional IRA if he or she has other retirement plans?**

Yes, individuals can contribute to a traditional IRA whether or not they are covered by another retirement plan. However, they may not be able to deduct all of their contributions if they or their spouses are covered by an employer-sponsored retirement plan. (Note that contributions to a Roth IRA are not deductible and income limits apply.) See Publication 590 for further information.

**How much must be taken out of an individual's IRA at age 70½?**

Required minimum distributions apply each year, beginning with the year the account owner turns age 70½. The required minimum distribution for each year is calculated by dividing the IRA account balance as of December 31 of the prior year by the applicable distribution period or life expectancy. An account owner can determine his or her applicable distribution period or life expectancy by using the Tables in Appendix C of Publication 590.

**Continued on page 7**

The Pension Digest

Frequently Asked Questions,
Continued from page 6

**If the IRA is cashed in before age 59½ , what forms need to be filled out?**

Regardless of age, the IRA owner will need to file a Form 1040 and show the amount of withdrawal from the IRA. Since the withdrawal was taken before reaching age 59½, unless certain exceptions listed in Publication 590, *Individual Retirement Arrangements (IRAs)* are met, the IRA owner will need to pay an additional 10 percent tax on early distributions from qualified retirement plans that is reported on Form 1040. A Form 5329, *Additional Taxes on Qualified Plans (Including IRAs)* and Other Tax-Favored Accounts, may need to be completed and attached to the tax return.

**Can the 10% additional tax for an early withdrawal from an IRA be deducted in the Adjusted Gross Income section of Form 1040 as a penalty on early withdrawal of savings?**

No, the additional 10% tax on early distributions from qualified retirement plans does not qualify as a penalty for withdrawal of savings.

**Does the participant request the distribution check directly from the employer or from the financial institution where the IRA-based plan is invested?**

The participant will need to contact the financial institution holding the IRA assets. After the employer sends the IRA plan contributions to the financial institution, that institution will have control over the funds.

**The bank refuses to give a loan from an IRA-based plan — isn't it required to allow loans?**

IRAs (including SEP-IRAs) do not permit loans. Therefore, banks are not allowed to give loans from an IRA.

**Are there any restrictions on IRA investments?**

The law does not permit IRA funds to be invested in collectibles. If an IRA is invested in collectibles, the amount invested is considered distributed in the year invested. The account owner may have to pay a 10% additional tax on early distributions.

Examples of collectibles:

- Artwork
- Rugs
- Antiques
- Metals — there are exceptions for certain kinds of bullion
- Gems
- Stamps
- Coins — there are exceptions for certain coins minted by the U.S. Treasury
- Alcoholic beverages
- Certain other tangible personal property

Check Publication 590, *Individual Retirement Arrangements (IRAs)*, for more information on collectibles.

Finally, IRA trustees are permitted to impose additional restrictions on investments. For example, because of administrative burdens, many IRA trustees do not permit IRA owners to invest IRA funds in real estate. IRA law does not prohibit investing in real estate, but trustees are not required to offer real estate as an option.

**Are the basic investment rules different for SEPs and SIMPLE IRA plans?**

The basic investment vehicle for each of these plans is an IRA, and the investment restrictions apply equally to all types of IRAs.

**Can losses in an IRA be deducted on a participant's income tax return?**

No, neither IRA losses nor IRA gains are taken into account on a participant's tax return while the IRA is on-going. ◆

# IRS Issues Form 8888 for Direct Reporting of Tax Refund

Beginning with tax refunds issued in 2007, an individual may request that their refund be directly deposited in up to three different accounts. The IRS has created Form 8888 (reproduced below) for this purpose.

The account types to which a refund may be deposited include: checking, savings, IRA (traditional, Roth or SEP, but not SIMPLE), HSA, Archer MSA, or Coverdell ESA. The account must be in the name of the individual requesting the deposit. If an individual uses Form 8888, no portion of the refund will be sent by check. The deposit amount must be at least $1 for each account. The routing number must be 9 digits, of which the first two digits must be 01 - 12, or 21 - 32. If these requirements are not met, the direct deposit will be rejected, and a check will be sent instead.

**Note:** If an individual only wants the refund deposited into one account, do not use Form 8888, as requesting a deposit to only one account is handled on whatever tax form an individual files.

There are some concerns for individuals who want their refund deposited into an IRA or Roth IRA. Obviously, an IRA must be established before funds may be deposited to it. Also, the custodian/trustee of an IRA will assume the IRA contribution is for the year received, unless the accountholder notifies the custodian/trustee that it is for the prior year. If the individual wishes the refund to be for the prior year, (2006), it is up to the individual to verify that his/her tax refund reached the custodian/trustee by the deadline for making contributions (normally April 15, but it is April 17, for 2007). If the taxpayer has already filed his 2007 tax return, and claimed an IRA deduction for the prior-year contribution, but the contribution is not received until after the tax-filing deadline, the contribution will be not be considered made for the prior year (2006), but for the current year (2007), and the individual will need to file an amended tax return to reduce his IRA contribution by the amount of the refund.

An individual will want to make certain to verify not only the date the deposit was made to the indicated accounts, but also the amount which was deposited. The IRS could have found (and corrected) a math error discovered on the return. The IRS would then increase or decrease the refund amount accordingly. Also, if the accountholder owes past-due federal or state taxes, child support or other federal debt such as student loans, the IRS is allowed to offset the amount against any refund.

**Note:** If the deposit is to an account such as an IRA, HSA, or Coverdell ESA, an individual will need to ask their financial institution whether to check "savings" or "checking" on Form 8888 (only one type can be checked per line) to ensure the deposit is accepted.

The total on line 4 of the Form 8888, must equal the amount of the individual's refund. If it does not, the funds will not be deposited, but sent by check, instead. ◆

Form **8888**

Department of the Treasury
Internal Revenue Service

**Direct Deposit of Refund to More Than One Account**

▶ See instructions below and on back.

▶ Attach to Form 1040, Form 1040A, Form 1040EZ, Form 1040NR, Form 1040NR-EZ, Form 1040-SS, or Form 1040-PR.

OMB No. 1545-0074

**2006**

Attachment Sequence No. 56

Name(s) shown on return | Your social security number

**1a** Amount to be deposited in first account . . . . . . . . . . . . . . . . . . . . . . **1a**

**b** Routing number ▶ **c** ☐ Checking ☐ Savings

**d** Account number

**2a** Amount to be deposited in second account . . . . . . . . . . . . . . . . . . . . **2a**

**b** Routing number ▶ **c** ☐ Checking ☐ Savings

**d** Account number

**3a** Amount to be deposited in third account . . . . . . . . . . . . . . . . . . . . **3a**

**b** Routing number ▶ **c** ☐ Checking ☐ Savings

**d** Account number

**4** **Total amount to be directly deposited.** Add lines 1a, 2a, and 3a. The total must equal the amount shown on Form 1040, line 74a; Form 1040A, line 45a; Form 1040EZ, line 12a; Form 1040NR, line 72a; Form 1040NR-EZ, line 24a; Form 1040-SS, line 12a; or Form 1040-PR, line 12a . . . **4**