



THE Pension Digest

July 2017
Published Since 1984

ALSO IN THIS ISSUE –

Providing the SIMPLE-IRA Summary Description for 2018
Page 1

RMD Deadline for 5-Year Rule of Death
Page 2

Still Possible to Establish a SIMPLE-IRA Plan for 2017?
Page 2

Employers and Payroll Deduction Plans or Services
Page 2

IRA Tax Facts
Page 3

U.S. Treasury Terminates myRA Program
Page 6

Phasing out the my RA Program
Page 6

Red Copies of Copy A Not Required for Certain Forms
Page 7

Basic Rules for Preparing Paper IRS Forms
Page 8

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



© 2017 Collin W. Fritz and Associates, Ltd. Copyright is not claimed in any material secured from official U.S. Government sources. Published by Collin W. Fritz and Associates, Ltd. Subscription: \$95 per year.

SIMPLE-IRA Summary Description - IRA Custodian Must Furnish by October 2017 for 2018

What are a financial institution's duties if it is the custodian or trustee of SIMPLE IRA funds? After a SIMPLE IRA has been established at an institution, it is the institution's duty to provide a Summary Description each year within a reasonable period of time before the employees' 60-day election period. CWF believes that providing the Summary Description 30 days prior to the election period would be considered "reasonable." The actual IRS wording is that the Summary Description must be provided "early enough so that the employer can meet its notice obligation." You will want to furnish the Summary Description to the employer in September or the first week of October. The employer is required to furnish the summary description to its employees before the employees' 60-day election period.

IRS Notice 98-4 provides the rules and procedures for SIMPLEs. This notice is reproduced in CWF's IRA Procedures Manual.

The Summary Description to be furnished by the SIMPLE IRA custodian/trustee to the sponsoring employer depends upon what form the employer used to establish the SIMPLE IRA plan.

The employer may either complete Form 5305-SIMPLE (where all employees' SIMPLE IRAs are established at the same employer-designated financial

institution) or Form 5304-SIMPLE (where the employer allows the employees to establish the SIMPLE IRA at the financial institution of his or her choice).

There will be one Summary Description if the employer has used the 5305-SIMPLE form. There will be another Summary Description if the employer has used the 5304-SIMPLE form. If you are a user of CWF forms, these forms will be Form 918-A and 918-B.

The general rule is that the SIMPLE IRA custodian/trustee is required to furnish the summary description to the employer. This Summary Description will only be partially completed. The employer will be required to complete it and then furnish it to its employees. The employer needs to indicate for the upcoming 18 year the rate of its matching contribution or that it will be making the non-elective contribution equal to 2% of compensation.

However, in the situation where the employer has completed the Form 5304-SIMPLE, the IRS understands that many times the SIMPLE IRA custodian/trustee will have a minimal relationship with the employer. It may well be that only one employee of the employer establishes a SIMPLE IRA with a financial institution. In this situation, the IRS allows the financial institution to comply with the Summary Description rules by using an alternative method.

To comply with the alternative method, the SIMPLE IRA custodian/trustee is to furnish the individual SIMPLE IRA accountholder the following:

Continued on page 2

- A current 5304-SIMPLE: This could be filled out by the employer, or it could be the blank form
- Instructions for the 5304-SIMPLE
- Information for completing Article VI (Procedures for withdrawal) (You will need to provide a memo explaining these procedures).
- The financial institution's name and address.

Obviously, if an institution provides the employee with a blank form, he/she will need to have the employer complete it, and, the employee may well need to remind the employer that it needs to provide the form to all eligible employees.

CWF has created a form which covers the "alternative" approach of the Summary Description being provided directly to an employee.

The penalty for not furnishing the Summary Description is \$50 per day.

Special Rule for a "transfer" SIMPLE IRA.

There is also what is termed a "transfer" SIMPLE IRA. If your institution has accepted a transfer SIMPLE IRA, and there have been no current employer contributions, then there is no duty to furnish the Summary Description.

However, if there is the expectation that future contributions will be made to this transfer SIMPLE IRA, then the institution will have the duty to furnish the Summary Description.

Reminder of Additional Reporting Requirements

The custodian/trustee must provide each SIMPLE IRA account holder with a statement by January 31, 2018, showing the account balance as of December 31, 2017 (this is the same as for the traditional IRA), and include the activity in the account during the calendar year (this is not required for a traditional IRA). There is a \$50 per day fine for failure to furnish this statement (with a traditional IRA, it would be a flat \$50 fee). The purpose of this requirement is so that employees may determine their elective deferral contributions that are being contributed to their SIMPLE-IRA on a timely basis.

12/31/17 is RMD Deadline for 5-Year Rule if Death Occurred in 2012

This article is a reminder to an IRA custodian to make sure that any nonspouse beneficiary using the 5-year RMD rule must close out an inherited IRA by December 31, 2017, if the IRA accountholder died in 2012. If not closed, the beneficiary will owe the 50% tax on the balance as of December 31, 2017.

The standard 5-year rule applies to the nonspouse beneficiary of an IRA accountholder who died on or after January 1, 2012. The inherited IRA must be closed by December 31 of the fifth year following the year of his or her passing. This is the December 31, 2017, if the person died in 2012.

Is it Still Possible to Establish a SIMPLE-IRA Plan for 2017?

Yes, if the sponsoring business has never sponsored a SIMPLE-IRA Plan before and if the business has not made any contributions for 2017 to another type of retirement plan (e.g. profit sharing plan or SEP).

A person or business can set up a SIMPLE-IRA plan effective on any date between January 1 and October 1 of a year, provided it did not previously maintain a SIMPLE-IRA plan. This requirement does not apply if the new employer comes into existence after October 1 of the year the SIMPLE-IRA plan is set up and you set up a SIMPLE-IRA plan as soon as administratively feasible after you come into existence. If an employer previously maintained a SIMPLE-IRA plan, it can be set up a SIMPLE-IRA effective only on January 1 of a year. A SIMPLE-IRA plan cannot have an effective date that is before the date you actually adopt the plan.

Employers and Payroll Deduction Plans or Services

A financial institution may wish to inform its business clients it is willing to assist with IRA contributions arising from payroll deductions.

Everyone should be saving more and IRAs are an excellent savings tool. Too many think that because he or she is participating in a 401(k) that there are no benefits to make an IRA contribution. But there is and more individuals should make periodic IRA contributions.

An employer may agree to assist one or more of its

employees in making traditional IRA and/or Roth IRA contributions by making payroll deductions. That is, an employer agrees to send the payroll deduction to an IRA custodian an individual's IRA contribution. For example, ABC corporation withholds \$100 from Roberta's wages each payroll and transmits a check to First National Bank, to be deposited into Roberta's Roth IRA.

An employer most likely will make this service available to all employees who would wish to take advantage of the employer's offer to assist, but the employer could choose to perform this special service for only certain employees. An employer might require that the IRA contributions must be made with one selected financial institution.

Set forth below is the IRS summary on payroll deduction IRA services..

Operating a Payroll Deduction IRA

What are the employer's administrative responsibilities?

- There is no annual filing or reporting requirement for a Payroll Deduction IRA.
- The employee's Form W-2 will not reflect the contributions and will indicate that the employee is not a participant in a retirement plan.
- No separate statements need to be provided to the employees.

Who is eligible for participation?

Any employee who performs services for your company is eligible to be included in a Payroll Deduction IRA. If you offer it to one employee, then you should offer it to everyone.

What are the contribution rules?

- Employees fund their own Payroll Deduction IRA through payroll withholding.
- Contributions to each employee's account are limited.
- After employers send Payroll Deduction IRA contributions to each financial institution, they have no further responsibility for the amounts contributed.

Investments:

- Each employee has the freedom to move their IRA assets from one IRA to another.
- The financial institutions selected will manage the funds.
- Payroll Deduction IRA contributions can be invested in stocks, mutual funds, money market funds, savings accounts and other similar types of investments.

What are the vesting rules?

Each employee is always 100% vested in (or has total ownership of) the contributions to their Payroll Deduction IRA.

IRA Tax Facts

IRAs are a tax subject. There are numerous dollar rules, percentage rules and deadlines. The discussion is for tax year 2017.

Deadlines.

1. January 31, 2017. An IRA trustee had the duty to furnish an RMD Notice to IRA accountholders (traditional, SEP and SIMPLE) who would be age 70 1/2 or older as of December 31st, 2017.

2. January 31, 2018. An IRA trustee has the duty to furnish to IRA accountholders and inheriting IRA beneficiaries a Form 1099-R and/or a fair market value statement as applicable.

The IRA trustee also has the duty to furnish an RMD Notice to IRA accountholders (traditional, SEP and SIMPLE) who are age 70 1/2 or older as of December 31st 2018.

Under current IRS procedures, the IRA trustee is not required to furnish an RMD to an inheriting IRA beneficiary. CWF suggest an IRA trustee do so to lessen potential liability claims by a beneficiary who has excess RMD accumulations.

3. April 17, 2018 is the tax filing deadline for 2017.

A person must make a traditional IRA contribution or a Roth IRA contribution for a given tax year by the tax filing deadline for such year. The deadline for 2017 is April 17, 2018 due to the effect of the Emancipation Day holiday.

An employer has until its tax filing deadline as modified by a tax extension to make its SEP-IRA contribution or its contribution to a SIMPLE IRA.

4. April 1, 2018. A person who is older than age 70 1/2 in 2017 has an RMD deadline of December 31, 2017. A person who waits to take their 2017 in 2018 must also take their 2018 RMD by December 31st.

5. May 31, 2018. The IRA trustee must furnish IRA accountholders, inheriting IRA beneficiaries and the IRS a 2017 Form 5498 reporting 2017 contributions and the FMV as of December 31, 2017.

6. 0-25% of compensation. An employer sponsoring a SEP IRA plan has the discretion each year to decide what percentage of compensation will be contributed for an eligible employee. The employer may decide to con-

Continued on page 4

tribute 4% one year, 11% the next year, 20% the following year, etc.

Compensation for this purpose is limited to \$270,000.

7.2%. An employer sponsoring a SIMPLE IRA plan may choose to make a 2% nonelective contribution for all eligible employees rather than making a matching contribution.

Compensation for this purpose is limited to \$270,000.

8. 3%. An employer sponsoring a SIMPLE IRA plan may choose to make match the elective deferral contribution made by an eligible employee up to a maximum of 3% of compensation.

Compensation for this purpose is limited to unlimited.

9. 1% and 2%. An employer sponsoring a SIMPLE IRA plan may set its matching contribution rate at 1% and/or 2% in two out of five years rather than the 3%.

10. 6%. A person who makes an excess contribution to a traditional IRA, Roth IRA, SEP-IRA or SIMPLE IRA will be assessed a 6% penalty tax unless corrected by a deadline.

The IRS' position is that they don't have the authority to waive this tax. It must be paid.

11. 10%. An IRA owner who withdraws taxable IRA funds is required to pay an additional 10% tax unless he or she qualifies for one of many exceptions.

One of the exceptions is - a person who incurs medical expenses exceeding 10% of their MAGI does not owe the 10% tax on such excess amount if withdrawn from their IRA. Example: Anita has MAGI of \$80,000 and unreimbursed medical expenses of \$12,000. She withdraws \$4,000 from her traditional IRA.

She will include the \$4,000 in her taxable income, but she does not owe the 10% tax on the \$4,000, as this was the amount in excess of the 10%

12. 10%, 15%, 25%, 28%, 33%, 35% and 39.6%. An IRA owner or a beneficiary who withdraws IRA funds (but not basis) must include the distribution in income and then pay tax at his/her marginal tax rate.

13. 10%. An IRA custodian/trustee must withhold 10% of the amount of an IRA distribution unless the recipient instructs to have more withheld or to have no withholding. An IRA custodian may choose to accommodate a

person wishing to have less than 10% withheld, but is not required to do so.

14. 15% and 100%. When an IRA trustee is directly involved in a prohibited transaction, it is liable to pay a 15% tax and also a 100% tax if it does not correct its prohibited transaction.

15. 25%. A SIMPLE IRA owner who withdraws SIMPLE IRA funds before the 2 year rule is met is required to pay an additional 25% tax unless he or she qualifies for one of many exceptions.

16. 50%. An IRA owner or a beneficiary who fails to withdraw 100% of his or her RMD for the year owes a 50% tax to the extent of his or her excess accumulation.

17. 100%. A person is limited to contributing to his or her traditional IRA or Roth IRA to the lesser of \$100% of his or taxable compensation or \$5,500 if less than age 50 or \$6,500 if age 50 or older as of December 31st of such year.

18. 7 Days. A person who has established a new IRA plan agreement has 7 days to revoke the IRA as long as the IRA custodian furnished him or her with the IRA plan agreement and the disclosure statement simultaneously. A person's attempt to waive this revocation requirement will most likely be held invalid by the IRS and a court.

19. 60 Days. A person must complete his or her rollover within 60 days of his or her receipt of the distribution. The 60 day period commences on the first day following receipt of the distribution.

A federal law requires IRS to waive the 60 day period requirement if equity and fairness require its waiver. The IRS has adopted a self-certification procedure with special completion of the Form 5498 to inform the individual and the IRS that a rollover was made after the 60 day period.

20. 365 Days. A person is authorized to rollover only one distribution during a time period of 365 days.

A person who receives a distribution on August 24th, 2017, and rolls it over is eligible to rollover a subsequent IRA distribution only if it occurs on August 24th, 2018 or later.

A person who receives a distribution on August 24th,

2017, is eligible to roll it over only if he or she has had no distribution within the preceding 365 days which was rolled over. Any distribution occurring on August 25, 2016 or later which was rolled over would make the August 24, 2017 distribution ineligible to be rolled over.

21. \$25. A person who is required to file Form 5329 but who fails to do so may be assessed a penalty of \$25 per day. The maximum amount is \$15,000.

The IRS' position is that they don't have the authority to waive this tax. It must be paid.

22. \$50. A person who is required to file Form 8606 but who fails to do so may be assessed a penalty of \$50.

A person who overstates his or her IRA basis is to be assessed a penalty of \$100.

The IRS' position is that they don't have the authority to waive these penalty taxes.

23. \$50. The IRA custodian is subject to being fined by the IRS \$50 per failure for its failure to prepare/furnish the following IRA tasks: copy of IRA plan agreement, copy of an IRA disclosure statement, copy of an RMD notice, copy of a FMV statement, and a copy of Form 5498.

24. \$200. A person who is eligible to make any non-deductible IRA contribution is allowed to contribute and deduct a minimum of \$200 even though the formula shows an amount less than \$200.

25. \$250 and/or \$500. The IRA custodian is subject to being fined by the IRS \$500 for each incorrect Form 1099-R. A \$250 fine is assessed for the incorrect form furnished the IRS and another \$250 for the incorrect form furnished the individual. There are limited exceptions when the IRA trustee would not owe the \$250 penalty amount.

26. \$600. An employer who sponsors a SEP-IRA plan is not required to make a SEP-IRA contribution for any employee who is otherwise eligible as long as such employee has less than \$600 of compensation for the current year.

27. \$5,500. The maximum IRA contribution for a person who has compensation equal to or in excess of \$5,500 and who is younger than age 50 as of December 31st.

28. \$6,500. The maximum IRA contribution for a person who has compensation equal to or in excess of \$6,500

and who is age 50 or older as of December 31st.

29. \$12,500. The maximum deferral amount for a SIMPLE IRA participant who is younger than age 50 as of December 31st of the current year.

30. \$15,500. The maximum deferral amount for a SIMPLE IRA participant who is age 50 or older as of December 31st of the current year.

31. \$54,000. The maximum contribution amount for a SEP-IRA participant.

32. \$72,000. A person who is an active participant in a pension program and who has MAGI of \$72,000 or more is ineligible to deduct any portion of his or traditional IRA contribution if his or her filing status is single or head of household.

33. \$119,000. Two married individuals who are both active participants in their employers pension program are ineligible to deduct any portion of their traditional IRA contributions if their MAGI is \$119,000 or more.

34. \$133,000. A person whose filing status is single, head of household or married filing separately when the two did not live together at any time during the year is ineligible to contribute any amount to a Roth IRA if MAGI is \$133,000 or more.

35. \$196,000.

Two married individuals are ineligible to deduct any portion of their traditional IRA contributions when one spouse is an active participant and one is not and their MAGI is \$196,000 or more.

Two married individuals are ineligible to contribute any amount to their Roth IRAs when their MAGI is \$196,000 or more. This limit also applies to a person whose filing status is qualifying widower.

36. \$10,000.

A person who is an active participant in a pension program and is married and files a separate tax return is ineligible to deduct any portion of his or traditional IRA contribution if his or her MAGI is \$10,000 or more.

A person who is married and lived with his or spouse at any time during the year and files a separate tax return is ineligible to contribute any amount to a Roth IRA if his or her MAGI is \$10,000 or more.

U.S. Treasury Terminates myRA Program

On July 28, 2017, the U.S. Treasury announced its decision to terminate its sponsorship of the myRA program.

In January of 2014, President Obama issued a presidential memorandum directing the Treasury to establish myRA.

The U.S. Treasury did not want to call the new investment account a Roth IRA so it was called a myRA.

There are probably many reasons this special program is being terminated.

One of them is - the program was expensive as the U.S. government has spent \$70 million to manage the program since 2014. Even so, public participation was small. The myRA program initially was to be a payroll deduction IRA program. Participation was so low the program was changed to allow individuals to contribute directly into myRA accounts.

New enrollments to the myRA program are no longer permitted. Although no formal deadline has been established, myRA account holders are being encouraged to transfer or rollover their myRA balance to another Roth IRA as soon as possible.

It may be you will have clients interested in establishing a Roth IRA with you and then their Roth IRA funds may be transferred.

As with many subjects, the government likes to issue FAQs as a way to communicate with the public. The FAQs are set forth.

A second unstated reason for ending the myRA program is that the Trump administration wanted to discontinue the Obama administration's expansion of the federal government's role in the pension and IRA industry. Although the single payer system is normally thought of as a medical health insurance issue, some "progressives" would like to see if a single system for IRA and pension fund administration would also work.

Individuals with myRA accounts should be working to move their funds to another Roth IRA as soon as possible. Obviously, transferring the funds would be best. The IRS has given no indication that the once per 365 day rollover rule does not apply to this government created situation.

Phasing out the myRA Program FAQs

1. What's happening?

The U.S. Department of the Treasury has decided to phase out the myRA® retirement savings program, and the program is no longer accepting new enrollments. Existing accounts can remain open until further notice.

2. What is happening to my account?

Your account remains open and you can continue to manage your account until further notice. The funds in your account remain in an investment issued by the U.S. Department of the Treasury. We'll be in touch over the coming weeks with next steps and relevant deadlines regarding the transfer or closure of your account. In the meantime, we want you to know any myRA with a zero (\$0) balance as of September 15, 2017 or later, will be subject to possible automatic closure beginning on September 18, 2017.

3. Is my money safe?

Yes. The funds in your account are safe and remain in an investment issued by the U.S. Department of the Treasury.

4. What do I need to do?

We will be reaching out to all of our account holders with more information regarding the transfer or closure of your account. We will provide account holders with additional information in the coming weeks that outlines when we'll stop accepting and processing deposits. We recommend you log in to your account to make sure your contact information is complete and up to date. You can also update your information by contacting customer service.

5. How do I transfer my myRA account to another Roth IRA provider where I can save and invest?

You can initiate a direct transfer of your full account balance to another Roth IRA at any time. To do so, you will first want to identify or open an account at the new Roth IRA provider where you will continue to save and invest. Then, by working with a new Roth IRA provider you select, you can transfer your myRA balance to your new Roth IRA. By opening another Roth IRA and working with the new Roth IRA provider to initiate a transfer of the funds in your myRA to your new Roth IRA, you avoid withholding and potential tax liabilities (including potential tax penalties) that may apply to earnings if funds are paid directly to you.

6. How can I learn more about rules related to trans-

Continued on page 7

fers and 60-day rollovers to another Roth IRA?

You can learn more at myRA.gov or at irs.gov/rollovers

7. How can I close my account?

To request closure of your account, call myRA customer support at 855-406-6972 or TTY/TDD 855-408-6972 or International 414-365-9616. Please remember that a myRA follows Roth IRA rules. To avoid tax liabilities that may apply to earnings if funds are paid directly to you, you will need to deposit the amount of your distribution (including any tax withholding) into a private sector Roth IRA within 60 days of the distribution. For more information about Roth IRA distributions, visit myRA.gov/roth-ira.

8. Why did I receive an additional payment from myRA after I withdrew all the funds from my account?

You may have received an additional payment due to a timing difference between when interest earned was reflected in your account balance, and when you requested a withdrawal (or distribution). When necessary, these additional interest payments are made to ensure account owners receive their full account balances.

9. Who can I contact for more information?

You may contact our Call Center Monday through Friday from 8 a.m. to 8 p.m., E.T. at 855-406-6972.

Transferring your account

1. Are there any transaction fees for moving or closing my account?

myRA has no fees to move your funds to another Roth IRA provider (or to withdraw your funds and close your account). Please check with your new Roth IRA provider to learn whether they have applicable fees.

2. Can I transfer or roll over my account into my employer-sponsored retirement plan, such as a 401(k), or into a traditional IRA?

No. As is the case with all Roth IRAs, your myRA can't be transferred or rolled over into your employer-sponsored retirement plan or a traditional IRA. Roth IRAs must be transferred or rolled over into other Roth IRAs.

3. Can I invest on my own, or should I get help?

To learn more about your options, check out the SEC's Guide to Researching and Managing Investments. There are many resources to help you learn more about investing. A good place to start is the website www.investor.gov, which is run by the U.S. Securities and Exchange Commission's Office of Investor Educa-

tion and Advocacy. This unbiased government website is intended to help individuals invest wisely and avoid fraud.

Red Copies of Copy A Not Required for 1099-SA and 5498-SA IRS Forms

The IRS in the General Instructions for Certain Forms (1096, 1097, 1098, 1099, 3921, 3922, 5498 and W-2G) authorizes a financial institution to print, complete, and submit a black and white copy of Copy A for certain low volume forms from the IRS website.

This is great news for those institutions eligible to and wanting to submit paper copies of Forms 5498-SA and 1099-SA rather than submitting them electronically. It may be less expensive.

The following instructions are set forth on page 7.

Online fillable forms. Due to the very low volume of paper Forms 1098-MA, 1099-CAP, 1099-LTC, 1099-QA, 1099-SA, 5498-ESA, 5498-QA, and 5498-SA received and processed by the IRS each year, these forms have been converted to online fillable PDFs. You may fill out these forms, found online at www.irs.gov/formspubs, and send Copy B to each recipient. For filing with the IRS, follow your usual procedures for filing electronically if you are filing 250 or more of a form type. If you are filing any of these forms on paper due to a low volume of recipients, **for these forms only**, you may send a black-and-white Copy A with form 1096 that you print from the IRS website. See part G for paper document reporting.

Basic Rules for Preparing Paper IRS Forms

1. Determine you are eligible to file paper forms.

You are authorized to file paper forms as long as you are not required to file electronically.

Who must file electronically. If you are required to file 250 or more information returns, you must file electronically. The 250-or-more requirement applies separately to each type of form. For example, if you must file 500 Forms 5498 and 150 Forms 1099-R, you must file the Forms 5498 electronically, but you are not required to file Forms 1099-R electronically.

The electronic filing requirement does not apply if you apply for and receive a hardship waiver.

The IRS encourages you to file electronically even though you are filing fewer than 250 returns.

The electronic filing requirements apply separately to original returns and corrected returns. Originals and corrections are not aggregated to determine whether you are required to file electronically.

2. Form 1096 must accompany all paper submissions.

If you must file any 1099-R, 5498, with the IRS and you are filing paper forms, you must send a Form 1096 with each type of form as the transmittal document. You must group the forms by form number and submit each group with a separate Form 1096.

Because the IRS processes paper forms by machine (optical character recognition equipment), you cannot file Form 1096 or Copy A of Forms 1097, 1098, 1099, 3921, 3922, or 5498 that you print from the IRS website, but see online fillable forms, later. However, you can use Copy B from those sources to provide recipient statements.

3. Photocopies are not acceptable.

4. Recipient Information

The form recipient's name, street address, city, state, ZIP code, and telephone number (if required) should be typed or machine printed in black ink in the same format as shown on the official IRS form. The city, state, and ZIP code must be on the same line.

The following rules apply to the form recipient's name(s).

- The name of the appropriate form recipient must be shown on the first or second name line in the area provided for the form recipient's name.
- No descriptive information or other name may precede the form recipient's name.
- Only one form recipient's name may appear on the first name line of the form.
- If multiple recipients' names are required on the form, enter on the first name line the recipient name that corresponds to the recipient taxpayer identification number (TIN) shown on the form. Place the other form recipients' names on the second name line (only 2 name lines are allowable).

Because certain states require that trust accounts be provided in a different format, filers generally should provide information returns reflecting payments to trust accounts with the:

- Trust's employer identification number (EIN) in the recipient's TIN area,
- Trust's name on the recipient's first name line, and
- Name of the trustee on the recipient's second name line.

Although handwritten forms will be accepted, the IRS

prefers that filers type or machine print data entries. Also, filers should insert data as directed by shading, or in the middle of blocks, well separated from other printing and guidelines, and take measures to guarantee clear, dark black, sharp images.

Do **not** use apostrophes('), asterisks(*), or other special characters on the payee name line.

5. Do **not** use dollar signs(\$), ampersands(&), asterisks(*), commas (,) or other special characters in the numbered money boxes. **Exception.** Use a decimal point to indicate dollars and cents (for example, 2000.00)

6. Do **not** fold Forms 1099, or 5498 mailed to the IRS. Mail these forms flat in an appropriately sized envelope or box. Folded documents cannot be readily moved through the machine used in IRS processing.

7. Do **not** staple Forms 1096 to the transmitted returns. Any staple holes near the return code number may impair the IRS's ability to machine scan the type of documents.

8. Machine-printed forms should be printed using a 6 lines/inch option, and should be printed in 10 pitch pica (10 print positions per inch) or 12 pitch elite (12 print positions per inch). Proportional spaced fonts are unacceptable.

9. Do **not** use a felt tip marker. The machine used to "read" paper forms generally cannot read this ink type.

10. **Keeping copies.** Generally, keep copies of information returns you filed with the IRS or have the ability to reconstruct the data for at least 3 years, 4 years for Form 1099-C from the due date of the returns. Keep copies of information returns for 4 years if backup withholding was imposed.

11. **Where to File**

If your principal business, office or agency, or legal residence in the case of an individual, is located in: Alabama, Arizona, Arkansas, Connecticut, Delaware, Florida, Georgia, Kentucky, Louisiana, Maine, Massachusetts, Mississippi, New Hampshire, New Jersey, New Mexico, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, Texas, Vermont, Virginia, West Virginia, use the following address:

Department of the Treasury
Internal Revenue Service Center
Austin, TX 73301

If your principal business, office or agency, or legal residence in the case of an individual, is located in: Alaska, California, Colorado, District of Columbia, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Maryland, Michigan, Minnesota, Missouri, Montana, Nebraska, Nevada, North Dakota, Oklahoma, Oregon, South Carolina, South Dakota, Tennessee, Utah, Washington, Wisconsin, Wyoming, use the following address:

Department of the Treasury
Internal Revenue Service Center
Kansas City, MO 64999

If your legal residence or principal place of business or principal office or agency is outside the United States, file with the Department of the Treasury, Internal Revenue Service Center, Austin, TX 73301.