



THE Pension Digest

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



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Handling IRA Beneficiary Situations – Keep It Simple

The SECURE Act brought new beneficiary RMD rules. Most nonspouse beneficiaries of IRA owners dying in 2020 and subsequent years will be required to close the inherited IRA by using the 10-year rule. The new beneficiary RMD rules in general do not impact spouse beneficiaries. A spouse beneficiary who is the sole primary beneficiary can still elect to treat their deceased spouse's IRA own. If a spouse beneficiary is not the sole beneficiary he or she may take a distribution and then make a rollover contribution as long as the standard rollover rules are met.

Set forth are two articles on administering inherited IRAs— one for surviving spouses and one for nonspouse beneficiaries.

Each IRA beneficiary after consulting with their tax adviser has the primary responsibility to comply with the beneficiary RMD rules.

An IRA custodian's personnel will want to in many cases double check their beneficiary situation with their IRA consulting firm.

Keep It Simple – A Married IRA Owner Dies and the Surviving Spouse Elects to Treat the Decedent's IRA as His or Her Own IRA

A surviving spouse over age 59½ will

almost always want to elect to treat their deceased spouse's IRA as their own. This eases the administration for both the surviving spouse and for the IRA custodian. Why have two IRAs when a person can have one?

How is this election made?

It is easy. Form 57 (IRA Distribution Form) is completed. The accountholder information is completed with the name of the deceased IRA spouse. The beneficiary information is completed with name of the surviving spouse. Under the reason for withdrawal/distribution section, select #12, Transfer to the Accountholder's spouse due to election to Treat as Own. The IRA distribution form is set forth on page 8.

Completion of Form 57 authorizes the withdrawal of the funds from the decedent's IRA. Because this withdrawal is a transfer it is not to be reported on the Form 1099-R. We at CWF get the idea that some representatives of core vendors advise bank personnel that a Form 1099-R needs to be prepared for the decedent and the reason code "4" for death is to be used rather than a transfer code. This is wrong. These funds were not withdrawn by the IRA accountholder prior to his or her death.

Transferring the Funds into the IRA of the Surviving Spouse. The transferred funds can go into an existing IRA for the surviving spouse or a new one. The IRA plan agreement form and/or the IRA contribution form will have a selection similar to, Transfer - Surviving Spouse Elects to Treat as Own.

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CWF Form 204, Beneficiary's Distribution Notice and Certification Form. This form explains the RMD rules applying to a spouse beneficiary and other eligible designated beneficiaries. The most conservative administrative approach is to furnish this form to a spouse beneficiary. However, if the surviving spouse has already concluded that she or he wishes to treat their deceased spouse's IRA as their own, then an IRA custodian may decide to keep thing simple and not furnish Form 204 or a similar form.

RMDs for the year of the death. A surviving spouse beneficiary must withdraw the RMD as calculated for their deceased spouse to the extent it had not been distributed to that spouse. However, it is not required that the withdrawal take place prior to transferring the decedent's entire account balance into the surviving spouse's IRA. The decedent's entire IRA balance is to be transferred into the surviving spouse's IRA and then the surviving spouse must withdraw both RMD amounts. These can be combined into one amount. For Form 1099-R purposes, the reason code is a "7" and not a "4" because the surviving spouse treated the decedent's IRA as their own IRA.

Keep It Simple – An IRA Owner Dies With a Nonspouse Beneficiary

An IRA custodian is now having to administer inherited IRAs for nonspouse beneficiaries under the new RMD beneficiary rules.

The first determination to be made by both the IRA custodian and the non spouse beneficiary is, is the beneficiary an EDB or a non-EDB.

Most beneficiaries will not be an EDB. A non-EDB who is a person must in general use the 10-year rule to close the inherited IRA. A non-EDB of an IRA owner who dies in 2021 must close the inherited IRA by December 31, 2031. A non-EDB who is not a person in general must use the 5-year rule. However, see the article on page 4 discussing whether a qualified trust is also eligible to use the 10-year rule.

We at CWF have created two beneficiary administrative forms. Form 204 is to be used when a beneficiary is an EDB. Form 206 for when a beneficiary is not an EDB. In general, the 10-year rule applies to a non-EDB.

The beneficiary may use Form 206 to inform an IRA custodian how and when distributions will be taken from the inherited so that it will be closed by the applicable deadline. A non-EDB may establish a periodic distribution schedule, but is not required to do so. The beneficiary may take nonperiodic distributions. Note that the beneficiary does not have a specific RMD for years 1-9, but will have an RMD for the 10th year when the inherited IRA must be closed.

What about any RMD for the year the IRA owner died? To the extent any RMD was not withdrawn by the decedent, the non-EDB must withdraw such RMD by December 31.

A nonspouse beneficiary must remember that the law expressly provides that he or she cannot take a distribution and then rollover such funds into another inherited IRA or a personal IRA. The inherited IRA of a nonspouse beneficiary may be transferred as long as both IRA custodians agree to the transfer.

For Form 1099-R purposes, the reason code is always a "4" because the withdrawal is from an inherited IRA (traditional, SEP or SIMPLE).

Monitoring Direct Rollovers of Inherited 401(k) Funds to an inherited IRA

Tax problems will exist if inherited 401(k) funds which are to be directly rolled over to an inherited IRA are directly rolled over to a person's regular IRA. The mistake most often will be unintentional, but there could be times when the mistake would be intentional.

An IRA custodian/trustee must develop good procedures for processing direct rollovers from 401(k) plans and other retirement plans.

Your financial institution no doubt has had a customer come in with a check made payable to the bank for their benefit. For example, a check is issued by ABC 401(k) profit sharing plan to First State Bank fbo John Doe. You will need additional information to assist your customer. Has John Doe instructed to have a direct rollover into his own personal IRA or into an inherited IRA? The 401(k) plan's check may not be as precise as it should be.

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Direct Rollovers,
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IRS rules do not discuss very thoroughly the information the 401(k) trustee must or may provide the IRA custodian/trustee. Under current laws there is no express exception to privacy rules allowing the 401(k) administrator to furnish certain information to the IRA custodian/trustee. Common sense says there should be, but there isn't.

There are IRS rules requiring the 401(k) trustee to furnish a 401(k) participant or beneficiary with a comprehensive distribution form. This IRS has provided a safe harbor distribution form. It sets forth in detail the tax rules and options available to participants and beneficiaries in most every distribution situation. This form is often called a section 402(f) notice. After reading this form, the participant or beneficiary is to instruct whether they wish to have a direct rollover, take a cash withdrawal (but there is 20% mandatory withholding) or to do both a partial direct rollover and a partial cash withdrawal.

An individual certainly wants to keep a copy of their completed distribution form in their file.

An IRA custodian/trustee should try to obtain a copy of this distribution form from their IRA client. An IRA custodian/trustee may try to obtain additional information from the 401(k) plan.

An IRA custodian/trustee needs to watch (and prevent) the following situation from happening.

John Doe brings into your bank a check for \$130,000. It has been issued by the ABC 401(k) plan to "First National Bank for benefit of John Doe." He wants to put it into his traditional IRA. John Doe is age 52.

Note it does not state "John Doe's IRA" or "John Doe's Inherited IRA." The IRA customer service representative sees a form showing the 401(k) plan will be issuing him a Form 1099-R with reason codes 4G to be reported in box 7 of Form 1099-R. The "4" denotes death and the "G" denotes a direct rollover.

When a 401(k) participant dies, their beneficiary must comply with the beneficiary RMD tax rules and they must comply with the requirements of the 401(k) plan document. Although the tax rules may allow the beneficiary 5-years to withdraw the inherited funds, many times the 401(k) plan document will require a beneficiary only 1-2 years to withdraw the inherited funds.

Many non-spouse beneficiaries will exercise their right to direct rollover the funds into an inherited IRA. A spouse beneficiary has the right to have direct rollover into their own IRA or they could elect to have it go into an inherited IRA. As illustrated above there will be times when a 401(k) plan's procedures are not what they should be. It is not clear from the check that these funds must go into an inherited IRA for John Doe rather than his own personal IRA. In some cases, John Doe may try to cheat and contribute these funds to his personal IRA rather than into an inherited IRA. By doing this the person is trying to avoid the law requiring immediate RMDs. It is irrelevant that his name alone is listed on the check. Inherited 401(k) funds are only eligible to be directly rolled over into an inherited IRA.

The IRS has provided guidance for when an IRA owner dies and an inherited IRA will be set up for the beneficiary. In the instructions for Form 5498, the IRS writes, you may use as the title, "Brian Willow as beneficiary of Joan Maple".

The IRS needs to provide guidance on direct rollovers of inherited funds. See the IRS instructions for Forms 1099-R and 5498. The IRS has not provided guidance as to how the inherited IRA should be titled if the inherited IRA is established because a beneficiary of a deceased 401(k) participant exercises his or her right to have a direct rollover to an inherited IRA. The above titling should also be used for this situation.

Is a Qualified Trust Beneficiary Able to Use the 10-Year Rule or Must it Use the 5-Year Rule?

Until the IRS gives guidance to the contrary, my answer is, the trust may use the 10-year rule. However, this memorandum is being furnished because the law is certainly not settled. An IRA trustee must wait to see what guidance the IRS issues. The position of an IRA trustee is difficult until the IRS provides needed guidance.

Clearly the goal of the SECURE Act was to shorten the distribution period for many non-spouse beneficiaries in order to increase tax revenues. The votes in the House and the Senate were nearly unanimous. Most non-spouse beneficiaries must now use a 10-year rule rather than being able to use the life distribution rule which had formerly applied.

The 10-year rule applies only if the beneficiary is a designated beneficiary. The 5-year rule applies to a beneficiary which is not a designated beneficiary. In order to be a designated beneficiary the Code requires the beneficiary be a person. Obviously a trust is not a person. This same requirement applied prior to the SECURE Act for 2002-2019.

Most trust professionals (N. Choate and others) have concluded that a qualified trust which has been designated as an IRA or a pension beneficiary is eligible to use the 10-year rule and not the 5-year rule to close the inherited IRA. Why? They believe the SECURE Act did not change the definition of a designated beneficiary.

What is the authority for this position?

Code section 401 (a)(9) sets forth the law applying to beneficiaries, including the definition of who is a designated beneficiary. Again, in order to be a designated beneficiary the Code requires the beneficiary be a person. These RMD laws require a beneficiary to close an inherited IRA within certain time deadlines. There are laws when the beneficiary is a person and there are laws when the beneficiary is not a person. These laws differ. Prior to 2020 the general rule was that a beneficiary who is not a person had close the inherited IRA under the 5-year rule whereas a beneficiary who is a person was authorized to use the life distribution rule.

The IRS in writing its 2002 regulation created a special tax rule for certain trusts so that such trusts would not be required to use the 5-year rule. In 2002 the IRS clearly presented the attitude that it wanted the then new RMD rules to be taxpayer friendly. One such rule was, a qualified trust was authorized to use the life distribution rule. The basic rule was, the oldest beneficiary of the trust was to be used to determine the RMD distribution period.

So, again note, the authority that a qualified trust is to receive special tax status versus another non-person beneficiary is an IRS regulation. The special treatment or rules is not set forth in the Tax Code.

The SECURE Act could have been expressly written to revise the definition of a designated beneficiary to include a qualified trust. This was not done. One wonders why? My point, there is some doubt whether a qualified trust is entitled to use the 10-year rule. If not, the trust is subject to the 5-year rule. An inherited IRA will become subject to the annual 50% excise tax applying to an excess accumulation if an inherited is not closed as required under the 5-year rule.

So, after the SECURE Act, there are two current questions?

Question #1. Did Congress intend to continue to allow a qualified trust to be treated as a person for purposes of the RMD rules? The legislative history is minimal on this subject.

Question #2. Will the IRS continue to apply its special rule for a qualified trust after the enactment of the SECURE Act? Trust professionals and trust beneficiaries for obvious reasons certainly hope so. A distribution period of 10 years versus 5 years will have very significant economic and tax consequences.

The IRS will be rewriting its RMD regulation. It is a question of when. It might be 1-4 years. Most likely the IRS will again write its RMD regulation so that special treatment is given to a qualified trust versus other non-person beneficiaries. But I believe there is some chance that due to governmental needs for additional revenues that the IRS would decide no longer to grant special treatment to a qualified trust as the SECURE Act does not expressly authorize it.

The sooner the IRS issues guidance on this trust subject the better. I expect the IRS will again write its RMD

regulation to give special treatment to a qualified trust. I do believe the influence of the trust industry with the IRS is very strong. Until the IRS issues such guidance a person may wish to change or consider changing their IRA beneficiary designation to a person or persons rather than a trust.

CWF's Email Guidance - Making QCDs – Good for IRA Accountholders and Good for Local Churches and Charities

These are trying times. No doubt about it, individuals who understand the federal income tax rules will benefit more than those who don't. No doubt about it, federal income tax rules are more complicated than they should be. Many times individuals and churches and charities do not benefit from the QCD tax rules because they don't know about them.

IRA accountholders age 72 older in 2021 are required to take an RMD for 2021. RMDs were waived for 2020, but that waiver does not continue for 2021.

The IRS has issued guidance that a person who makes a QCD during 2021 to a charity or tax exempt entity may use the amount of their QCD to satisfy some or all of their 2021 RMD. This benefits the individual and the charity. Charities will receive increased contributions if more of their possible donors are informed of the QCD rules. Brochures may be used to inform or letters may be written to explain the benefit.

Example #1. Jane Doe normally gives her church \$2,000 each year. In January of 2021 she was furnished her 2021 RMD notice informing her 2021 RMD with respect to her IRA was \$2,800. In the past she has given a gift of \$2,000 to her church and also withdrawn \$2,800 from her IRA. She did both. If she complies with the QCD rules she does not need to do both. \$2,000 is sent or furnished to her church and then to satisfy her 2021 RMD requirement she will need to withdraw an additional \$800.

Example #2. Mary Roe normally gives her church \$10,000 each year. In January of 2021 she was furnished her 2021 RMD notice informing her 2021 RMD with respect to her IRA was \$18,000. In the past she has

given a gift of \$10,000 to her church and also withdrawn \$18,000 from her IRA. She did both. If she complies with the QCD rules she does not need to do both. \$10,000 is sent or furnished to her church and then to satisfy her 2021 RMD requirement she will need to withdraw an additional \$8,000.

Helping IRA Owners Understand and Make a Qualified Charitable Distribution.

What tax benefit will I receive by making a QCD?

You are able to pay no income taxes when you instruct your IRA funds be withdrawn and be given to your favority charity, including your church or alma mater.

You receive this benefit even if you use the standard deduction and are unable to claim a tax deduction for your charitable contributions.

In addition, the IRS has issued guidance that you may use your QCD to also satisfy your RMD for the current year.

What is the basic benefit of making a QCD?

In general, a person age 70½ or older will able to direct his or her IRA custodian to withdraw an amount of up to \$100,000 from his or her IRA and have such proceeds issued directly to a qualifying charitable organization. The distribution will be tax free if certain rules are met.

Can you give an example of the tax benefit I receive by making a tax-free charitable distribution for 2021?

Yes, Let's assume that you normally give your church \$900 each year. Your required distribution is \$800. If you instruct your IRA custodian to withdraw \$900 from your IRA and directly pay it to your church, then you will not be taxed on this distribution and you will have satisfied your RMD.

What requirements must I meet in order to take advantage of this charitable contribution law?

1. You must be age 70½ or older.
2. You must have a traditional or Roth IRA.
3. Your charitable contribution must otherwise be

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deductible. A distribution qualifies to be a qualified charitable distribution only if a deduction for the entire distribution would be allowable to be deducted under Code section 170 (but you are able to disregard the percentage limits). Caution: You receive the tax-free charitable contribution treatment only if the entire amount would have qualified as a charitable deduction. Thus, if the contribution amount is reduced because of a benefit received by you in exchange, or because the custodian does not obtain sufficient substantiation, the exclusion is not available with respect to any part of the IRA distribution.

4. The distribution, but for this rule, must otherwise have been required to be included in your gross income. The withdrawal of basis (i.e. nondeductible contributions) from a traditional IRA is not includable in income, and consequently, such withdrawal does not qualify as a tax-free charitable contribution. If the withdrawal from a Roth IRA will not be taxed because it is either the withdrawal of basis or because the distribution is a qualified distribution, such withdrawal does not qualify as a tax-free charitable contribution.
5. Payment, no matter in what form (electronic transfer, check, etc.), must be made directly from the IRA to the qualifying charitable organization. The instrument used for payment must not be negotiable by the IRA accountholder.

Is there a limit on the amount which can be withdrawn and contributed to one or more charities each year?

Yes, you may contribute up to a maximum of \$100,000 each year.

May I make more than one QCD?

Yes, you may make a QCD to an unlimited number of charities or tax exempt organizations as long as you do not exceed the \$100,000 limit.

Is my qualified charitable distribution amount reduced if I make a deductible contribution to my traditional IRA?

Yes. A new rule applies for 2020 and subsequent years. Effective for QCDs made in 2020 and subsequent

years, the QCD exclusion amount for the current year must be reduced by an amount (but not below zero) equal to the excess of: the aggregate of all deductions allowed for all tax years on or after attaining age 70½ over the aggregate amount of the QCD reductions for all tax years preceding the current year. Some IRA owners used to excluding 100% of the distribution on their tax return as a QCD, will no longer be eligible to do so if they choose to make a deductible contribution.

May my spouse and I both make a QCD?

If you and your spouse have separate IRAs, you may each contribute the maximum of \$100,000 per year.

If I have two or more IRAs, may I contribute \$100,000 from each one?

No, the maximum you can contribute per year is \$100,000. This maximum is "per person," NOT "per IRA."

Is there a deadline to make a QCD?

Yes, if you wish to make a QCD for the 2020 tax year, it must be made by December 31, 2020. The deadline for the 2021 tax year is December 31, 2021 and for any subsequent year by December 31st of such year.

May I deduct my QCD on my Schedule A as a charitable contribution? No.

Will I benefit by making a QCD from my Roth IRA?

Almost never. It will benefit you to use this rule, and you are eligible to use this new rule only if the distribution from your Roth IRA would be a nonqualified distribution and would be comprised of taxable income.

Once you are age 59½ or older and you have met the 5 year requirement, any withdrawal from your Roth IRA will be qualified and cannot be used to make a QCD. A qualified Roth distribution cannot be used to make a qualified charitable distribution.

What special tax rules might apply when I make a QCD?

In the case of a distribution of funds from a traditional IRA, the special pro rata taxation rule as set forth in

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Code section 72 for IRAs is not to be used. In the case of a nonqualified distribution from a Roth IRA, the standard ordering rules (annual contributions, conversion contributions, and then earnings) will not be used. Rather, the distribution is treated as consisting of income first, up to the aggregate amount that would be includable in gross income (but for this provision) if the aggregate balance of all IRAs were distributed during the same year. Proper adjustments in calculating the tax treatment of future distributions are to be made to reflect the fact that “taxable income” was transferred to the charity.

What charities qualify in order for the IRA distribution to be tax free for the accountholder?

You and your tax adviser must make the determination that a charity is one which entitles you to treat the distribution as tax-free. The so-called 50-percent organizations, as defined in Code section 170(b)(1)(A) will qualify. However, the supporting organizations described in Code section 509(a)(3) are excluded, as are donor advised funds. Publication 526, Charitable Contributions, lists the following organizations as being the most common:

1. Churches, synagogues, temples, mosques, and other religious organizations;
2. Federal, state, and local governments, if your contribution is solely for public purposes (for example, a gift to reduce the public debt);
3. Nonprofit schools and hospitals;
4. Public parks and recreation facilities;
5. Salvation Army, Red Cross, CARE, Goodwill Industries, United Way, Boy Scouts, Girl Scouts, Boys and Girls Clubs of America, etc.
6. War Veteran’s groups.

How do I indicate that I wish to make a qualifying tax-free charitable contribution?

If you are an individual who qualifies for this special tax benefit, you will want to contact your IRA custodian or trustee. Your IRA custodian will have the proper form to complete to indicate the amount of the distribution and the charity to which you want the funds sent. The funds will then be withdrawn from your IRA and will be

paid directly to the qualifying charity of your choice. The payee on the IRA trustee’s check must be the charity. The charity or the IRA custodian should furnish you or your IRA custodian with a receipt for your gift. IRS rules do permit you to furnish the check to the charity if you would wish to do so.

Can the charitable distribution be made from a SEP-IRA or SIMPLE-IRA?

Distributions from SEP-IRAs or SIMPLE-IRAs are generally ineligible for this special treatment, as are distributions from qualified plans and other types of retirement plans. However, 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 not 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.

In addition, it would be possible to roll over funds from a SEP-IRA, SIMPLE-IRA (after the two-year holding period has been met), and other types of retirement plans to a traditional IRA and then make the charitable contribution from the traditional IRA.

Can a beneficiary who has inherited an IRA make a qualified charitable distribution and use it to satisfy his or her RMD?

Yes, but the beneficiary must comply with all of the requirements, including being age 70½ or older.

Is special IRS reporting required?

Your IRA custodian will prepare a Form 1099-R, as they would for any IRA distribution. That is, it will indicate you have taxable income equal to the amount of the QCD. You will be responsible to show on your Form 1040 or other tax form, why the distribution is not taxable.

The IRS instructions for reporting a qualified charitable distribution on Form 1040 state:

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“If the distribution is a qualified charitable distribution (QCD), enter the total distribution on line 4a. If the total amount distributed is a QCD, enter -0- on line 4b. If only part of the distribution is a QCD, enter the part that is not a QCD on line 4b (unless another exception applies to that part of the distribution). Enter QCD next to line 4b.”

Has the age requirement for a QCD also changed to be age 72 which is now the RMD rule?

No, it is still age 70½. Although intertwined, these are separate rules.

Should I discuss this subject with my legal or tax advisor to make sure I qualify for this tax-free tax treatment?

Yes. You are entitled to exclude the transferred amount from your taxable income only if numerous conditions are met.

Beneficiary's Distribution Notice and Certification Form and Payment Instruction The Beneficiary is a Spouse or is an Eligible Designated Beneficiary (EDB)

Beneficiary Information Name _____ Address _____ City _____ State _____ Zip _____ Date of Birth _____ Phone: _____ <input type="checkbox"/> Check if less than 10 years younger SSN _____ Plan No. _____ Are you the accountholder's surviving spouse? <input type="checkbox"/> Yes <input type="checkbox"/> No If so, are you the sole beneficiary? <input type="checkbox"/> Yes <input type="checkbox"/> No	Purpose of Form An IRA beneficiary who acquires an ownership share in an accountholder's IRA upon the death of the IRA accountholder (i.e., inherits) is required by law to commence withdrawing such IRA funds within certain time deadlines. I am to use this form only if I am a spouse beneficiary or I am an EDB. To be an EDB, I must either be a minor, disabled, chronically ill, or not more than 10 years younger than the deceased IRA accountholder or these must be a qualifying trust. I should complete CWF Form 206 or a similar form if I am not an EDB. I am to use this form to instruct the Custodian/Trustee how and when to make distributions to me to comply with the rules. What options, if any, I have depends upon whether the accountholder died before or on/after his or her required beginning date (RBD) and whether or not his or her spouse was the sole beneficiary. A person's required beginning date is April 1 of the year after one attains age 72 or the year one would have attained age 72. (If I am a beneficiary to someone other than the original IRA accountholder, I should not complete this form, but CWF's Form 204-A, or a similar form instead.) I will be deemed to have elected the life-distribution rule if I do not make an election and it is available. See the reverse side for a discussion of the RMD rules applying for the year the IRA accountholder dies and subsequent years. A beneficiary will owe a 50% excise tax if an RMD is not withdrawn timely.
Deceased Accountholder Information Name _____ SSN _____ Date of birth of IRA accountholder _____ Date of death of IRA accountholder _____ Required beginning date of IRA accountholder _____	Lump Sum Distribution Option <input type="checkbox"/> I wish to close this inherited IRA. Therefore, I am not going to determine which RMD beneficiary rule applies to me. The balance to be paid to me is \$ _____. <input type="checkbox"/> If I am a nonspouse beneficiary, I understand any distribution to me is ineligible to be rolled over. The general tax rule is, I will be required to include the distribution amount in my income unless there is some basis.
Custodian/Trustee Information Name _____ City _____ State _____ Zip _____	Payment Instruction to Custodian/Trustee Annual Amount to be Distributed <input type="checkbox"/> 1. Pay me an annual amount which equals my required minimum distribution amount. <input type="checkbox"/> 2. Pay me the amount of \$ _____. <input type="checkbox"/> 3. You are not to make a distribution to me since I hereby certify that I am taking the RMD with respect to this inherited IRA from another like-kind inherited IRA. I will complete CWF Form #312 or a similar certification/letter form. <input type="checkbox"/> 4. Pay me the annual amount of \$ _____. A beneficiary is generally allowed to withdraw funds in excess of his or her required distribution. I want the annual amount paid to me in the following manner: Commencing on _____ and each _____ <input type="checkbox"/> annual <input type="checkbox"/> monthly <input type="checkbox"/> quarterly <input type="checkbox"/> or semi-annual anniversary, you shall pay the pro rata portion of the annual amount. This periodic payment will initially be \$ _____. I instruct you to make payments to: <input type="checkbox"/> Me directly by mail to: _____ <input type="checkbox"/> The address given above; or <input type="checkbox"/> My regular savings account or share account _____ <input type="checkbox"/> My checking account # _____ <input type="checkbox"/> Other/Special Instruction _____
Beneficiary's Instruction/Acknowledgment I have read the explanation on the reverse side. I hereby instruct you that the following rule will govern the required distribution to be made to me as an inheriting IRA beneficiary: <input type="checkbox"/> Since the Accountholder died before his or her RBD, then I elect the <input type="checkbox"/> A. Life-Distribution Rule <input type="checkbox"/> B. Five-Year Rule (includes a lump-sum distribution) <input type="checkbox"/> C. Elect as Own (only applies to a spouse beneficiary who is the sole beneficiary). <input type="checkbox"/> D. Rollover (only applies to a spouse beneficiary) <input type="checkbox"/> Since the Accountholder died after his or her RBD, then I will use the: <input type="checkbox"/> A. Special Life-Distribution Rule for any living beneficiary situation other than (c) <input type="checkbox"/> B. Special Life-Distribution Rule for a non-living beneficiary <input type="checkbox"/> C. Special Life-Distribution Rule for spouse who is the sole beneficiary <input type="checkbox"/> D. Elect as Own (only applies to a spouse beneficiary who is the sole beneficiary) <input type="checkbox"/> E. Rollover (only applies to a spouse beneficiary) <input type="checkbox"/> I am to check here if I am a beneficiary who is a minor. I understand the 10-year rule will apply to me commencing with the year I attain the age of majority. If the life distribution rule will be used to calculate my annual RMD, I have the right to withdraw more than my RMD and the estimated tax payment rules. I am aware that if I am a nonspouse beneficiary I am not eligible to roll over any portion of a distribution from this inherited IRA to any other IRA, including another inherited IRA. I would be able to transfer an inherited IRA if both IRA custodians/trustees complete an inherited IRA transfer form agreeing to the transfer. If I am a spouse beneficiary, I certify to you that I understand I am eligible to roll over funds from a deceased spouse's IRA to my own IRA only if I comply with the 60-day rule and the one year rule. I understand that I am eligible to roll over any required distribution for the current year or prior year to the extent it has not been distributed. I acknowledge that I should complete CWF's Form #1-L, or a similar form, to designate the beneficiaries that will inherit these funds in the event of my death. Upon my death, the 10-year rule will apply to my beneficiary.	
Beneficiary's Certification I certify that I am a designated beneficiary of the referenced deceased IRA accountholder. I understand I have inherited _____% of the referenced IRA. I have furnished you with a certified copy of the death certificate and other documentation verifying that the accountholder has died. I have instructed you above as to how to distribute my share of this IRA. I certify that my tax identification number (social security number) and other information are correct. When signing the withholding certification, I signify that I understand that the initial distribution is subject to federal income tax withholding unless I elect not to have it apply. I also understand that my initial instruction will stay in effect until I change it, and that this distribution may have income tax consequences; therefore, I should consult a tax advisor as necessary. If I do not have sufficient income tax withheld, then I realize that I may have to pay additional tax penalties under the withholding and estimated tax payment rules. I am aware that if I am a nonspouse beneficiary I am not eligible to roll over any portion of a distribution from this inherited IRA to any other IRA, including another inherited IRA. I would be able to transfer an inherited IRA if both IRA custodians/trustees complete an inherited IRA transfer form agreeing to the transfer. If I am a spouse beneficiary, I certify to you that I understand I am eligible to roll over funds from a deceased spouse's IRA to my own IRA only if I comply with the 60-day rule and the one year rule. I understand that I am eligible to roll over any required distribution for the current year or prior year to the extent it has not been distributed. I acknowledge that I should complete CWF's Form #1-L, or a similar form, to designate the beneficiaries that will inherit these funds in the event of my death. Upon my death, the 10-year rule will apply to my beneficiary.	

Substitute FORM W-4P Department of the Treasury (IRS)	Withholding Certificate for IRA Pension or Annuity Payments The instructions to this substitute Form W-4P are on the reverse side, as well as additional discussion of special withdrawal topics. Select #1, #2, or #2 and #3. 1. <input type="checkbox"/> I elect not to have income tax withheld from this IRA distribution. 2. <input type="checkbox"/> I elect to have income tax withheld from this IRA distribution equal to 10% of the amount withdrawn. 3. <input type="checkbox"/> I want the following additional amount withheld from each IRA payment. \$ _____	OMB NO. 1545-0074
Signature of IRA Beneficiary _____ IRA #204 (11/20)	Date _____ Custodian/Trustee (Payer) _____ White — Custodian/Trustee Yellow — Accountholder Pink — Administrator	Date _____ © 2020 Collin W. Fritz & Associates, Ltd.

Beneficiary's Distribution Notice and Certification Form and Payment Instruction The Beneficiary is not an EDB or is Subject to the 10-Year Rule or 5-Year Rule

Beneficiary Information Name _____ Address _____ City _____ State _____ Zip _____ Date of Birth _____ Phone: _____ SSN _____ Plan No. _____	Purpose of Form An IRA beneficiary who acquires an ownership share in an accountholder's IRA upon the death of the IRA accountholder (i.e., inherits) is required by law to commence withdrawing such IRA funds within certain time deadlines. I am to use this form to instruct the Custodian/Trustee how and when to make distributions to me to comply with the rules. I am to use this form only if I am a beneficiary who is not an EDB. I am an adult beneficiary who is more than 10 years younger than the deceased IRA accountholder or I represent a trust which is not a person, such as an estate. I should complete CWF Form 204 if I am an EDB. I hereby certify that the following RMD beneficiary rule applies to me: <input type="checkbox"/> The 10-year rule; or <input type="checkbox"/> The 5-year rule. I am to use this form to instruct the Custodian/Trustee how and when to make distributions to me to comply with the rules. What options, if any, I have depends upon whether the accountholder died before or on/after his or her required beginning date (RBD) and whether or not his or her spouse was the sole beneficiary. A person's required beginning date is April 1 of the year after one attains age 72 or the year one would have attained age 72. (If I am a beneficiary to someone other than the original IRA accountholder, I should not complete this form, but CWF's Form 204-A, or a similar form instead.) I will be deemed to have elected the life-distribution rule if I do not make an election and it is available. See the reverse side for a discussion of the RMD rules applying for the year the IRA accountholder dies and subsequent years. A beneficiary will owe a 50% excise tax if an RMD is not withdrawn timely.
Deceased IRA Accountholder Information Name _____ SSN _____ Date of birth of IRA accountholder _____ Date of death of IRA accountholder _____ Required beginning date of IRA accountholder _____	Beneficiary's Instruction/Acknowledgment I hereby instruct you that I am not an EDB. I am a designated beneficiary for purposes of the beneficiary RMD rules. In order to be an EDB, I must be disabled, chronically ill, a minor or I am not more than 10 years younger than the deceased IRA owner. I have consulted with my adviser (attorney, accountant or financial planner) and I have determined that such consultation is not needed. I understand that the tax rules require me to close the inherited IRA by December 31 of the year containing the 10th anniversary of the IRA accountholder's death. If I fail to do so the 50% excise tax as authorized by IRC section 4974(a) may be assessed. However, if the beneficiary is not a person, such as a charity, an estate or a trust, then the 5-year rule applies. Under this 10-year or 5-year rule I may establish a periodic distribution schedule so that I may take periodic distributions over the applicable time period, but I am not required to establish such a schedule. I may take nonperiodic distributions. <input type="checkbox"/> By checking here I am informing you I want to do this. This inherited IRA. The balance to be paid to me is \$ _____. <input type="checkbox"/> If I am a nonspouse beneficiary, I understand any distribution to me is ineligible to be rolled over. The general tax rule is, I will be required to include the distribution amount in my income unless there is some basis. <input type="checkbox"/> By checking here I am informing you (the IRA custodian) that I plan to take nonperiodic distributions from this inherited IRA. I will contact you to take these nonperiodic distributions. I have not scheduled to take any periodic distributions. I will need to complete an IRA distribution form for each nonperiodic distribution. <input type="checkbox"/> By checking here I am informing you (the IRA custodian) that I plan to take periodic distributions from this inherited IRA as instructed below. I reserve the right to modify this schedule including terminating it. <input type="checkbox"/> A. Pay me the amount of \$ _____ per _____ until the IRA's balance is \$0.00. This distribution is to commence on _____. <input type="checkbox"/> B. Pay me the amount of \$ _____ once per calendar year. This distribution is to commence on _____. <input type="checkbox"/> C. Other/Define _____ This distribution is to commence on _____.
Custodian/Trustee Information Name _____ City _____ State _____ Zip _____	I instruct you to make payments to: <input type="checkbox"/> Me directly by mail to: _____ <input type="checkbox"/> The address given above; or <input type="checkbox"/> My regular savings account or share account # _____ <input type="checkbox"/> My checking account # _____ <input type="checkbox"/> Other/Special Instruction _____
Beneficiary's Certification I certify that I am a designated beneficiary of the referenced deceased IRA accountholder and that I am not an EDB. I understand I have inherited _____% of the referenced IRA. I have furnished you with a certified copy of the death certificate and other documentation verifying that the accountholder has died. I have instructed you above as to how to distribute my share of this IRA. I certify that my tax identification number (social security number) and other information are correct. When signing the withholding certification, I signify that I understand that the initial distribution is subject to federal income tax withholding unless I elect not to have it apply. I also understand that my initial withholding instruction will stay in effect until I change it, and that this distribution may have income tax consequences; therefore, I should consult a tax advisor as necessary. If I do not have sufficient income tax withheld, then I realize that I may have to pay additional tax penalties under the withholding and estimated tax payment rules. I am aware that if I am a nonspouse beneficiary I am not eligible to roll over any portion of a distribution from this inherited IRA to any other IRA, including another inherited IRA. I would be able to transfer an inherited IRA if both IRA custodians/trustees complete an inherited IRA transfer form agreeing to the transfer. I acknowledge that I should complete CWF's Form #1-L, or a similar form, to designate the beneficiaries that will inherit these funds in the event of my death. If I die during this period, my beneficiary must close my inherited IRA by continuing the period applying to me.	

Substitute FORM W-4P Department of the Treasury (IRS)	Withholding Certificate for IRA Pension or Annuity Payments The instructions to this substitute Form W-4P are on the reverse side, as well as additional discussion of special withdrawal topics. Select #1, #2, or #2 and #3. 1. <input type="checkbox"/> I elect not to have income tax withheld from this IRA distribution. 2. <input type="checkbox"/> I elect to have income tax withheld from this IRA distribution equal to 10% of the amount withdrawn. 3. <input type="checkbox"/> I want the following additional amount withheld from each IRA payment. \$ _____	OMB NO. 1545-0074
Signature of IRA Beneficiary _____ IRA #206 (11/20)	Date _____ Custodian/Trustee (Payer) _____ White — Custodian/Trustee Yellow — Accountholder Pink — Administrator	Date _____ © 2020 Collin W. Fritz & Associates, Ltd.

Substitute FORM W-4P Department of the Treasury (IRS)	IRA Distribution Form (Traditional, SEP or SIMPLE IRA)	OMB NO. 1545-0074
Custodian/Trustee (Payer) Name _____ Address _____ City _____ State _____ Zip _____ City: _____ Accountholder (Payee) Name _____ Date of Birth: _____ SSN _____ IRA Acct #: _____ Beneficiary (Other Payee) (Complete only if the distribution is made to the beneficiary. Use separate form for each beneficiary.) Name _____ Address _____ City _____ State _____ Zip _____ SSN _____ or TIN _____ A beneficiary may use Form 204 or Form 206 to make his or her election as to how the funds will be paid out to comply with the Required Distribution rules of IRC 408(a)(6). Reason for Withdrawal/Distribution (Check One) I certify the reason for my distribution by checking the appropriate box below which best describes the reason for this withdrawal. 1. <input type="checkbox"/> Before Age 59½ and No Known Exception or on account of a distribution to a qualified military reserve, certain medical expenses, education expenses, payment of health insurance premiums, first-time home buyer expenses, certain birth and adoption expenses or one-time transfer direct rollover to an HSA. 2. <input type="checkbox"/> Before Age 59½ but an Exception Applies (check one) <input type="checkbox"/> Conversion/Rollover to a Roth IRA <input type="checkbox"/> IRS Levy <input type="checkbox"/> Substantially Equal Schedule (certification to be furnished) <input type="checkbox"/> Disaster Distribution 3. <input type="checkbox"/> Disability (certification to be furnished) 4. <input type="checkbox"/> Death (payment to beneficiary from beneficiary (IRA) _____ (initial) If I am a nonspouse beneficiary of an inherited IRA, I acknowledge that I will never be eligible to roll over any IRA distribution, but a transfer to another inherited IRA may be permissible. 7. <input type="checkbox"/> On or After Age 59½ (a normal distribution) <input type="checkbox"/> Conversion/Rollover to a Roth IRA <input type="checkbox"/> Qualified Charitable Distribution <input type="checkbox"/> One Lifetime Transfer/Direct Rollover to an HSA (use certification form 66-HSA) 10. <input type="checkbox"/> Transfer to Other Custodian/Trustee (Name): _____ (transfer must be completed) 11. <input type="checkbox"/> Transfer to the IRA of the Accountholder's Spouse Due to Divorce/Legal Separation 12. <input type="checkbox"/> Transfer to the IRA of the Accountholder's Spouse Due to Election to Treat as Own 13. <input type="checkbox"/> Transfer to Inherited IRA of Beneficiary 14. <input type="checkbox"/> Other Special Code _____ Choose from S, B, G, K, N, P or R as described on the reverse side. Complete below if applicable. Current-Year Contribution including an excess contribution for the current year. On _____ I made a contribution of \$ _____. I now elect to withdraw the indicated portion of \$ _____ and the allocable earnings are: \$ _____. Such income is taxable on my tax return for the year in which the contribution was made. Also complete this section if your distribution relates to your decision to revoke your new IRA. Check <input type="checkbox"/> 15. <input type="checkbox"/> From SIMPLE IRA and 2-year rule not met. Use code(S). 16. <input type="checkbox"/> Other _____	Notice of Rollover Rights — You will not be required to include your distribution in your income if you rollover your IRA distribution. You are authorized to only rollover one IRA distribution within a one-year period commencing on the date of the distribution regardless of the number or types of IRAs you have. Many distributions from a traditional IRA, SEP-IRA or SIMPLE IRA are eligible to be rolled over. One must comply with the once per year rule and the 60 day rule. However, some distributions are ineligible to be rolled over. A required distribution is ineligible to be rolled over. You must determine if you are eligible to rollover this distribution. You should discuss with your tax adviser before taking the distribution. The tax laws do not authorize a non-spouse beneficiary to rollover funds distributed from an inherited IRA. See the reverse for an additional discussion of what rules must be met in order to roll over the distribution. Status of Payee (Do not use this form for a distribution to a nonresident alien) <input type="checkbox"/> U.S. Citizen, or <input type="checkbox"/> Resident Alien Financial Information Date of Distribution: _____ Type of Distribution: <input type="checkbox"/> Nonperiodic or <input type="checkbox"/> Periodic (I hereby instruct you to pay my IRA account balance to me as follows): Amount Requested _____ (+) Earnings Not Yet Reported to PFD _____ (+) Early Surrender Fee _____ (-) Other Fees _____ (-) Net Amount _____ (=) Fed. With _____ (-) State With _____ (-) Actual Amount Received or Transferred _____ (=) Read — Important Distribution and Withholding Information — I understand this distribution has income tax consequences and I should consult a tax advisor as necessary. I understand this information will be used by the custodian/trustee. If required, to prepare the IRS information return Form 1099-R, which will be furnished to me on or before January 31 of the next year. I will be required to determine what portion of this distribution, if any, must be included in my income for income tax purposes. If I have not attained age 59½, then I will be required to pay an additional tax of 10% of the amount I must include in my income, unless an exception would apply. The 10% additional tax is not owing if the distribution is due to disability or death. See reverse side for an additional discussion of withdrawing a fourth-year excess contribution or a recharacterization. Withholding Notice — I understand that 10% will be withheld from my distribution unless I elect not to have any withholding by checking box 1 below, unless my distribution is a transfer, or I instruct you below to withhold more than 10% by checking box 3 and by indicating the additional amount to be withheld. If I do not have a sufficient amount withheld, then I understand I may have to pay additional tax penalties under the withholding and estimated tax payment rules. See reverse side for an explanation. Certification — I expressly assume full responsibility for this distribution as evidenced by my signature below. If I have indicated by checking the appropriate <input type="checkbox"/> under reason Code 2, then I expressly certify that my distribution qualifies as a disaster distribution.	

Substitute FORM W-4P Department of the Treasury (IRS)	Withholding Certificate for IRA Pension or Annuity Payments The instructions to this substitute Form W-4P are on the reverse side as well as additional discussion of special withdrawal topics. Select #1, #2, or #2 and #3. 1. <input type="checkbox"/> I elect not to have income tax withheld from this IRA distribution. 2. <input type="checkbox"/> I elect to have income tax withheld from this IRA distribution equal to 10% of the amount withdrawn. This amount is \$ _____. 3. <input type="checkbox"/> I want the following additional amount withheld from each IRA payment. \$ _____	OMB NO. 1545-0074
Signature of Payee/Recipient _____ IRA #57 (5/20)	Date _____ Custodian/Trustee (Payer) _____ White — Custodian/Trustee Yellow — Accountholder Pink — Administrator	Date _____ © 2020 Collin W. Fritz & Associates, Ltd.