



THE Pension Digest

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“The Pension Specialists”



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2025 RMD Notices and FMV Statements (12-31-2024)

Fair Market Value (FMV) statements

An IRA custodian must furnish a FMV statement to each IRA accountholder and each inheriting beneficiary having a balance as of December 31, 2024, to each IRA accountholder who died during 2024, and to any IRA accountholder who made a reportable contribution for 2024 during 2024. The deadline to furnish the FMV statement is January 31, 2025.

This FMV statement must be prepared on a per plan agreement basis. That is, if a person would have two traditional IRAs and one Roth IRA, then he or she would need to be furnished three FMV statements. These could be combined on one statement as long as there were three separate sections.

There must be a sentence on the FMV statement informing the recipient that the FMV information (Balance as of December 31) will be furnished to the IRS when the 2024 Form 5498 will be filed with the IRS in May of 2025.

The IRA Custodian/trustee may, but is not required, to furnish contribution and earnings (including interest) information on the FMV statement for traditional IRAs, SEP-IRAs and Roth IRAs. However, a special rule applies for SIMPLE-IRAs. In the case of a SIMPLE-IRA, the IRA custodian must furnish a detailed statement listing all contributions (dates, and amounts) made by the employer on behalf of the SIMPLE-IRA accountholder.

Why is it required to furnish the FMV statement by January 31, 2025? A taxpayer who has basis within a traditional IRA, needs the FMV for purposes of complet-

ing the Form 8606 to determine the taxable portion of a distribution and the nontaxable portion.

The IRS may assess a penalty of \$50 for each failure to furnish the FMV statement for traditional IRAs, SEP-IRAs, and Roth IRAs. The penalty is \$100 PER DAY for failing to furnish the FMV statement for a SIMPLE-IRA.

RMD Notice for 2025

An IRA custodian/trustee must furnish an RMD notice to each traditional/SEP/SIMPLE-IRA accountholder who was born during 1952 or earlier.

There is no requirement and no need to furnish an RMD Notice to a Roth IRA accountholder since the RMD rules do not apply to a Roth IRA accountholder while he or she is alive.

Three items must be set forth in the required RMD Notice.

First, the deadline applying to the specific IRA accountholder must be set forth. This will be December 31, 2024, for an individual who is older than age 73 in 2025 or April 1, 2026, if the individual attains age 73 in 2025. Second, there must a sentence informing the individual that the IRS will be informed on the 2024 Form 5498 that he or she is subject to the RMD rules for 2025. Third, the individual must be informed of his or her RMD amount for 2025 or that such amount has not been calculated, but will be if the individual contacts the IRA custodian/trustee and requests that the calculation be made.

Continued on page 2

Qualified Charitable Distributions – Limit is \$108,000 in 2025

The basic planning rule is, a QCD must be made from an IRA. A QCD cannot be made from a profit sharing plan, 401(k) plan or other employer sponsored plan.

Many individuals age 70½ or older may be considering making a qualified charitable distribution (QCD) or may know they want to make a QCD. Many of the laws governing IRAs are set forth in Code section 408. Code section 408(d)(8) authorizes an IRA accountholder to make a QCD if certain rules are met. The basic rules are: the IRA custodian must make the check payable to the charity, the aggregated IRA distribution amount must be \$108,000 or less, the individual IRA accountholder or beneficiary must be age 70½ or older and the individual donor must get a tax receipt from the charitable organization confirming the contribution before filing their income tax return. The IRS on November 16, 2023 issued newswire IR-2023-215 discussing QCDs.

What tax benefits does a person receive when she or he makes a QCD?

The person receives two tax benefits for one transaction. This is rare under the federal income tax laws. For discussion purposes Alexa Taxpayer, age 78, has an IRA with a balance of \$600,000. She has made 3 QCDs totaling \$50,000 in 2025. She instructed her IRA custodian to send a check for \$20,000 to Michigan State University, a check for \$20,000 to her church and a check for \$10,000 to the Salvation Army. Alex's RMD for 2025 is \$27,273.

Her first tax benefit is, she is not required to pay taxes on the \$50,000 because she excludes the QCD of \$50,000 from her income.

Her second tax benefit is, she is not required to withdraw her RMD of \$27,273 and include it in income and pay the applicable income tax because the IRS has ruled a person's QCD counts towards the person's RMD for that year.

Does the law authorize a 401(k) participant or a profit sharing plan participant to make a QCD?

The answer is no. A 401(k) or profit sharing participant is ineligible to make a QCD. Common sense says that the law should be changed so that a profit sharing plan participant or a 401(k) participant is eligible to make a QCD if he or she is age 70½ or older but that is not the current law. A profit sharing plan participant or 401(k) participant who wants to make a QCD must directly rollover their

401(k) funds into an IRA and then make the QCD. Remember, an RMD is ineligible to be rolled over. So, the direct rollover needs to be completed by December 31, 2023 if the QCD will be made in 2024.

A 401(k) participant may make a charitable contribution under the laws set forth in Code section 170, but the tax benefits realized are more limited. If Alexa's balance in a 401(k) plan was \$600,000 she would be required to withdraw her RMD of \$27,273. She would include that amount in her income. If she made charitable contributions to her three charities she would be able to claim some deductions for her charitable contributions. The IRS has written Publication 526 (Charitable Contributions) The amount which a person is able to deduct is not 100%. There are various limits (15%, 30%, or 60%) which apply and which reduce the amount which can be deducted. IRS Publication 526 (Charitable Contributions) discusses charitable contributions in detail.

These two transactions - QCDs and Charitable Contributions sound a lot alike, but they are two separate and different transactions having different tax consequences. QCDs provide a much greater tax benefit than a charitable contribution which is deducted.

In summary, a person needs to move his or her funds in a profit sharing plan or 401(k) plan into an IRA by December 31, 2023 if the individual wishes to use those funds to make a QCD in 2024. The amount one pays in income taxes will be substantially reduced by making a QCD. To do so the funds need to be in IRA. A QCD cannot be made from funds in a 401(k) plan or other qualified plan.

RMD Notices,
Continued from page 1

Although the RMD laws apply to an inheriting IRA beneficiary of all four types of IRAs, current IRS rules do not require the IRA custodian/trustee to furnish an RMD notice. CWF strongly suggests you do so. The model IRS IRA forms require that there be an RMD distribution made to an inheriting beneficiary. A beneficiary who fails to take an RMD will owe the RMD tax of 10% or 25% and may well argue that the custodian/trustee should pay some of this tax for its failure to notify or payout a RMD.

The IRS may assess a fine of \$50.00 for each time an IRA custodian/trustee fails to furnish a complying RMD notice.

Email Guidance – Roth IRA “Midair Conversion”

Q-1. We have a request from a customer to do a Roth plan however the funds are currently in an investment which is traditional funds. The current institution will not do the conversion and are requesting us to accept these funds as a “midair” conversion. We have never heard of this nor have done anything like this. Have you heard of this and if so, is it possible to proceed with accepting these funds?

I have spoken to a rep from the investment company and she indicated there is certain paperwork the customer will need to sign on that end so assuming he would have to sign something other than just a plan agreement on our end? How we understand it that part the funds will need to be placed in a traditional plan within our institution to begin with and would need to be coded internally specifically to reflect the conversion?

A-1. I do not understand the entire situation. I have never heard that term.

A traditional IRA may be converted into a Roth IRA. The individual should complete a form indicating he or she is converting a portion or all of the traditional IRA. Upon doing so, the IRA custodian/trustee of the traditional IRA will be required to report on a Form 1099-R to show the distribution. Most likely it is 100% taxable. The Roth IRA custodian must report the conversion contribution in box 3 of the Form 5498.

Who is the current IRA custodian/trustee?

Does this traditional IRA have investments other than a time deposit(s)? If so, what are those investments? Those assets can be converted.

There are two possible approaches.

Approach #1. There could be an IRA transfer of the traditional IRA with the other institution to a traditional IRA with ABC and then the conversion could be done.

Approach #2. There could be a CONVERSION IRA transfer of the traditional IRA with the other institution to Roth IRA with ABC. ABC as the Roth IRA custodian must report the conversion contribution in box 3 of the Form 5498.

Email Guidance – Roth IRA Conversion

Q-1. I don't think this is permissible but want to confirm. We have a Roth IRA owner that wants to convert/transfer the Roth funds (over 20k) into his traditional IRA. He understands the unfavorable tax ramifications and they are less important than pooling his money. Is this even permissible?

A-1. How much money is in the Roth IRA?

He can withdraw the Roth IRA funds and then use the funds to make an annual contribution to a traditional IRA, if eligible. There is no such thing as converting Roth IRA funds to be traditional IRA funds.

I presume his need to pool the funds is because of a possible investment. I have not researched the issue if funds of 2 different IRAs could be aggregated. There would need to be separate accounting.

Email Guidance – Reporting After the IRA Accountholder Dies

Q- 1. If an IRA beneficiary takes a full distribution how should the reporting show for the deceased and the beneficiary? On our new core system no Inherited IRA needs to be set up, the distribution is funneled through the deceased IRA owner.

On our old system we were required to set up an Inherited IRA even if the beneficiary was taking a full distribution so we showed a transfer out from the deceased, a transfer to the beneficiary and a death distribution.

A-1. You must make sure the system creates or shows the total distribution to the beneficiary on the Form 1099-R. Reason code is a 4 for death.

There is no Form 1099-R prepared for the deceased IRA accountholder unless she or he took a distribution that year prior to dying.

Email Guidance – Roth IRA Distributions on Form 1099-R

Q-1. How do you code a ROTH distribution for a customer under 59½ who has met the 5-year rule (ROTH was established in 2010)?

A-1. Is the person who is under age 59½ the Roth IRA accountholder or a beneficiary of a Roth accountholder who has died?

Q-1A. The person is the ROTH accountholder.

A-1A. You will use the Code “J” on the Form 1099-R because the Roth IRA accountholder is withdrawing funds from the Roth IRA and she or he is younger than age 59½ and is not disabled.

You have an individual who established the Roth IRA in 2010. He or she has made nondeductible contributions which he or she can withdraw and not have to include in income.

Remember that with a Roth IRA the contributions come out first and are not taxable. The earnings come out last and if withdrawn will be taxable and subject to the 10% unless the individual is eligible for one of the exceptions. If the individual does not withdraw the earnings there will be no taxes owing.

The CODE J does not inform the IRS whether the amount withdrawn is taxable or is not taxable. The individual will need to complete IRS Form 8606 and possibly Form 5329.

Email Guidance – Completing Form 1099-R

Q-1. I am reviewing our 1099R forms from our new system. They have an amount in Box 1, amount in Box 2A (taxable amount) and then in 2B they have an “X” for amount not determined.

First, it shouldn’t have an amount in 2A and an “X” in 2 B, correct? IT should be one or the other?

Also, on the old system we did not report the taxable amount. We always checked 2B declaring the taxable

amount was not determined . If I remember correctly, I think you said that we could do that and then the taxable amount would be determined by the customer/tax preparer. Did I remember that correctly?

A-1. You are correct. Logically, it should be one or the other.

But with tax matters logic is many times not the determining factor.

The IRS for one year adopted the approach that box 2a was not to be completed. That is logical, because a bank may not know the taxable amount because the person may have IRAs with another IRA custodian and all IRAs are to be aggregated for taxation purposes. That one year might have been around 2009. And an IRA custodian is not required to report or keep track of whether any contribution is deductible or non-deductible.

The IRS learned a lesson the hard way - because box 2a was not completed many tax payers did not include any amount in their taxable income and the IRA had a tax collection issue.

The IRS policy and procedures for many years has been as prepared by your new system Box 1 and 2a are to be completed with the same amount and box 2b is to be checked because the IRA custodian does not know if the amount listed in box 2b is truly taxable. The individual might have made some non-deductible contributions.

The IRS has never thought it was necessary or desirable to explain why the IRA custodian, is to complete both boxes 1 and 2a and then also check the box in 2b.

Email Guidance – HSAs Owned by Two Married Individuals

Q-1. We have a health savings account currently in Jim's name with his wife Greta on as authorized signer. Greta called and said there was a change and the insurance policy is now in her name still a family coverage. Our question is does the HSA need to have her as the owner now or can it stay in the husband's name?

A-1. His HSA must stay in his name. How much money is in Jim's HSA? It cannot be transferred to her HSA. Sufficient withdrawals may be made so that his HSA will be closed.

Will Greta be establishing her own HSA? Funds cannot be transferred from his HSA into her HSA.

It is not all that important who is the source of the insurance just that they would have a family HDHP.

Are the contributions going to be made by Greta and Jim or are some of the contributions being made by one or both of their employers? It is best if there is an employer contribution that it is made to HSA of their employee.

Email Guidance – On Form W-4R

Q-1. Can a customer request less than 10% federal tax withholding or if they choose to withhold tax is that the minimum percentage?

A-1. A few years ago the IRS created the Form W-4R. The Form W-4R is to be used for non-periodic distributions. In general, almost all IRA distributions are defined to be nonperiodic distributions even though they are periodic. As long as the person has the right to take a lump sum distribution from the IRA the distribution is defined to be non periodic.

One of the reasons the IRS created Form W-4R was to try to encourage more individuals to have withholding.

The IRS instructions for this form state that the person may have anywhere from 0%-100% withheld. So, the conservative approach is - the customer can request less than 10% be withheld.

Technically, the IRS had a withholding regulation that provided the rule that a bank for customer services may agree to withhold less than 10%, but technically the bank is not required to withhold less than 10%. I need to check to see if that regulation was changed.

Email Guidance – Reporting Certain HSA Contributions

Q-1. I have a customer who's employer makes deposits into the account. The employer and the customer did not inform us that the account has gone from a family plan to an individual plan last year. The employer has over contributed into the account for last year by \$585.00. The employer was wondering if we could change the contribution to this year's plan. The funds that were deposited are now gone.

A-1. An HSA custodian is required by IRS rules to report all contributions made to a person's HSA. An HSA custodian is unable to somehow show a certain amount contributed in 2024 as a 2025 contribution.

The employer will need the advice of the accountant as to the tax issues caused by the extra \$585 contributed for the employee. It sounds like it did not qualify as an HSA contribution.

Is this additional W-2 income for that employee?

Did the employee have an excess contribution on account of the \$585?

I do not need to address the question whether the bank could return a certain amount to the employer because there are insufficient funds in the HSA.

What is the maximum amount the individual was eligible to contribute for 2024? This amount needs to be known. If the employer contributed more than that amount and there were such funds in the person's HSA, the HSA custodian could pay that amount to the employer.

For how many months did the employee have single coverage? How many months did the individual have family coverage? This information is needed to calculate the maximum contribution.

Your employer should follow the advice of the tax adviser.

Email Guidance – Reporting Contributions for SEPs and SIMPLEs

Q-1. We have a customer who made a contribution to their SEP on 3/1/2024. This contribution was inadvertently applied to a wrong account and was just found when the customer received their FMV. We are now making the correction to credit this to his SEP. As far as reporting, this contribution would have been made for 2024 and will report on the 5498 generated May 2025, correct. So, since we are making this correction now we are ok and will not have to put through any 5498 correction. Am I thinking this through correctly?

A-1. A bank reports SEP and SIMPLE contributions for the year received. You are going to correctly report it on the 2024 Form 5498.

You do not indicate whether the customer had designated the contribution for 2023 or 2024. The IRS requires him to explain to the IRS. The bank does not. It simply reports the year the contribution was received.

Q-1A. This was a prior year contribution for 2023. My understanding though is that we report in the year that the contribution was made, so isn't that irrelevant to us for reporting purposes.

Doesn't he take care of that with his accountant?

A-1A. The bank reports the contribution on the Form 5498 relating to the year bank receives the contribution.

Email Guidance – Discussion of a Beneficiary Disclaiming a Portion of His or Her Designated Share

Q-1. I have a situation where a beneficiary died before the IRA account owner there were two primary beneficiaries listed. On our account application it states that in a case such as this, the funds will be reallocated to the other beneficiary (see attached). Jon Tate is the beneficiary that passed away before his mother Clara Tate (IRA Owner). Once the IRA owner, Clara Tate, passed away, the daughter Mary, came in and took her 50% share of the

IRA. We now have a situation with the remaining funds. I understand that Mary is entitled to receive the remaining funds in the IRA according to our document. My question is, can Mary relinquish her rights to the remaining portion of the IRA? If she does and can do so, do the remaining funds go to Jon's Estate, or is his heirs entitled to it?

A-1. Before answering your questions I am going to discuss what I think is the best practical approach. She receives the entire balance and then if she wishes to give some or 1/2 to Jon's family or kin. She would estimate the additional taxes she must pay because she is withdrawing this other share. That amount would reduce the amount she would give Jon's kin.

You are correct. Mary as the surviving and only beneficiary is entitled to 100%.

If Mary would disclaim 1/2 of the account, then that amount would go to Clara's estate and not Jon's estate. The interest of Jon or any beneficiary ceases to exist once Jon predeceased the IRA owner unless the beneficiary form provides for a different result.

Whether or not Jon's kin would receive any portion of Clara's estate would depend upon what her will stated or what state law provides.

Q-1A. When disbursing the remaining funds to Clara's Estate, how is this coded? Is this coded as a normal distribution, and I can withhold taxes if I am given instructions by the Estates representative, and they sign a distribution form saying so?

A-1A. It will be coded as a death distribution.

When she takes a distribution she should complete a distribution form. It will be a regular distribution (code 7 or 1) and not the death code. She may have withholding. Right now there has been no actual distribution to her so withholding does not apply.

Second, in this case the personal representative of the estate should complete an IRA distribution form and may instruct to have whatever percentage is decided upon withheld. The estate will have its own federal TIN.

**Beneficiary Disclaiming Share,
Continued from page 6**

Q-1B. Concerning this I have a few more questions . Mary, the only surviving beneficiary has decided to disclaim the other portion of the inheritance, we have a signed document with her signature confirming this. The Attorney handling this case is requesting that the funds be distributed to Clara's Estate checking account and that taxes be withheld if possible.

My questions:

1. Do I need to have Mary also sign an IRA Distribution form, or can we go off the disclaimer instructions document that she signed?

2. What type of distribution will this be, death, transfer, something else?

3. Can I hold taxes from this distribution? I'm under the impression that I cannot since she is deceased. I'm thinking the Estate will have to handle this.

A-1B. No, the bank as the IRA custodian is making a distribution to a beneficiary. The estate is the default beneficiary, Code 4 (death) is to be inserted in box 7.

Email Guidance – RMD Tables

Q-1. If I use her age 87 and his age this year 82 = 11.7
Or

Do you use his age of 81 from last year= 12.2

Can you explain where the 14.4 is coming from?

A-1. You indicated she had elected to treat his IRA as her own IRA It is now her IRA She is treated as if she had made the contributions. He is no longer considered.

An IRA accountholder is to use the Uniform Lifetime Table unless the joint life table applies. See IRS publication 590-B. The joint life table is used only if a spouse beneficiary is more than 10 years younger than the IRA accountholder.

The uniform table is at the very end of three tables . The single table is used by a beneficiary, but since she has elected as own she is no longer a beneficiary. It is her IRA. You are using the Joint Life Table for 87/82 and you should not be. Use the Uniform Life time table. See page 65.

Q-1A. Husband died and he was younger.
1/15/1943 - 3/7/2024.

Her dob is 9/16/1938 .

Yes, now it is her IRA.

A-1B. She was born in 1938 so she is 87 is 2025. The divisor from the Uniform Lifetime Table is 14.4. See page 7.

Her RMD for 2025 is \$12,843.78. \$184,950.40 divided by 14.4.

Q-1B. Another customer question -
Wife inherited husband's IRA.

Balance is \$184,950.40

DOB is 9/16/1938

What is her RMD this year?

A-1B. What is her date of birth?

What was his date birth?

In what year did he die?

Will she or has she elected to treat his IRA as her own?

Q-1-C. I just want to make sure that the distribution is right going forward.

Wife inherited husband's IRA. He was alive 1951-2024. He turned 73 in 2024 and his RMD was \$2,258.16.

Wife was born in 1955. Her RMD is showing \$1,904.36. This is about \$353.80 less.

Does this look right to you? Should she be considered single now or still married?

A-1C. It does not. All IRA accountholders use the Uniform Table which is a type of Joint Life Expectancy Table.

With the change in the RMD age to age 73, assuming she elects to treat his IRA as her own IRA she has no RMD for 2025. She attains age 73 in 2028.

In my opinion she does not want to maintain the IRA as an inherited IRA, she wants to elect as own.

Email Guidance – RMDs for Roth IRAs

A Roth IRA beneficiary wants to understand the RMD rules to avoid the RMD tax.

A Roth IRA beneficiary should also understand by delaying any distribution to the 10th year he or she will maximize the tax-free earnings.

Email Guidance – Inherited IRA Distribution Form

Q-1. We would typically use form 204 for a new Inherited IRA distribution to establish the distribution schedule and EDB status details. What form is used for this purpose when our institution has a new Inherited IRA that has been in existence at another institution and this is being transferred to us and the Secure Act changes were not in effect since the accountholder died before those changes??

A-1. I have sent you 3 forms - 204, 204G and 56i.

You may use Form 204 since a pre-2020 beneficiary is an EDB. We need to change Form 204 to expressly state that such a beneficiary is an EDB.

Form 204G may be used by such a beneficiary (pre-2020) to instruct what election had she or he had made. That election must be continued.

Form 56i. That beneficiary must continue the rule being used at the transferring institution. I presume this is the life distribution rule. The divisor should be reset if that was not done at the other institution.

Email Guidance – Rollovers

Q-1. The 60 day rollover 1 x per year. Is that 365 day or calendar year?

I have a customer that took a rollover 1-24-24 and returned the \$ on 03-01-24.

They would like to do that again but I'm not sure if he has to wait until January 24, 2025 or if he can take sooner in January.

A-1. The 365 day period starts the day following the day of the distribution. It is not affected by when the rollover contribution is made. This 365 day period started on 1/25/2024 and it ends on 1/24/2025. He must wait until January 25 to take another distribution. The 25th is a Saturday.

Email Guidance – Federal Thrift Savings Plan

Q-1. I have a customer that has a Federal Thrift Savings plan. They want to move the plan here. I have the check from "the United State Treasury" payable to Charlevoix State Bank FBO -customer. How do I code this?

A-1. The check is a direct rollover check. You code the transaction as a rollover. The amount needs to show up in box 2 of the Form 5498.

The funds could go into either a traditional IRA or a Roth IRA. Most individuals would instruct the employer or the federal government that the funds are to go into a traditional IRA.

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IRS Procedures For Late Rollovers

There are times the IRS adopt procedures which are helpful to IRA custodians/trustees and IRA accountholders and some IRA beneficiaries.

The IRS procedures for late rollovers (past 60 days) are an example of procedures which are very helpful.

If the IRA accountholder will furnish the IRA custodian/trustee with a late rollover certification, then the individual may make a late rollover and the IRA custodian/trustee may accept and process the late rollover contribution. A late rollover certification is set forth on page 3.

If a beneficiary will furnish the IRA custodian/trustee with a late rollover certification, then the beneficiary may make the late rollover and the IRA custodian/trustee may accept and process the late rollover contribution. An IRA beneficiary

is eligible to rollover a distribution made to her or him from an inherited traditional IRA or Roth IRA only if one of the IRA custodians/trustees caused the error.

The IRA custodian/trustee is to complete boxes 13a, 13b and 13c when an IRA accountholder or a beneficiary has made a late rollover contribution.

From these 5498's the IRS will be able to develop a list of all those individuals who made their rollover contribution after the 60 day limit and the IRS can then decide to audit some or all of these taxpayers.

The IRS instructions for boxes 13a, 13b and 13c are set forth on page 2. These are the instructions for the IRA custodian.

Box 13a. Postponed Contribution

Report the amount of any postponed

Continued on page 2

2828 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0747		IRA Contribution Information
TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)	2024	
		\$		
		2 Rollover contributions		
		\$		
		3 Roth IRA conversion amount	4 Reclassified contributions	Copy A
		\$		
TRUSTEE'S or ISSUER'S TIN	PARTICIPANT'S TIN	5 FMV of account	6 Life insurance cost included in box 1	For Internal Revenue Service Center File with Form 1096.
		\$		
PARTICIPANT'S name		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>	9 SIMPLE contributions	For Privacy Act and Paperwork Reduction Act Notice, see the 2024 General Instructions for Certain Information Returns.
		8 SEP contributions		
Street address (including apt. no.)		10 Roth IRA contributions	11 Check if RMD for 2025 <input type="checkbox"/>	
		\$		
City or town, state or province, country, and ZIP or foreign postal code		12a RMD date	12b RMD amount	
		\$		
		13a Postponed/late contrib.	13b Year 13c Code	
		\$		
		14a Repayments	14b Code	
		\$		
Account number (see instructions)		15a FMV of certain specified assets	15b Code(s)	
		\$		

Late Rollovers,
Continued from page 1

contribution made in 2024 for a prior year. If contributions were made for more than 1 prior year, each prior year's postponed contribution must be reported on a separate form. Report the amount of a late rollover contribution made during 2024 and certified by the participant. If the participant also has a postponed contribution, use a separate Form 5498 to report a late rollover.

CWF Discussion. Report the amount of a late 2024 rollover contribution if the individual furnished the IRA custodian with his/her self-certification. A separate Form 5498 with box 13a is to be completed if their person also made a postponed contribution. The instructions do not discuss the possibility of two late rollovers. We believe the IRS instructions do discuss that two separate 5498 forms should be filed. The IRS instructions do discuss that there must be separate 5498 forms filed if there were postponed contributions for more than one prior year.

Box 13b. Year

Enter the year for which the postponed contribution in box 13a was made. Leave this box blank for late rollover contributions.

CWF Discussion. This box is left blank if the contribution being reported in Box 13a is a late rollover contribution.

Box 13c. Code

Enter the reason the participant made the postponed contribution.

For participants' service in a combat zone, hazardous duty area, or direct support area, enter the appropriate executive order or public law as defined under *Special reporting for U.S. Armed Forces in designated combat zones*, earlier.

For participants who are "affected taxpayers," as described in an IRS News Release relating to a federally designated disaster area, enter FD.

For participants who have certified that the rollover contribution is late because of an error on the part of a financial institution, death, disability, hospitalization, incarceration, restrictions imposed by a foreign country, postal error, or other circumstance listed in Rev. Proc. 2020-46 or other event beyond the reasonable control of the participant, enter C.

CWF Discussion. A "C" is to be inserted in this box if

the individual has self-certified that his or her rollover was rolled over after the 60 day limit for one of the events set forth in Revenue Procedure 2020-46.

The IRS also furnishes "instructions" to the individual on the reverse side of Copy A of Form 5498. Set forth below are the instructions for boxes 13a, 13b and 13c.

Box 13a. Shows the amount of a late rollover contribution made in 2024 and certified by the participant, or a postponed contribution made in 2024 for a prior year.

Box 13b. Shows the year to which the postponed contribution in box 13a was credited. If a late rollover contribution is shown in box 13a, this box will be blank.

Box 13c. For participants who made a postponed contribution due to an extension of the of the contribution due date because of a federally designated disaster, shows the code FD.

For participants who serviced in designated combat zones, qualified hazardous duty areas, or in direct support areas, shows the appropriate code. The codes are: EO13239 for Afghanistan and associated direct support areas, EO12744 for the Arabian Peninsula areas, and EO13119 (or PL106-21) for the Yugoslavia operations areas. For additional information, including a list of locations within the designated combat zones, qualified hazardous duty areas, or direct support areas, see Pub. 3. For updates to the list of locations, go to www.irs.gov/form5498.

For a participant who has used the self-certification procedure for a late rollover contribution, shows the code SC.

CWF Discussion: These instructions inform the individual that he or she made his or her rollover after the 60 day deadline, but the IRA custodian accepted the rollover contribution because he or she self-certified that one of the exceptions as listed Revenue-Procedure 2020-46 was met. The individual will want to consider if he or she should furnish additional information at the time the return is filed explaining why equity and fairness means he or she qualified for a new rollover period or if he or she should wait for the IRS to contact him/her and furnish additional information at that point in time. The instructions for lines 15a and 15b should be reviewed for additional IRS guidance on the proper reporting of a rollover contribution.

Certification for Late IRA Rollover Contribution

To: IRA Custodian/Trustee

Name _____ Date: _____
Address _____ Phone: _____
City _____ State _____ Zip _____

From: IRA Accountholder

Name _____ Phone: Home _____
Home Address _____ Phone: Work _____
City _____ State _____ Zip _____ SSN _____
County _____ Date of Birth _____ Plan No. _____

Dear Sir or Madam:

Pursuant to Internal Revenue Service Revenue Procedure 2016-47, I certify that my contribution of \$ _____ missed the 60-day rollover deadline for the reason(s) listed below under Reasons for Late Contribution. I am making this contribution as soon as practicable after the reason or reasons listed below no longer prevent me from making the contribution. This requirement is deemed to be satisfied if the contribution is made within 30 days after the reason or reasons no longer prevent one from making the contribution. I understand that this certification concerns only the 60-day requirement for a rollover and that, to complete the rollover, I must comply with all other tax law requirements for a valid rollover and with your rollover procedures.

Pursuant to Revenue Procedure 2016-47, unless you have actual knowledge to the contrary, you may rely on this certification to show that I have satisfied the conditions for a waiver of the 60-day rollover requirement for the amount identified above. You may not rely on this certification in determining whether the contribution satisfies other requirements for a valid rollover.

Reasons for Late Contribution

I intended to make the rollover within 60-days after receiving the distribution but was unable to do so for the following reason(s) (check all that apply):

- ☐ An error was committed by the financial institution making the distribution or receiving the contribution.
- ☐ The distribution was in the form of a check and the check was misplaced and never cashed.
- ☐ The distribution was deposited into and remained in an account that I or the IRA custodian mistakenly thought was a retirement plan or IRA.
- ☐ My principal residence was severely damaged.
- ☐ One of my family members died.
- ☐ I or one of my family members was seriously ill.
- ☐ A postal error occurred.
- ☐ The distribution was made on account of an IRS levy and the proceeds of the levy have been returned to me.
- ☐ The party making the distribution failed to provide me with required information regarding my rollover rights despite my reasonable efforts to obtain this information.

Signature

I declare that the representations made in this document are true and that the IRS has not previously denied a request for a waiver of the 60-day rollover requirement with respect to a rollover of all or part of the distribution to which this contribution relates. I understand that in the event I am audited and the IRS does not grant a waiver for this contribution, I may be subject to income and excise taxes, interest, and penalties. If the contribution is made to an IRA, I understand you will be required to report my late rollover contribution to the IRS on Form 5498. I also understand that I should retain a copy of this signed certification with my tax records.

Signature of Accountholder _____ Date _____

Signature of Acknowledgment of Custodian/Trustee _____ Date _____

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White — Custodian/ Trustee Yellow — Accountholder

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IRS Issues Additional Procedure For Waiver of 60-Day Rollover Requirement and Additional Self-Certification Procedure

The IRS issued Revenue Procedure 2016-47 on August 24, 2016. It modifies Revenue Procedure 2003-16. The IRS now in the course of a examining a taxpayer's individual tax return may determine that the person qualifies for a waiver of the 60-day rollover requirement.

The IRS has created a third waiver method. The new waiver method is effective on August 24, 2016. The first waiver method set forth in Revenue Procedure 2003-16 requires the taxpayer to file an application requesting a waiver of the 60-day rule and the IRS must grant the waiver. The second waiver method authorizes an automatic waiver of the 60-day rule if four requirements are met.

Why this new IRS procedure? In January of 2016 the IRS changed the filing fees that a taxpayer must pay when submitting his or her waiver application. In 2015, the filing fee was \$500 if the purported rollover was less than \$50,000, \$1,500 if the rollover amount was less than \$100,000 but equal to or more than \$50,000 and \$3,000 if the rollover amount was \$100,000 or more.

The IRS increased the fee to \$10,000 for all such waiver applications. Apparently the IRS concluded that it no longer could afford to assign the personnel it had assigned to process these waiver requests. Presumably, many taxpayers and tax professionals have expressed their dissatisfaction to the IRS. The \$10,000 filing fee means many taxpayers are no longer able to have the IRS process their application and receive a concrete ruling that they were or were not entitled to a waiver of the 60-day rule. The application process means a taxpayer has tax certainty.

In Revenue Procedure 2016-47 the IRS authorizes a self-certification procedure that a taxpayer may use to request the waiver of the 60-day requirement rather than using the application procedure. The IRS tentatively grants the waiver upon the making of the self-certification and the taxpayer is permitted to prepare his or her tax return to reflect that he or she made a complying rollover so the distribution amount is not required to be included in his or her taxable income. However, the IRS retains the right to examine the individual's tax return for such year (i.e. audit) and determine if the requirements for a waiver of the 60-day rule were or were not met. If the IRS determines the individual was not entitled to a waiver of the 60-day rule, the individual will have to include such distribution in his or her income and will have an excess IRA contribution situation needing to be corrected. The IRS explanation gives a limited discussion of the adverse consequences. If the IRS does not grant the waiver then the person may be subject to income and excise taxes, interest and penalties. One of the penalties which might apply would be the 25% tax for understating one's income.

This self-certification procedure applies to distributions from any type of IRA and also from a 401(k) plan or other qualified plan and certain 403(b) and 457 plans.

The IRS has stated that it will be modifying the Form 5498 so that an IRA custodian which accepts a rollover contribution pursuant to this self-certification procedure after the 60-day deadline will complete such person's Form 5498 to report that the rollover contribution was accepted after the 60-day deadline. The IRS will then be able to examine the tax returns of these taxpayers and

the purported rollovers. How does this self-certification procedure work?

The IRA owner will furnish the IRA custodian/trustee with a written certification meeting the following requirements. The IRA owner may use the IRS' model letter set forth in the appendix of Revenue Procedure 2016-47 on a word-for-word basis or by using a form or letter that is substantially similar in all material respects. The requirements:

1. The IRS must not have previously denied a waiver with respect to a rollover of all or part of the distribution involved in the late rollover.
2. The IRA owner must make his or her rollover contribution as soon as practicable once the reason(s) for missing the 60-day deadline no longer apply. This requirement is deemed satisfied if the rollover contribution is made within 30 days after the reason or reasons no longer prevent the IRA owner from making the rollover contribution.
3. The taxpayer must have missed the 60-day deadline for one or more of the following reasons:
 - An error was committed by the financial institution making the distribution or receiving the contribution.
 - The distribution was in the form of a check and the check was misplaced and never cashed.
 - The distribution was deposited into and remained in an account that you mistakenly thought was a retirement plan or IRA.
 - Your principal residence was severely damaged.
 - One of your family members died.
 - You or one of your family members were seriously ill.
 - You were incarcerated.
 - Restrictions were imposed by a foreign country.
 - A postal error occurred.
 - The distribution was made on account of an IRS levy and the proceeds of the levy have been returned to you.
 - The party making the distribution delayed providing information that the receiving plan or IRA required to complete the rollover despite my reasonable efforts to obtain the information.

A person whose reason for missing the 60-day requirement is not included in the list of reasons is unable to use this self-certification procedure.

The IRA custodian is authorized to rely on the IRA owner's self-certification for purposes of accepting the rollover and reporting it unless it has actual knowledge contrary to the self-certification.

The IRS has created this self-certification method because it had to have some alternative procedure to allow taxpayers to seek a waiver of the 60-day rule as discussed in Revenue Procedure 2003-16 as the increased filing fee meant most taxpayers no longer would be using the application process.

This new procedure will help some taxpayers, but it would not have been needed if the IRS would not have imposed the \$10,000 filing fee. One can hope the IRS will see reason and will reduce the fees for 2017. Most likely the IRS will not. Although the 11 reasons the IRS lists as warranting the waiver of the 60-day rule are certainly welcomed by taxpayers, there are certainly other reasons for which the IRS should grant relief.

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Use the New Life Expectancy Tables for RMD Calculations

The “new” life expectancy charts are to be used in calculating the RMD for living account holders and beneficiaries. There are times it is helpful to know what the divisors from the new tables are and what they were under the old tables.

See the following charts which compare these divisors. If an IRA custodian/trustee continues to use the old table, the calculated RMD would be larger than would be correct. The new tables were prepared by the IRS in 2020-2021, but they do not reflect any data due to COVID-19. The new tables show longer life expectancies of approximately 1.5-2.1 years.

Comparing the Uniform Lifetime Tables 2002-2021 Versus 2022-Onward

Uniform Lifetime Table					
Age of IRA Accountholder	Distribution Period (2002)	Final 2022	Age of IRA Accountholder	Distribution Period (2002)	Final 2022
72	25.6	27.4	97	7.6	7.8
73	24.7	26.5	98	7.1	7.3
74	23.8	25.5	99	6.7	6.8
75	22.9	24.6	100	6.3	6.4
76	22.0	23.7	101	5.9	6.0
77	21.2	22.9	102	5.5	5.6
78	20.3	22.0	103	5.2	5.2
79	19.5	21.1	104	4.9	4.9
80	18.7	20.2	105	4.5	4.6
81	17.9	19.4	106	4.2	4.3
82	17.1	18.5	107	3.9	4.1
83	16.3	17.7	108	3.7	3.9
84	15.5	16.8	109	3.4	3.7
85	14.8	16.0	110	3.1	3.5
86	14.1	15.2	111	2.9	3.4
87	13.4	14.4	112	2.6	3.3
88	12.7	13.7	113	2.4	3.1
89	12.0	12.9	114	2.1	3.0
90	11.4	12.2	115	1.9	2.9
91	10.8	11.5	116		2.8
92	10.2	10.8	117	1.6	2.7
93	9.6	10.1	118	1.4	2.5
94	9.1	9.5	119	1.1	2.3
95	8.6	8.9	120	1.0	2.0
96	8.1	8.4			

Comparing the Single Life Tables 2002-2021 Versus 2022-Onward

Age of IRA Beneficiary	Distribution Period (2002)	Final 2022	Age of IRA Beneficiary	Distribution Period (2002)	Final 2022	Age of IRA Beneficiary	Distribution Period (2002)	Final 2022
0	82.4	84.6	51	33.3	35.3	102	2.5	2.5
1	81.6	83.7	52	32.3	34.3	103	2.3	2.3
2	80.6	82.8	53	31.4	33.4	104	2.1	2.2
3	79.7	81.8	54	30.5	32.5	105	1.9	2.1
4	78.7	80.8	55	29.6	31.6	106	1.7	2.1
5	77.7	79.8	56	28.7	30.6	107	1.5	2.1
6	76.7	78.8	57	27.9	29.8	108	1.4	2.0
7	75.8	77.9	58	27.0	28.9	109	1.2	2.0
8	74.8	76.9	59	26.1	28.0	110	1.1	2.0
9	73.8	75.9	60	25.2	27.1	111	1.0	2.0
10	72.8	74.9	61	24.4	26.2	112		2.0
11	71.8	73.9	62	23.5	25.4	113		1.9
12	70.8	72.9	63	22.7	24.5	114		1.9
13	69.9	71.9	64	21.8	23.7	115		1.8
14	68.9	70.9	65	21.0	22.9	116		1.8
15	67.9	69.9	66	20.2	22.0	117		1.6
16	66.9	69.0	67	19.4	21.2	118		1.4
17	66.0	68.0	68	18.6	20.4	119		1.1
18	65.0	67.0	69	17.8	19.6	120		1.0
19	64.0	66.0	70	17.0	18.8			
20	63.0	65.0	71	16.3	18.0			
21	62.1	64.1	72	15.5	17.2			
22	61.1	63.1	73	14.8	16.4			
23	60.1	62.1	74	14.1	15.6			
24	59.1	61.1	75	13.4	14.8			
25	58.2	60.2	76	12.7	14.1			
26	57.2	59.2	77	12.1	13.3			
27	56.2	58.2	78	11.4	12.6			
28	55.3	57.3	79	10.8	11.9			
29	54.3	56.3	80	10.2	11.2			
30	53.3	55.3	81	9.7	10.5			
31	52.4	54.4	82	9.1	9.9			
32	51.4	53.4	83	8.6	9.3			
33	50.4	52.5	84	8.1	8.7			
34	49.4	51.5	85	7.6	8.1			
35	48.5	50.5	86	7.1	7.6			
36	47.5	49.6	87	6.7	7.1			
37	46.5	48.6	88	6.3	6.6			
38	45.6	47.7	89	5.9	6.1			
39	44.6	46.7	90	5.5	5.7			
40	43.6	45.7	91	5.2	5.3			
41	42.7	44.8	92	4.9	4.9			
42	41.7	43.8	93	4.6	4.6			
43	40.7	42.9	94	4.3	4.3			
44	39.8	41.9	95	4.1	4.0			
45	38.8	41.0	96	3.8	3.7			
46	37.9	40.0	97	3.6	3.4			
47	37.0	39.0	98	3.4	3.2			
48	36.0	38.1	99	3.1	3.0			
49	35.1	37.1	100	2.9	2.8			
50	34.2	36.2	101	2.7	2.6			

Email Guidance – 401(k) Rollover

I have a customer who does not have an IRA with us. She has a 401(k) at work that she would like to Rollover to an IRA here with us.

A-1. Your customer needs to discuss with the employer or the former employer. The employer or its third party administrator will require that she complete a special distribution form called a section 402(f) notice.

She wants to complete the form to indicate she wants her account balance directly rolled over into her IRA with your bank.

Email Guidance – Self-Directed IRAs

Q-1. We have 5 self-directed IRAs in the bank. We would like change 3 of these to the regular IRA's that we offer at ABC Bank.

Currently these 3 IRAs are only invested in the normal IRA that we offer already.

Would this just require a new IRA agreement? Should we change the account number or can we just keep the same account number and redo the account agreement?

The other 2 accounts hold stock and we are going to suggest that they move them to a brokerage account.

A-1. For the three, just have them execute CWF's Form 40-T (custodial) or a similar form. You could keep the same account number.

As for the other two, moving them to a brokerage account might be best.

Email Guidance – QCD Strategy

Q-1. We have a customer wanting to make a QCD to 4 different organizations. Do we have forms for this?

A-1. Yes, see Instructions For Multiple Qualified Charitable Distributions, form 57-C1.

Email Guidance – RMD Form

Q-1. I need a RMD form for a Life Distribution Rule for a non EDB, Thanks!

A-1. Please use form 62-7D for your situation.

Q-1A. I am looking at that form and does it matter that it says an EDB? I have several that have inherited their parents IRA and the parents were of RMD age, so wouldn't they need one that says Lifetime non EDB? I could be thinking wrong, just need some clarification.

One more question, do I use this form even if the original account owner died before 2020?

A-1A. No you were using that form because the beneficiary was not an EDB.

A beneficiary of an IRA who died before 2020 is an EDB. This beneficiary is able to continue to use the previously elected life distribution schedule.

Email Guidance – Beneficiary Distribution Notice

Q-1. Do you still have a Beneficiary's Distribution Notice and Certification Form and Payment Instruction for Inherited IRAs that we may transfer in that are not subject to the 10 year rule b/c the original owner died before 2020?

A-1. Please see Form 204-G.

A pre-2020 beneficiary is an EDB.

Guidance – Minor Beneficiary

Q-1. Great grandma died. 1935 - 2017 82 years old Her son inherited the IRA. 1955 - 2024 69 years old He died. His ben is his granddaughter not his son. Granddaughter is 14 years old.

Minor Beneficiary,
Continued from page 6

Does she have to start RMDs now or when she turns 18 years old?

If now, what is her RMD amount?

A-1. The IRA owner died before 2020 and after her required beginning date. I presume the son was taking distributions over his life expectancy.

I understand the son died in 2024. Commencing in 2025 his beneficiary must continue his RMD divisor schedule and must close the inherited IRA by 12/31/2034. It does not matter that his beneficiary was a granddaughter age 14. She must continue his schedule and must close the inherited IRA by 12/31/2034.

The son's RMD schedule commenced in 2018. He attained age 63 in 2018. His initial divisor was 24.5

The Son's RMD Schedule : (using the reset divisor)

2018	24.5	
2019	23.5	
2020	22.5	
2021	21.5	
2022	20.5	
2023	19.5	
2024	18.5	Son dies in 2024

2025	17.5	
2026	16.5	
2027	15.5	
2028	14.5	
2029	13.5	
2030	12.5	
2031	11.5	
2032	10.5	Granddaughter continues his schedule
2-33	9.5	
2034	1.0	Must be closed by 12/31/2034

The granddaughter RMD for 2025 equals FMV as of 12/31/2024 divided by 17.5.

For income tax reasons she may wish to withdraw more than her RMDs in years 1-10.

Email Guidance – Roth IRA Beneficiary Can't be Located

Q-1. I have a question regarding one of our Roth IRA beneficiaries. Owner died, had son and daughter listed as 50/50 beneficiaries. We did not have enough information listed for the son... such as no social security number. Apparently he is estranged from the family and we are having a really hard time contacting him. What should/can we do if we don't have his social security number y year end? We are trying to get the owner's IRA closed of course and split 50/50 to beneficiary Roth IRAs, but are facing this dilemma.

A-1. Current laws and rules do not address this situation very well.

The unclaimed property rules do not yet apply. It is unclear when they would apply in this situation since no distribution is required for 10 years.

The CIP rules apply to a beneficiary only after the Roth IRA owner has died. Within a certain amount of time you must pay out the inherited Roth IRA funds, but you do not have the needed information.

Certainly this situation has arisen at other banks , what guidance have the regulators provided, if any?

The bank will want to set up two inherited Roth IRAs even though you don't have his social security number or his other information.

Might it be possible that even though the family relationship may be difficult that a family member would help you.

As long as the funds remain in the Roth IRA the income earned will be tax-free for 10 years.

A Form 5498 must be prepared for each Roth IRA beneficiary by 5/31/2025 so there is some time .

Technically, the bank is to furnish a FMV statement to each beneficiary by 1/31/2025.

Being a Roth IRA there is no RMD for 2024 or for the next 9 years (2025-2033). The inherited Roth IRAs must be closed by 12/31/2034.

Email Guidance – 2025 HSA Contribution Limit for a Married Couple

Q-1. We have a question about contribution limits for 2025 from a customer. They will be covered by a family plan for all of 2025 so they know the limit is \$9,550.00. HSA Owner is 62, spouse is 64. However, in November 2025 the husband is going to turn 65 and go on Medicare so can no longer contribute to the HSA. So, what is the best way to figure out how much they can contribute prior to that? Take \$9,550.00 divide by 12 and then multiply by 10 months since the husband can no longer contribute for November and December? Or is there an easier solution? They want to maximize their contributions the best they can.

A-1. Excellent question. The maximum HSA contribution for 2025 when there is family HDHP coverage is \$8,550 if both spouses are less than age 55. For 2024 this limit is \$8,300. A married couple may split this amount any way they agree upon. It could all go into his HSA or it could all go into her HSA.

This maximum limit is not decreased because one of the spouses is ineligible for a certain number of months.

Each spouse must make the \$1,000 catch-up to her or his own HSA. This \$1,000 is reduced pro rata when a spouse is not eligible for all 12 months.

The maximum contribution amount for 2025 is \$10,550 if both spouses who are age 55 or older are eligible for all 12 months. But he is not. He will only be eligible for 10 months.

Because he is ineligible for 2 months, they may agree to have her HSA contribution be \$9,550 (\$8,550 + \$1,000) and his HSA contribution would be \$833.33 ($\$1,000 \times 10/12$). Their maximum contribution is \$10,383.33.

They should confirm with their tax adviser.

Email Guidance – RMD Calculation When No Actual Balance on 12/31/24

Q-1. The bank established a SIMPLE-IRA for customer back in March of this year for \$20,939.00. The customer is 76 years old. Does he need to take an RMD for 2024?

A-1. Not with respect to the SIMPLE-IRA assuming he had no actual balance as of 12/31/2023.

Q-2. I have a customer that turned 75 years-old in February of this year that established a SEP-IRA on March 1, 2024 with a 2023 contribution.

Am I correct that he would be required to take a 2024 RMD?

In addition, it would be figured on the 2023 contribution divided by his 75 year old life expectancy calculation. So \$\$\$\$24.6?

A-2. Technically I don't think he has an RMD for 2024 because his IRA balance as of 12/23/2023 was 0.00. IRS guidance is that the 12/31 balance is not adjusted for annual carry back contributions.

The IRS could have written the rule otherwise.

The 12/31 balance is adjusted for outstanding rollovers and transfers, but not annual carry back contributions.

He will have an RMD for 2025 because he will have a balance as of 12/31/2024.

Email Guidance – QCD Mistake – Correctible or Not?

Q-1 We have a customer that signed a distribution form to make a charitable distribution to their church. They just notified us that they didn't mean for it to be a 2024 transaction but 2025 instead. The cashier's check is going to be returned to the customer and they want us to reverse the transaction. . is going o

Is this something that we should or even could correct?

A-1. You must correct the situation.

If the distribution check was not negotiated by the charity there was no distribution. So this distribution transaction will not be reported on the Form 1099-R for the individual.

The charity should furnish the check to the bank. Or if the charity gives the individual the check, then the individual should return the check to the bank.

If the bank cannot reverse the distribution, it should report the funds coming back in as a non-reportable transfer.

The charity probably informed the individual a QCD for 2025 cannot be made in 2024.

Is there a "banking" reason why the bank cannot treat the distribution as not having occurred?

Email Guidance – Fair Market Value Statements

Q-1. We just want to verify that we are printing things correctly and the way we should for IRAs.

We print IRA statements in January that include the fair market value on them. Then we don't print and mail 5498s until April.

A-1. What you are doing is correct.

The 12/31/2024 IRA fair market value statements are to be mailed by 1/31/2025 to any accountholder or beneficiary who has a balance as of 12/31/2024 or any accountholder who made a contribution required to be reported.

Contribution activity is reported on the 2024 Form 5498. You indicate these are sent in April of 2025 before the 5/31/2025 deadline. The Form 5498 must be provided to anyone who made a contribution in or for 2024 (but not a transfer) or had a FMV as of 12/31/2024.

Email Guidance – IRS Adopts Two New Beneficiary RMD Rules

Q-1. We have had 2 IRA accountholders that have passed away in the past month. Neither of them had taken their RMD for the year. Do their beneficiaries need to get this taken care of before the end of the year or do they have until the end of 2025 to get this done? I thought I read that there was a new rule stating they have longer time but now I can't seem to find that.

A-1. The IRS adopted two "good" beneficiary changes.

First, a beneficiary has until the end of 2025 to withdraw the 2024 RMD which the deceased IRA accountholder had not withdrawn.

Second, when there are multiple beneficiaries, it used to be each beneficiary had to withdraw their share of that RMD amount. That rule has been changed - if one beneficiary's withdrawal equal or exceeds the RMD, then the other beneficiaries are not required to withdraw any amount.

Email Guidance – Beneficiary RMD Calculations After a Transfer

Q-1. I have a situation that I am hoping you can guide me on. IRA owner died on 12/29/2023 at the age of 96. The market value of her IRA was approximately \$240k, it was held at Wells Fargo. The IRA was to be split evenly among her 3 children. One of the beneficiaries has been a long-time client of ours so she chose to open a BDA IRA with us. We received a check for her 1/3 in May of this year. How is the RMD to be calculated for 2024 and who is responsible for making sure it's done? We did not get the funds for the other 2 beneficiaries, so I am not sure if they have taken any distributions or not.

A-1. Topic 1 - RMD for 2023.

Was the entire RMD withdrawn for 2023 in 2023?

If so, the RMD was satisfied.

If not, it needs to be withdrawn by 12/31/2024. It used to be each beneficiary had to withdraw their share but the IRS revised the rule for the year of the death to allow the RMD to be satisfied by just one beneficiary.

Topic 2 - RMD for 2024

The RMD for 2024 = FMV of Her Share as of 12/31/2023 \$80,000/ RMD factor= RMD.

The RMD factor depends upon her or his age. What is his or her date of birth? Determine the divisor from the Single Life Table.

For example a person who is age 71 in 2024 would have a divisor of 18.0. One uses the reduce by 1.0 for each subsequent year. However the divisor is 1.0 for year 10. The beneficiary must close this inherited IRA by 12/31/2033. For tax reasons a beneficiary may wish to withdraw more than RMD.

$\$80,000 / 18.0 = \$4,444.44.$

A beneficiary is only responsible to take his or her RMD.

Q-1A. The 12/31/2024 MV was \$249,875.29

The beneficiary is 69 (DOB 01/15/1955). I'm getting \$4,249.58. Does that look accurate to you?

A-1A. Yes.

Email Guidance – Which Beneficiary Form to Use

Q-1. We are wondering if you could help us with determining what form to use for beneficiaries prior to 2019 that were currently using the life distribution rule. We are thinking about using the version #62 (version 7), would that be correct or is there another form that would be better. Also, what about the those after, 2019, are we required to send a notice and a calculation for 2025?

A-1. A bank has no duty to furnish an RMD notice to an IRA beneficiary, but it may do so as excellent service.

If the IRA accountholder had died prior to 2020, the beneficiary is an EDB and most likely is using the life distribution rule and is allowed to continue their RMD distribution schedule. Form 62 - version 7 will work.

The bank may send an RMD notice to a non-EDB. Look at versions 7D and 7E. With version 7E you do not calculate the RMD amount.