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ALSO IN THIS ISSUE –

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

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 ☐ VOID ☐ CORRECTED

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) $

OMB No. 1545-0747
2024
Form 5498

IRA Contribution Information

2 Rollover contributions $

3 Roth IRA conversion amount $

4 Recharacterized contributions $

Copy A
For Internal Revenue Service Center
File with Form 1096.

TRUSTEE'S or ISSUER'S TIN | PARTICIPANT'S TIN

5 FMV of account $

6 Life insurance cost included in box 1 $

PARTICIPANT'S name

7 IRA ☐ SEP ☐ SIMPLE ☐ Roth IRA ☐

8 SEP contributions $

9 SIMPLE contributions $

Street address (including apt. no.)

10 Roth IRA contributions $

11 Check if RMD for 2025 ☐

12a RMD date

12b RMD amount $

City or town, state or province, country, and ZIP or foreign postal code

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)

For Privacy Act and Paperwork Reduction Act Notice, see the **2024 General Instructions for Certain Information Returns.**

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/form 5498.

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 fairnesss 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 ______________

IRA #65-C (10/20) White — Custodian/ Trustee Yellow — Accountholder

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.

IRA #65-C (10/20) — Page 2

Use the New Life Expectancy Tables for RMD Calculations

The "new" life expectancy charts are to used in calculation the RMD for living accountholders 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.

Continued on page 7

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 12/31/20234. 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 x 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.