THE Pension Digest

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2015 Tax Filing Deadline is April 18, 2016

ALSO IN THIS ISSUE –

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

No Form 1099-R Prepared to Report IRA Funds Moving From the Decedent's IRA to an Inherited IRA

Some mainframe software vendors just don't understand the IRS procedures for reporting once an IRA accountholder dies. These mainframe software writers have incorrectly adopted the approach that the Form 1099-R is to be prepared when an inherited IRA is being established.

A Form 1099-R is prepared only if there is a reportable distribution. Establishing an inherited IRA involves transferring the IRA funds from the decedent's IRA to one or more inherited IRAs. Such transfers are <u>not</u> to be reported on the Form 1099-R.

Preparing a Form 1099-R which is not required to be prepared is an incorrect form and will result in penalty. The penalty is now $250 (times 2) if an IRA custodian submits an incorrect Form 1099-R

It may not be the best way, but the IRS has the IRA custodian complete the Form 5498 in a special way to inform the IRS that the decedent's IRA funds have moved to an inherited IRA for one or more beneficiaries. Using the title, "John Doe as beneficiary of Jane Doe," informs the IRS that funds have been moved from Jane Doe's IRA into a inherited IRA for John Doe. The Form 1099-R is not used for this purpose.

The software vendor is causing real problems for the individual if it prepares an incorrect Form 1099-R as he or she must explain the distribution on his or her tax return. A nonspouse beneficiary is unable to rollover a distribution from an inherited IRA Putting a 0.00 in box 2a does not make things better.

IRS Biased Against Inherited Roth IRAs

The IRS should not be biased against inherited Roth IRAs, but the IRS is. Some IRS administrations are more biased against inherited Roth IRAs than others.

The IRS does not like the fact that a person may inherit a Roth IRA and earn tax-free income over the beneficiary's life expectancy. This will be accomplished if the beneficiary limits his or her distributions to the required amount each year using the life distribution rule. This will not be accomplished if the 5-year rule is used.

The IRS last revised model Form 5305-RA in March of 2002. In Article V it is clearly stated that a beneficiary will use the life distribution rule to comply with the required distribution rules unless he or she elects the 5-year rule. The 5-year rule applies automatically if there is no designated beneficiary (e.g. the estate is the beneficiary).

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Deadlines for 2015 5498 Forms

Type of Account	Type of Form	Due to Owner	Due to IRS
Traditional	5498	5/31/16	5/31/16
Roth	5498	5/31/16	5/31/16
HSA	5498-SA	5/31/16	5/31/16
CESA	5498-ESA	5/2/16	5/31/16

2015 Form 5500 Series Returns Should Not Answer the Compliance Questions

The IRS has changed course on its request to complete the optional questions. Initially the IRS provided a set of frequently asked questions (FAQs) explaining how to respond to the new questions, but now these items should be skipped entirely.

The Office of Management and Budget (OMB) did not approve the new compliance questions when the forms were issued in early December, 2015. As now noted on the example from Form 5500-EZ and in the form's instructions plan sponsors should skip these items entirely for the 2015 plan year.

The IRS and the DOL have decided not to require plan sponsors to complete the new lines on the following forms:

Form 5500
Preparer Information (page 1 bottom)

Form 5500-EZ
Lines 13a-16

Schedule H
Lines 4o-p, 6a-d

Schedule I
Lines 4o-p, 6a-d

Schedule R
New Part VII (Lines 20a-c, 21a-b, 22a-d, and 23)

Form 5500-SF
Preparer Information (page 1 bottom), Lines 10j, 14a-d, and New Part IX
(Lines 15a-c, 16a-b, 17a-d, 18, 19, and 20)

Excerpt from Form 5500-EZ Instructions

Line 13a. The IRS has decided not to require plan sponsors to complete this question for the 2015 plan year, and plan sponsors should skip this question when completing the form.

Line 13b. The IRS has decided not to require plan sponsors to complete this question for the 2015 plan year, and plan sponsors should skip this question when completing the form.

Line 13c. The IRS has decided not to require plan sponsors to complete this question for the 2015 plan year, and plan sponsors should skip this question when completing the form.

Line 13d. The IRS has decided not to require plan sponsors to complete this question for the 2015 plan year, and plan sponsors should skip this question when completing the form.

Line 14. The IRS has decided not to require plan sponsors to complete this question for the 2015 plan year, and plan sponsors should skip this question when completing the form.

Line 15. The IRS has decided not to require plan sponsors to complete this question for the 2015 plan year, and plan sponsors should skip this question when completing the form.

Line 16. The IRS has decided not to require plan sponsors to complete this question for the 2015 plan year, and plan sponsors should skip this question when completing the form.

Excerpt from Form 5500-EZ with instructions to skip question

13a Has the plan been timely amended for all required tax law changes? (skip this question) **13a**

b Date the last plan amendment/restatement for the required law changes was adopted (MM/DD/YYYY) ______________. (skip this question) Enter the applicable code ______________ (see instructions for tax law changes and codes). (skip this question)

c If the employer is an adopter of a pre-approved master and prototype (M&P), or volume submitter plan that is subject to a favorable IRS opinion or advisory letter, enter the date of that favorable letter (MM/DD/YYYY) ______________ and the letter's serial number ______________. (skip this question)

d If the plan is an individually-designed plan and received a favorable determination letter from the IRS, enter the date of the plan's last favorable determination letter (MM/DD/YYYY) ______________. (skip this question)

			Yes	No	N/A	
14	Were required minimum distributions made to 5% owners who have attained age 70½ (regardless of whether or not retired) as required under section 401(a)(9)? (skip this question)	**14**				
15	Did the plan trust incur unrelated business taxable income? (skip this question) If "Yes," enter amount	**15**				
16	Were in-service distributions made during the plan year? (skip this question) If "Yes," enter amount	**16**				

Inherited IRA Situation - Daughter Dies, Then Dad Dies, Then Mom Dies

Jane Martin was age 37 in 2012 when she died. At the time she had an IRA with ABC Bank with a balance of $70,000. Her IRA account balance was due to a 401(k) rollover made in 2008 plus she had made a number of annual contributions. She had designated her dad, Tom Doe, to receive 50% of her IRA and her mom, Karen Doe, to receive the other 50%. Tom's date of birth was June 10, 1944 and Karen Doe's date of birth was December 15, 1950.

ABC Bank established on its computer systems two inherited IRA as follows: "Tom Doe as beneficiary of Jane Martin's traditional IRA" and "Karen Doe as beneficiary of Jane Martin's traditional IRA.''

Tom designated his wife, Jane, to be the beneficiary of his inherited IRA ("Tom Doe as beneficiary of Jane Martin's traditional IRA") and she designated Tom to be the beneficiary of her inherited IRA ("Karen Doe as beneficiary of Jane Martin's traditional IRA").

With respect to Tom's inherited IRA, required distributions were made to him for 2013, 2014 and 2015. Tom recently died on March 13, 2016. He had not taken his 2016 RMD prior to his death.

Since he was age 69 in 2013, the initial divisor for the RMD calculation for his inherited IRA was 17.8 and the schedule to be used was:

2013	17.8
2014	16.8
2015	15.8
2016 Tom died	14.8
2017	13.8
2018	12.8

etc.

With respect to Karen's inherited IRA, required distributions were made to Karen for 2013, 2014 and 2015. Since she was age 63 in 2013, the initial divisor for the RMD calculation for her inherited IRA was 22.7 and the schedule to be used was:

2013	22.7
2014	21.7
2015	20.7
2016	19.7
2017	18.7
2018	17.7

etc.

With Tom's passing, Karen now has two inherited IRAs. The one she inherited from her daughter ("Karen Doe as beneficiary of Jane Martin's traditional IRA") and the one she inherited from Tom. Although we at CWF have some doubts, the IRS instructions are to title this inherited IRA, "Karen Doe as beneficiary of Tom Doe's IRA."

Technically, these two inherited IRAs are not like-kind IRAs for purposes of applying the RMD aggregation rule since the IRAs were inherited from different people.

What RMDs need to be distributed for 2016 to Karen? She needs to be paid Tom's RMD as calculated for her second inherited IRA as he had not taken it and she will need to take the RMD as calculated for her first inherited IRA ("Karen Doe as beneficiary of Jane Martin's traditional IRA"

What about the RMDs for 2017 and subsequent years?

The most conservative approach for Karen is to continue to maintain two separate inherited IRAs and to take two required distributions. She would wish to designate a "new" beneficiary for each inherited IRA. As Jane had a brother, Mark Doe, Karen now designates Mark to be the beneficiary of these two inherited IRAs.

From a practical standpoint, Karen may wish to maintain only one inherited IRA. She would combine the two inherited IRAs since both had originated from her daughter's IRA. The title should be, "Karen Doe as beneficiary of Tom Doe's IRA." The use of only one of the RMD schedules (the one requiring the larger distribution) would mean she would be withdrawing more than her true RMD amounts, but she may find maintaining only one inherited IRA worthwhile.

Upon Karen's death, the new inherited IRA would be titled, "Mark Doe as beneficiary of Karen Doe's inherited IRA." Mark would continue use the divisor schedule being used by Karen. Current rules require the RMD divisor schedule applying to the "first" beneficiary will apply to all subsequent beneficiaries. There is no recalculation for any subsequent beneficiary.

Protect Against Fraudulent Rollover or Transfer Contributions

A financial institution acting as an IRA custodian wants to have procedures in place restricting an IRA accountholders right to withdraw IRA funds if he or she has opened a new IRA by either making a rollover contribution or a transfer contribution. The check must clear or be settled before the IRA accountholder is allowed to take a distribution, including a distribution paid when a person revokes his or her IRA.

Fraudulent transactions are occurring with respect to purported rollover contributions. For example, an individual makes a rollover contribution of $30,000 on Monday by endorsing a check issued by a nonexistent company either to the individual or the financial institution. On Thursday, the individual comes into the financial institution and withdraws the $20,000. The individual sometimes will instruct to have 10% or 20% of federal income tax withheld from the IRA which revokes/closes the IRA. For purposes of this article, we will assume the individual instructed to have 15% withheld ($30,000 x 15%) or $4,500. Some time the following week, it is determined the rollover check was fraudulent.

The IRS has issued little guidance as to how the IRA custodian is to report the fraudulent IRA contribution of $30,000 and the related distributions and the interplay between the revocation rule and the Truth in Savings Rules.

The contribution is not to be reported as a rollover contribution on the Form 5498 since there was no distribution from a qualifying pension plan or IRA. The contribution of $30,000 would need to be reported in box 1 of the Form 5498. This contribution is an excess contribution, but the withdrawal does serve to correct the excess contribution.

The IRA custodian remitted the $4,500 of withholding to the IRS soon after the individual took the $30,000 distribution. Although we could not get an IRS representative to confirm it, the IRA custodian should be able to get its $4,500 returned by off-setting its $4,500 payment against a future tax withholding payment. Withholding only applies to a distribution if it is subject to being taxed; this distribution is not, since it was the withdrawal of an excess contribution.

IRS Needs to Update Form 5305-R and Form 5305-RA

The governing rule for IRA and pension plans is that administrators, trustees and individuals must act in accordance with the provisions set forth in the plan agreement.

CWF has been asked why we had not updated various dollar amounts set forth in CWF's Roth IRA plan agreement. The reason is – the first part of CWF's

Roth IRA form is a reprinting of the IRS Model Form 5305-RA and the second portion is written by CWF. The CWF portion does set forth limits applying to 2015 and 2016.

The IRS last amended its Roth IRA plan agreement forms in February of 2002. These forms drastically need to be revised or updated by the IRS. One wonders when the IRS will decide to update them. The information set forth in Article II is very out-of-date. It does not comply with existing law. The conversion rules no longer apply as they were repealed effective January 1, 2010. The AGI limits haves increased substantially due to the annual cost of living adjustments. The IRS language does not discuss the limits applying to those individuals who file as a qualifying widower, head of household, or married filing separately when the spouses did not live with each other at any time during the year.

Article II of the 2002 version is set forth below:

Article II

1. The annual contribution limit described in Article I is gradually reduced to $0 for higher income limits. For a single depositor, the annual contribution is phased out between adjusted gross income (AGI) of $95,000 and $110,000; for a married depositor filing jointly, between adjusted gross income (AGI) of $150,000 and $160,000; and for a married depositor filing separately between $0 and $10,000.

In the case of a conversion, the custodian will not accept IRA Conversion Contributions in a tax year if the depositor's AGI for the tax year the funds were distributed from the other IRA exceeds $100,00 of if the depositor is married and files a separate return. Adjusted gross income is defined in section 408A(c)(3) and does not include IRA Conversion Contributions.

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2. In the case of a.joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the depositor and his or her spouse.

The 2016 AGI income limits have increased due to the cost of living adjustments to be:

	2002	2016
Single	$95,000-$110,000	$117,000-$132,000
Married Filing Jointly	$150,000-$160,000	$184,000-$194,000
Married Filing Separately	$0-$10,000	$0-$10,000

In summary, it has been 14 years since the IRS updated Form 5305-R and other IRA plan agreement forms. The IRS needs to issue a new version of the Roth IRA plan agreement forms as soon as possible. The 2002 version is in noncompliance with the law. One can only wonder why the IRS has concluded that the Roth IRA plan agreement forms do not need to updated.

IRS Biased
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Article V

1. If the depositor dies before his or her entire interest is distributed to him or her and the depositor's surviving spouse is not the designated beneficiary, the remaining interest will be distributed in accordance with (a) below or, if elected or there is no designated beneficiary, in accordance with (b) below:
   (a) The remaining interest will be distributed, starting by the end of the calendar year following the year of the depositor's death, over the designated beneficiary's remaining life expectancy as determined in the year following the death of the depositor.
   (b) The remaining interest will be distributed by the end of the calendar year containing the fifth anniversary of the depositor's death.

The IRS in Publication 590-B (Distributions from IRAs), page 36, gives murky guidance discussing distributions after the Roth IRA owner's death. "Generally, the entire interest in the Roth IRA must be distributed by the end of the fifth calendar after the year of the owner's death unless the interest is payable to a designated beneficiary over the life or life expectancy of the designated beneficiary." The IRS could and should be informing a Roth IRA beneficiary that if he or she elects to use the 5-year rule that one loses the right to earn tax-free income and therefore most beneficiaries should use the life distribution rule.

In recent years the IRS has adopted rules and procedures to be more fair and transparent. At times the IRS has a great conflict of interest and should make this known. The IRS should revise its discussion of inherited Roth IRAs to not try to induce a beneficiary to use the 5-year rule.

Joint Revocable Trusts and IRAs May be a Tax Trap For the Unknowing

Jane and Mark are both age 63. In 2014 their attorney had written a joint revocable trust for them. Upon the death of the second spouse, the trust becomes irrevocable.

Both Jane and Mark have had their own traditional IRAs since 1983. Before this trust had been written, each had designated the other as his/her sole primary IRA beneficiary. In 2014 each had come into the IRA custodian and had changed the designated beneficiary of their IRA to be the joint revocable trust.

Jane died on February 10, 2016. Jane's IRA had a balance of $78,000 on February 10, 2016. Mark's IRA had a balance of $46,000.

Is there a tax trap? Yes. The beneficiary of Jane's IRA is no longer Mark, her spouse, rather it is the joint revocable trust. The beneficiary RMD rules require the five year rule to be used when the designated beneficiary is not a living person and she dies before required beginning date. This means the $78,000 must be distributed to the trust by December 31, 2021. This is a tax trap. Mark is no longer the beneficiary of her IRA. He may be a beneficiary of the revocable trust, but he is no longer the IRA beneficiary and he does not have the right to elect to treat her IRA as his own. Nor, does he have the right to take a distribution and then rollover such funds into his own traditional IRA.

A qualified trust for beneficiary RMD rule purposes is allowed to use the life distribution rule and the distributions may be paid out to the qualified trust using the age (life expectancy) of the oldest beneficiary of such trust as long as all beneficiaries are living individuals. <u>However, one the rules which must be met to have a qualified trust is that the trust must be irrevocable after the IRA accountholder has died</u>. Since Mark is still alive, the joint trust is not a qualified trust as it is still revocable.

It is okay for a married couple to establish a joint revocable trust, but what they generally don't want to do is designate this trust as the beneficiary of their respective IRAs. It is best that an individual designates directly his or her spouse. A tax trap will catch a married couple with a joint revocable trust if they each designate the trust to be the beneficiary of their IRAs.

How to Administer an Inherited IRA When the Beneficiary is a Trust

When a trust is the inheriting beneficiary, an IRA custodian will use the following titling for Form 5498 purposes - The Jane Doe trust as beneficiary of Jane Doe's IRA." Distribution checks will be furnished to the trustee of the trust. Each year the trustee will need to be paid the RMD amount for such greater amount. If not, the 50% tax will be owed. The Form 1099-R will list the trust (and its EIN) as the recipient.

The general RMD rule is that the life distribution rule can be used only if the beneficiary is a living person. This means that if the IRA accountholder died before his or her required beginning date (April 1 after the 70½ year) and he or she had designated a non-person beneficiary, then the 5-year rule will apply for satisfying the RMD rules. And if the IRA owner died after his or her required beginning date, then the life distribution rule as based on the age of the decedent in the year of death must be used to calculate the RMD for all years after the year of death.

A qualifying trust is an exception to the general rule. Rather than using the RMD rules discussed, the payout period for RMD purposes will be based on the age of the oldest beneficiary of the "qualifying" trust. For example, the Jane Doe trust has three beneficiaries: Mark (age 46), Helen (age 43) and Mary (age 41) in 2013 with the Jane Doe dying in 2012. The 2013 RMD calculation will use the age of Mark. The divisor will be 37.9 for 2013, it will be 36.9 for 2014, 35.9 for 2015, etc. The trustee should complete CWF forms #57 and #204 as any other beneficiary would. And possibly a new inherited IRA plan agreement.

The IRA custodian or trustee has the duty to determine that the trust meets the requirements set forth below and that the oldest trust beneficiary trust may be used to determine the distribution period for RMD calculation purposes. The IRA custodian or trustee may ask the attorney of the trust to furnish a legal opinion stating that the trust is a qualified trust for RMD purposes.

A qualifying trust is one which meets the following requirements:

1. The trust is a valid trust under state law, or would be but for the fact that there is no corpus.
2. The trust is irrevocable or will, by its terms, become irrevocable upon the death of the IRA accountholder. Since the accountholder is deceased, the trust must be irrevocable for this exception to apply to the beneficiary.
3. The beneficiaries of the trust who are beneficiaries with respect to the IRA are identifiable from the trust instrument.
4. The required documentation has been provided to the IRA custodian or trustee. The documentation to be provided depends upon whether the required distributions are occurring before the IRA accountholder has died or after the accountholder has died.

There are also two ways to meet the documentation requirements when an RMD must be paid to a trust beneficiary after the accountholder has died. This requirement must be met by October 31 of the year after the year the accountholder has died.

1. The trustee of the trust provides the IRA custodian/trustee with a copy of the trust instrument for the trust that is the designated IRA beneficiary as of the IRA accountholder's date of birth.
2. The trustee of the trust provides the IRA custodian/trustee with the following:
   a. A final list of all the beneficiaries of the trust as of September 30 of the year following the year of the accountholder's death. This list must include all contingent and remainder main beneficiaries with a description of the conditions of their entitlement.
   b. A certification that the list is correct and complete and that the first three trust requirements discussed above have been met:
   c. An acknowledgment that he or she will provide a copy of the trust instrument when requested by the IRA custodian/trustee

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Is a Trust Able to Pass-Through Inherited IRA Funds to the Trust's Beneficiary(ies)?

This is a "be careful" situation for a financial institution. The institution will wish to discuss this subject with its legal counsel so that policies and procedures may be adopted by bank management.

Set forth below is our recent discussion of this topic for a financial institution.

ABC Bank has acquired another financial institution during 2015. ABC Bank will be doing the 2015 IRS reporting for the entire year, including IRA transactions prior to the acquisition.

An IRA owner died earlier during 2015. The IRA owner had designated his or her trust as the IRA beneficiary. Pursuant to the trustee's instruction or that of the legal adviser, this financial institution had distributed funds to one of the trust beneficiaries rather than the trust itself.

You are confronted with the situation, may ABC Bank, as the IRA custodian, prepare the 2015 Form 1099-R using the name of the trust beneficiary?

If ABC Bank's standard IRA beneficiary policies would have been used, a distribution would not have been made to the trust beneficiary as he or she was not the designated IRA beneficiary. The trust had been designated as the IRA beneficiary.

It is permissible for ABC Bank to prepare the 2015 Form 1099-R in the name of the trust beneficiary. The law is unclear on this issue. The IRS needs to more concise than it has.

I expect the attorney assisting the trust will be willing to furnish ABC Bank with an opinion letter stating that under federal law and state law that it was permissible for the IRA custodian to make a distribution to the trust beneficiary and to report it on the 2015 Form 1099-R.

ABC Bank, IRA custodian, has followed the administrative approach that distributions will only be made to the designated beneficiary; the designated IRA beneficiary was the trust and not the beneficiaries of the trust.

Research information was sent discussing the topic of transferring a retirement plan out of a trust or estate. The author of the book does a good job of discussing the issues. The author believes it is permissible for a trust to pass through to its beneficiary(ies) an inherited IRA so that an immediate distribution (and taxable) to the trust is not required.

However, no legal authority is cited for the statement, "When a trust terminates, the trustee can transfer, intact, to the residuary beneficiaries of the trust, any IRA or other retirement plan then held by the trust." The statement is made that in a number of IRS PLRs "take it for granted that the benefits can be transferred out of an estate or trust...". Note that the IRS has chosen to not expressly discuss whether or not state law authorizes such a transfer. The author also acknowledges PLR articles cannot be cited as authority.

It would be best that a trust expressly discusses this transfer subject. If the trust expressly states that the trustee has the authority to pass-through inherited IRA funds to the beneficiaries of the trust, then I believe the inherited IRA funds may be passed-through.

However, often a trust does not contain any provisions as to how the inherited IRA funds are to be administered by the trustee. That is, the trust is silent on whether on not an inherited IRA may be passed-through so that the inherited IRA now uses the name of the trust beneficiary rather than the name of the trust.

The most conservative approach for a financial institution is to follow the approach being presently used by ABC Bank – distribute funds only to the trust since it is the designated beneficiary. ABC Bank is willing to transfer such inherited IRAs to another IRA custodian assuming the appropriate transfer form is completed and returned.

Three other approaches are used by IRA custodians. One requires a PLR be received from the IRS authorizing the transfer . The second allows a transfer if an attorney will furnish a legal opinion stating that such a transfer is authorized by federal and state law, and that the individual/attorney agrees to hold the IRA custodian harmless if the IRS would conclude otherwise. If the trust does not expressly authorize the transfer of an inherited IRA, the IRS may choose to argue that such a transfer is not authorized by state law and that there is a taxable distribution and an excess contribution will have been made to the inherited IRA.

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Trust,
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The last approach is to allow the transfer upon receiving a written instruction from the trustee even though there is no legal opinion.

We at CWF believe an institution may rely on an attorney's opinion that concludes an IRA custodian is authorized under federal and state law to set up an inherited IRA for each trust beneficiary. However, there is some risk to this approach.

As mentioned above, the IRS should issue additional guidance on this issue.

Understanding the IRS Reporting for Withdrawing "Old" Excess Roth IRA Contributions

We have had three IRA custodians with the same Roth IRA situation. In March of 2014, Sara Taxpayer had contributed $5500 to her Roth IRA for 2013 and also $5500 for 2014. Her tax accountant has informed Sara in March of 2016 that she must withdraw these two contributions as her high income made her ineligible. Her contributions were excess contributions and she owes the 6% excise tax for 2013 ($5500 x 6% or $330), 2014 ($11,000 x 6% or $660) and 2015 ($11,000 x 6% or $660). She will not owe the 6% excise tax for 2016 as long as the excesses are withdrawn by December 31, 2016.

The IRS instructions do <u>not</u> discuss the tax reporting of the withdrawal of an excess Roth IRA contribution <u>after</u> the taxpayer's due date. Hopefully, the IRS will issue some guidance and we have asked the IRS to do so.

Until the IRS issues additional guidance, we suggest reporting it as you would any other standard Roth IRA distribution. You would report the gross amount in box 1, leave box 2a black, check box 2b taxable amount not determined and you would insert Code Q, T or J in box 7 and you would not check the IRA/SEP/SIMPLE box.

Since the individual is only withdrawing his or her own contributions no amount should be taxable.

The general tax rule is that an excess IRA contribution withdrawn before the due date requires that the related income be withdrawn. The income is taxable for the year the contribution was made. The withdrawal of an excess contribution after the due date does not require the withdrawal of any income. A contribution made in 2013 but withdrawn in 2014 before the due date will use a reason code P and a contribution made in 2014 and withdrawn in 2014 before the due date will use a reason code 8.

The IRS instructions for Forms 1099-R and 5498 do not address the situation where a person is withdrawing an excess Roth IRA contribution AFTER the due date of that year's tax return. The IRS instructions do have a very brief discussion of withdrawing an excess traditional IRA contribution after the due date. For a distribution of excess contributions without earnings after the due date of the individual's tax return under section 408(d)(5), leave box 2a blank, and check the "taxable amount not determined box in box 2b. Use Code 1 or 7 in box 7 depending on the age of the participant."

The IRS should furnish guidance as to how to report the withdrawal of an excess Roth IRA contribution after the due date of a particular year's tax return Presently, the IRS has not furnished such guidance. We suggest the IRS create a new code for this special type of distribution.

A Person's 2015 Tax Filing Deadline Is Either April 18, 2016 or April 19, 2016

April 15, 2016 is a Friday. For the reasons discussed below, April 15th is NOT the filing deadline or the last day to make IRA contributions for tax year 2015.

Residents of Massachusetts and Maine have until April 19th, 2016 (a Tuesday) to file their 2015 federal income tax returns and make their 2015 IRA contributions. Residents of the other 48 dates have until Monday, April 18, 2016.

Refer to the June 2015 issue of *The Pension Digest* for the complete article discussing the 2015 tax filing deadline(s).