

# Roth IRAs

## Session #2 Distributions

8:30am CST or 12:30pm CST



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## The Roth IRA Life Span

Contributions  
Non-  
Deductible



Custodial or  
Trust  
Account  
Earnings  
within  
Account are  
not Taxed



Conversions  
Rollovers  
Transfers  
Recharacterizations  
Postponed  
Repayments

## Distributions

1. **Contributions** are basis and are not taxable when withdrawn
2. **Distributions**  
Income earned will be tax-free or taxable
3. **Accountholder - Permissive**  
Before Age 59½  
Age 59½ to 73 and older
4. **Beneficiaries – Mandatory and Permissive**  
Original  
Subsequent
5. In general, the accountholder or beneficiary will not include the distribution in income and pay tax.

## **Taxation of Distributions for the Roth IRA**

The primary benefit and the most attractive feature of the Roth IRA occurs at the time distributions are made from the account. If certain distribution rules for the Roth IRA are complied with, there will be no income tax owed at the time of distribution. This means that all the earnings and growth experienced by the account is distributed tax-free. The following sections will explore the distribution requirements with which an accountholder must comply in order to receive the distribution free of taxes, what happens if the rules are not complied with, and look at the potential reporting requirements.

All states have not treated Roth IRAs the same. It is the responsibility of the accountholder and the IRA custodian/trustee to deal with the state tax and reporting issues.

## **Qualified Distributions**

A distribution from a Roth IRA will not be subject to Federal income tax if it is a "qualified distribution." A "qualified distribution" is one that occurs after a specified period of time and for a specified reason.

# Tax Benefits of a Roth IRA

- Compounding Growth is faster since no current taxation of earnings and possible earnings will not be taxed.
- No tax deduction for the contribution.
- Tax credit (*in some cases*).
- Tax Free Qualified distributions (*if certain rules met*).
  - Example: Commencing in 2018, Jane Doe contributes \$5,000 per year for 10 years. These contributions are made when she is age 50-59. She never takes a distribution. She dies at age 80. The Roth IRA had a balance of \$130,000. The \$80,000 of earnings when distributed from her Roth IRA (*i.e. an inherited Roth IRA*) are never taxed nor will any of the earnings realized by the inherited Roth IRA by her beneficiary(*ies*) after her death be taxed. Her beneficiary must take required distributions by using the 10 year rule unless the beneficiary is an EDB or another rule applies.

# Basics of Taxation of Roth Distributions

## **Taxation of Distributions for the Roth IRA**

The primary benefit and the most attractive feature of the Roth IRA occurs at the time distributions are made from the account. If certain distribution rules for the Roth IRA are complied with, there will be no income tax owed at the time of distribution. This means that all the earnings and growth experienced by the account is distributed tax free. The following sections will explore the distribution requirements with which an accountholder must comply in order to receive the distribution free of taxes, what happens if the rules are not complied with, and look at the potential reporting requirements.

All states have not treated Roth IRAs the same. It is the responsibility of the accountholder and the IRA custodian/trustee to deal with the state tax and reporting issues.

## **Qualified Distributions**

A distribution from a Roth IRA will not be subject to Federal income tax if it is a "qualified distribution." A "qualified distribution" is one that occurs after a specified period of time and for a specified reason.

# Roth IRAs - Distributions

## The 5-Year Rule

**Period of Time** — Since the technical corrections bill of 1998, there no longer is a five-year period for annual contributions and another five-year period for conversion contributions for taxation purposes. There is now just one five-year period. The five-year period begins on the first day of the person's taxable year for which the first regular/annual contribution is made to any Roth IRA or, if earlier, the first day of the person's taxable year in which the first conversion contribution is made to any Roth IRA of that person. Because of the five-year requirement, there could not have been a qualified distribution from any Roth IRA until 2003.

**Exception:** The five-year period started by the deceased Roth accountholder will apply to the beneficiary who inherited some or all of the account.

Even if the entire account balance in a Roth IRA is distributed, the 5-taxable-year period does not start over for any subsequent contributions. The three situations where this rule does not apply, are:

- A. If an initial Roth IRA contribution is made and subsequently revoked within 7 days.
- B. If an initial Roth IRA contribution is recharacterized, the initial contribution does not start the 5-year period.
- C. An excess contribution that is distributed in accordance with section 408(d)(4) does not start the 5-year period.



# Roth IRAs - Distributions

**Qualifying Distribution Reasons** — The first requirement that must be met for a distribution to be a “qualified distribution” is that the 5-year rule be met. The second requirement is that the distribution be made for one of the four qualifying reasons. The “reasons” for a distribution that will result in a “qualified distribution” are listed here:

- A. The accountholder has attained age 59½. (The day they attain age 59½, not the year).
- B. The accountholder has died and the distribution(s) is being made to a beneficiary(*ies*).
- C. The accountholder has become permanently and totally disabled per IRC 72(m)(7).
- D. The accountholder takes a “qualified special purpose” distribution.

**What is a “qualified special purpose” distribution?** The only qualified special purpose distribution for the Roth IRA is the same first-time homebuyer exception we have for traditional IRAs, where the distribution is used to pay the qualified acquisition costs of the principal residence of the first-time homebuyer. Note that for the Roth IRAs, a distribution for education expenses is not a qualified distribution.

What is a qualified distribution for purposes of preparing Form 1099-R versus what is a qualified distribution when a person prepares their tax return?

# Roth IRAs – Reporting of Distributions

## Taxation of Distributions for the Roth IRA

- |                  |                  |
|------------------|------------------|
| 1. Qualified     | Code Q           |
| 2. Not Qualified | Code T or Code J |

A qualified Roth IRA is always tax free.

A non-qualified Roth IRA distribution may be tax free, it may be taxable or it may be both.

If the distribution is non-qualified and earnings are distributed, then the earnings will be taxable.

If the distribution is non-qualified and only basis/contributions are distributed, then the distribution is not taxable.

If the distribution is non-qualified and both basis and earnings are distributed, then the basis portion is not taxed but the earnings portion will be taxed.

# Roth IRAs - Distributions

## IRS Form 1099-R

9898		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.				1 Gross distribution		<div>2024</div> <div>Form 1099-R</div>	
				\$ 15000.00			
				2a Taxable amount			
				\$ Leave Blank			
				2b Taxable amount not determined <input checked="" type="checkbox"/>		Total distribution <input type="checkbox"/>	
PAYER'S TIN		RECIPIENT'S TIN		3 Capital gain (included in box 2a)		4 Federal income tax withheld	
				\$		\$	
RECIPIENT'S name				5 Employee contributions/ Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities	
				\$		\$	
Street address (including apt. no.)				7 Distribution code(s)		8 Other	
				Q/T/J		\$ %	
City or town, state or province, country, and ZIP or foreign postal code				9a Your percentage of total distribution %		9b Total employee contributions \$	
10 Amount allocable to IRR within 5 years		11 1st year of desig. Roth contrib.		12 FATCA filing requirement <input type="checkbox"/>		13 Date of payment	
\$							
Account number (see instructions)				14 State tax withheld		15 State/Payer's state no.	
				\$		\$	
				\$		\$	
				17 Local tax withheld		18 Name of locality	
				\$		\$	
				\$		\$	
						19 Local distribution	
						\$	
						\$	

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# Basics of Roth IRA - Distributions

## Order for Distributions—Determines Tax Consequences

For taxation purposes, a person is considered to have only one Roth IRA even though he or she may actually have many Roth IRAs arising from annual Roth IRA contributions and from conversions in multiple years, at multiple financial institutions. All Roth IRAs must be aggregated to create one deemed Roth IRA.

A distribution from a Roth IRA can be comprised of one or more of the following: annual contributions, conversion contributions and/or earnings. The sequence of distributions for taxation purposes will be:

- A. Regular/annual contributions are distributed first, including any rollover of a Roth IRA containing regular Roth contributions.
- B. Conversion contributions from a traditional IRA are distributed second, starting with the amounts first converted. A distribution allocable to a particular conversion contribution is treated as consisting first of the portion (*if any*) of the conversion contribution that was includable in gross income by reason of the conversion. All conversion contributions received during the same taxable year by all the individual's Roth IRAs are aggregated (*with a special rule for a conversion contribution made by distribution during 1998 and rolled over during 1999, to which the 4-year spread applies.*)

No adverse consequences when one withdraws own contributions. One exception.

# Basics of Roth IRA - Distributions

## Order for Distributions—Determines Tax Consequences *(Continued)*

A. Earnings on any of the above are distributed last.

The order is determined as of the end of the taxable year, and each category must be exhausted before the next is used.

**Rules:** To aid in administering this ordering, the IRS has created the following rules.

1. All distributions from all of an individual's Roth IRAs made during a taxable year are aggregated. There are two exceptions:
  - First, a distribution which is rolled over to another Roth IRA is disregarded.
  - Second, a distribution of an excess contribution along with the net income is disregarded.
2. All regular/annual contributions made for the same taxable year to all of the individual's Roth IRAs are aggregated and added to the undistributed total of regular/annual contributions for prior years. Note that there are two exceptions.
  - First, a rollover contribution from another Roth IRA is disregarded.
  - Second, the making of an excess contribution is disregarded if it is corrected in accordance with the rules.

There is also a special rule arising from the recharacterization rules. If an individual recharacterizes a contribution made to a traditional IRA by transferring it to a Roth IRA, the contribution to the Roth IRA is taken into account. It is treated as contributed to the Roth IRA on the same date and for the same taxable year that the contribution was made to the traditional IRA.

# Basics of Roth IRA - Distributions

## **Order for Distributions—Determines Tax Consequences** *(Continued)*

3. All conversion contributions received during the same tax year by all of the individual's Roth IRAs are aggregated. Thus, if there are two conversion contributions in 1998 and three in 1999, then the two 1998 conversion contributions will be aggregated, as will the 1999 conversion contributions. However, there is a special rule. The conversion contributions received in 1999 must be segregated into two types. Type one is comprised of those Roth conversion contributions withdrawn in 1998 but re-contributed in 1999, and with respect to which the 4-year spread method was selected. Type two is comprised of all other Roth conversions contributed in 1999.

There are three special rules. First, a rollover contribution from another Roth IRA is disregarded. Second, the making of an excess contribution is disregarded if it is corrected in accordance with the rules.

There is also a special rule arising from the recharacterization rules. If an individual recharacterizes a regular or conversion contribution made to a Roth IRA by transferring it to a traditional IRA, then the original contribution to the Roth IRA and the recharacterizing transfer are disregarded in determining the amount of both contributions and distributions for the Roth IRA.

# Basics of Roth IRA - Distributions

## Order for Distributions—Determines Tax Consequences *(Continued)*

Earnings.

Earnings are distributed once all annual and conversion contributions have been withdrawn.

All Roth IRAs are aggregated when determining if the distribution is taxable or not.

4. The 10% additional tax of Code section 72(t) applies to that portion of a distribution from a Roth IRA that is includable in gross income unless an exception applies.

**NOTE:** *While the dates and timing of annual contributions, conversions, recharacterizations and reconversions are critical for the IRA accountholder's subsequent taxation of Roth distributions, there is no IRS special reporting requirement placed on the Roth IRA custodian/trustee to keep track of these dates, beyond the normal IRA reporting procedures. Responsibility for keeping track of these dates is clearly placed on the shoulders of the IRA accountholder/taxpayer.*

# Basics of Roth IRA - Distributions

## Withdrawing Basis from a Roth IRA *(continued)*

What is the order or source of distributions from a Roth IRA for taxation purposes? Annual contributions come out first. Once they are totally distributed, then conversion contributions come out second. The oldest conversion contributions come out first. Once all of the conversion contributions have been distributed, then the earnings of the account are distributed. The distribution of these earnings is not taxable (*included in income*) if it is a “qualified distribution.” The distribution of these earnings is taxable if it does not qualify as “qualified distribution,” and it will be subject to the 10% additional tax unless one of the exceptions (e.g. 59½, disability, substantially equal periodic payment, education, etc.) would apply.

**Example #1.** Rita Pajak, age 29, contributed \$2,000 to her Roth IRA for 2018 and 2019. She contributed \$3,000 for 2020 and 2021. She established her Roth IRA with the intent of some day using it for some or all of her down payment on a house. The December 31 balance of her Roth IRA has been as follows. She withdraws \$1900.in 2023.

		Contributions	Withdrawn
December 31, 2018	\$2,120	\$2,000	
December 31, 2019	\$4,300	\$2,000	
December 31, 2020	\$6,500	\$3,000	
December 31, 2021	\$9,750	\$3,000	
December 31, 2022	\$10,800	0	
December 31, 2023	\$8,900		\$1900(basis)



No RMD is required while the Roth IRA accountholder is alive.

When is a person required to start withdrawing money from his/ her Roth IRA ?

A Roth IRA Accountholder is **not** required to make withdrawal of a minimum amount by April 1 of the year following the calendar year in which he or she will reach age 73, and by each December 31 thereafter.

An inheriting Roth IRA beneficiary will be required to take RMDs from the inherited IRA. He or she will generally have to comply with the 10-year rule. However, some beneficiaries qualify as an Eligible Designated Beneficiary (EDB) and are able to use the life distribution rule or the 10-year rule.

## Roth IRA Withdrawals

To Roth IRA Owner - *Always Permissive*

To Roth IRA Beneficiary(ies) *Mandatory & Permissive*

### The IRA Custodian/Trustee – Duties

- Offer the Deposit Instrument and/or other investments

- Administer the Roth IRA – Distributions and Form 1099-R

- IRS Reporting Entity

- FMV Statement

- Form 5498

## **Distribution Documentation**

As with traditional IRAs, distribution documentation is necessary whenever a withdrawal is made from a Roth IRA. Distributions should be documented with a form that details the amount of the distribution, the “reason code” for the distribution, and the date it is made.

## **Withholding and Roth IRAs**

The withholding rules of Code section 3405 generally do not apply to distributions from Roth IRAs. The withholding rules do apply to a conversion from a traditional IRA to a Roth IRA.

# Roth IRAs

## Session # 2 - Distributions

CWF # 57R

## Roth IRA Distribution Form

### Roth IRA Distribution Form

#### Custodian/Trustee (Payer)

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Attn: \_\_\_\_\_

#### Accountholder (Payee)

Name \_\_\_\_\_  
SSN \_\_\_\_\_ IRA Acct #: \_\_\_\_\_  
Status of Payee ☐ U.S. Citizen ☐ Resident Alien

#### Beneficiary (Other Payee) (Complete only if the distribution is made to the beneficiary. Use separate form for each beneficiary.)

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
SSN \_\_\_\_\_ or TIN: \_\_\_\_\_  
Status of Payee ☐ U.S. Citizen ☐ Resident Alien

**Special Notice.** The general rule is that the Roth IRA custodian will indicate the amount of the gross distribution(s) from a Roth IRA in box 1 of the Form 1099-R, but will leave box 2a (taxable amount) blank. It is the responsibility of the recipient to explain whether the distribution is nontaxable (return of basis) or is taxable. An exception applies for the withdrawal of an excess contribution. Box 2a will be completed to show the income earned by the excess contribution. An exception also applies for a recharacterized contribution. In such case, box 2a will be completed with a "0.00."

#### Financial Information

Date of Distribution: \_\_\_\_\_  
Type of Distribution:  
☐ Nonperiodic or  
☐ Periodic (I hereby instruct you to pay my Roth IRA account balance to me as follows): \_\_\_\_\_

I understand my election may be changed.

#### Method of Payment:

☐ Issue check to me.  
☐ Deposit to my checking acct #: \_\_\_\_\_  
☐ Deposit to my savings acct #: \_\_\_\_\_  
☐ Other \_\_\_\_\_

		Investment Account #	Investment Account #
Amount Requested	(+)	_____	_____
Earnings Not Yet Reported to DP	(+)	_____	_____
Early Withdrawal Fee	(-)	_____	_____
Other Fee	(-)	_____	_____
Net Amount Received or Transferred	(=)	_____	_____

#### Classification and Reason for Withdrawal/Distribution

##### Types of Distributions (Check applicable box)

##### I. A Transfer

- ☐ A. Transfer to Other Custodian/Trustee (Name): \_\_\_\_\_
- ☐ B. Transfer to the Roth IRA of the Accountholder's Spouse Due to Divorce/Legal Separation
- ☐ C. Transfer to the Roth IRA of Accountholder's Spouse Due to Election to Treat as Own
- ☐ D. Transfer to Inherited Roth IRA of Beneficiary

##### II. Qualified

- ☐ Q. Based upon when the accountholder established the Roth IRA with the Custodian, the Custodian knows that the 5-year rule has been met by either the accountholder and/or the inheriting beneficiary, if applicable, and that this distribution is on account of the accountholder:  
☐ having attained age 59½ or older;  
☐ being disabled; or  
☐ having died.

##### III. Nonqualified

- ☐ T. A nonqualified distribution, but an exception applies. Use Code T for a distribution from a Roth IRA if you do not know if the 5-year holding period has been met but:
- The participant has reached 59½, or
  - The participant died, or
  - The participant is disabled.

**Note:** If any other code, such as 8 or P, applies, use Code J.

- ☐ J. A nonqualified distribution before age 59½ and no known exception or on account of a first-time home purchase. Use Code J for a distribution from a Roth IRA when Code Q or Code T does not apply.
- ☐ J8. Withdrawal of a current-year/excess contribution made in the same year as the year of withdrawal.
- ☐ JP. Withdrawal of a current-year/excess contribution in the year after the year it was contributed.  
On \_\_\_\_\_ I made a contribution of \$ \_\_\_\_\_. I now elect to withdraw the indicated portion and the earnings attributable are:  
\$ \_\_\_\_\_. (To be completed for both J8 and JP)  
*Note – income is taxable in the year the contribution is made.*

##### IV. A Recharacterization (See explanation of Distributions Codes "N" and "R" on page 2 of this form.)

Amount recharacterized: \_\_\_\_\_  
Interest: \_\_\_\_\_  
Total Distribution: \_\_\_\_\_

- ☐ N. See description on reverse side.  
☐ R. See description on reverse side.

##### V. Special Distributions

- ☐ 2. Before Age 59 1/2 but an Exception Applies (check one)
- ☐ Disaster Distribution
  - ☐ IRS Levy
  - ☐ Substantially Equal Schedule (certification to be furnished)

- ☐ 5. Prohibited Transaction

Certification – I certify the classification and reason for my distribution by checking the appropriate box above which best describes the reason for this withdrawal. I expressly assume full responsibility for this distribution as evidenced by my signature below. I acknowledge that I have read the information as set forth on the reverse side discussing Rollover Rules.

Signature of Recipient/Payee \_\_\_\_\_

Date \_\_\_\_\_

Custodian/Trustee (Payer) \_\_\_\_\_

Date \_\_\_\_\_

Roth IRAs  
Session # 2 - Distributions

CWF # 57RW

Roth IRA  
Distribution Form

Withholding  
section

Substitute  
FORM W-4R  
Department of the Treasury (IRS)

Distribution to Roth IRA Owner

OMB NO. 1545-0074

Custodian/Trustee (Payer)

Name \_\_\_\_\_

Address \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

City \_\_\_\_\_

Attn: \_\_\_\_\_

Accountholder (Payee)

Name \_\_\_\_\_

SSN \_\_\_\_\_ IRA Acct #: \_\_\_\_\_

Status of Payee ☐ U.S. Citizen ☐ Resident Alien

Beneficiary (Other Payee) (Complete only if the distribution is made to the beneficiary. Use separate form for each beneficiary.)

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

SSN \_\_\_\_\_ or TIN: \_\_\_\_\_

Status of Payee ☐ U.S. Citizen ☐ Resident Alien

Financial Information

Date of Distribution: \_\_\_\_\_

Type of Distribution:

☐ Nonperiodic or

☐ Periodic (I hereby instruct you to pay my Roth IRA account balance to me as follows):

I understand my instruction may be changed.

Method of Payment:

☐ Issue check to me.

☐ Deposit to my checking acct #: \_\_\_\_\_

☐ Deposit to my savings acct #: \_\_\_\_\_

☐ Other \_\_\_\_\_

Amount Requested (+) \_\_\_\_\_

Earnings Not Yet Reported to DP (+) \_\_\_\_\_

Early Withdrawal Fee (-) \_\_\_\_\_

Other Fee (-) \_\_\_\_\_

Net Amount Received or Transferred (=) \_\_\_\_\_

Investment Account # \_\_\_\_\_

Investment Account # \_\_\_\_\_

Classification and Reason for Withdrawal/Distribution

Types of Distributions (Check applicable box)

I. **Qualified**

☐ Q. I originally established my Roth IRA with your institution; therefore, you know the 5-year requirement has been met and the distribution is on account of:

☐ my having attained age 59½ or older;

☐ my being disabled; or

☐ death of the accountholder

II. **Nonqualified**

☐ T. A nonqualified distribution, but an exception applies. Use Code T for a distribution from a Roth IRA if you do not know if the 5-year holding period has been met but:

☐ The participant has reached 59½, or

☐ The participant died, or

☐ The participant is disabled.

☐ J. A nonqualified distribution before age 59½ and no known exception or on account of a first-time home purchase. Use Code J for a distribution from a Roth IRA when Code Q or Code T does not apply.

Certifications

I certify the classification and reason for my distribution by checking the appropriate box above which best describes the reason for this withdrawal. I expressly assume full responsibility for this distribution as evidenced by my signature below. I acknowledge that I have read the information as set forth on the reverse side discussing Rollover Rules.

Overview. IRA and pension distributions are subject to federal income tax withholding rules similar to the withholding rules which apply to wages because most IRA and Pension distributions will be included in the recipient's income and subject to federal income tax. Withholding is to be applied against an anticipated tax liability. The general law is, the IRA custodian must withhold 10% of an IRA distribution unless the recipient instructs to have no withholding or to have more withheld. Most distributions from traditional IRAs, SEP-IRAs, and SIMPLE-IRAs and pension plans are taxable. In contrast most distributions from a Roth IRA are nontaxable.

Most likely your Roth IRA distribution will be nontaxable and therefore there should be no withholding. However, you need to make this determination.

The IRS has written its Form W-4P to allow you to not have federal income tax withholding. You can do this by using line 1 of Form W-4P.

IRS guidance with respect to withholding from a Roth IRA distribution is minimal. On IRS Form W-4-P the IRS does have one sentence. It reads, "Qualified distributions from a Roth are nontaxable and, therefore, not subject to withholding." Federal income tax withholding does not apply to nontaxable distributions from Roth IRAs, traditional IRAs or pension plans. Most non-qualified distributions from a Roth IRA are nontaxable because of the special ordering rules. In applying the Roth IRA distribution rules, you aggregate all of your Roth IRAs and then the order of distributions is: annual contributions (nontaxable), conversion contribution (nontaxable) and the earnings. Earnings will be taxable if the distribution is non-qualified.

The IRS requires that we assign a code describing your withdrawal from the Roth IRA. IRS instructions require that we use information based on when you opened your first Roth IRA with us. We are not to consider your Roth IRA transactions with another Roth IRA custodian. Your Roth IRA distribution may well be qualified because you have met the 5-year requirement by opening your Roth IRA more than 5 years ago with another Roth IRA custodian. However, we will report any distribution occurring before you have met your 5-year period requirement with us as a non-qualified distribution. This does not mean the IRS believes your distribution is taxable. It means the IRS requires you to explain on your federal income tax return.

**Special Notice.** The general rule is that the Roth IRA custodian will indicate the amount of the gross distribution(s) from a Roth IRA in box 1 of the Form 1099-R, but will leave box 2a (taxable amount) blank. It is the responsibility of the recipient to explain whether the distribution is nontaxable (return of basis) or is taxable. An exception applies for the withdrawal of an excess contribution. Box 2a will be completed to show the income earned by the excess contribution. An exception also applies for a recharacterized contribution. In such case, box 2a will be completed with a "0.00."

☐ Other Special Code: \_\_\_\_\_ Choose from 2, 5, 8, N, P or R

Describe: \_\_\_\_\_

☐ Withdrawal of a current-year/excess contribution in the year after the year it was contributed.

On \_\_\_\_\_ I made a contribution of \$ \_\_\_\_\_.

I now elect to withdraw the indicated portion and the earnings attributable are: \$ \_\_\_\_\_.

(To be completed for both J8 and JP)

Note – income is taxable in the year the contribution is made.

III. **A Transfer**

☐ A. **Transfer** to Other Custodian/Trustee (Name): \_\_\_\_\_

☐ B. **Transfer** to the Roth IRA of the Accountholder's Spouse Due to Divorce/Legal Separation

☐ C. **Transfer** to the Roth IRA of Accountholder's Spouse Due to Election to Treat as Own

☐ D. **Transfer** to Inherited Roth IRA of Beneficiary

Substitute  
FORM W-4R  
Department of the Treasury (Internal Revenue Service)

Withholding Certificate for Nonperiodic Payments

OMB NO. 1545-0074

The instructions to this substitute Form W-4R are on the reverse side as well as additional discussion of special withdrawal topics.

For nonperiodic payments, the default withholding rate is 10%. You can choose to have a different rate by entering a rate between 0% and 100% on line 2 below. Generally, you can't choose less than 10% for payments to be delivered outside the United States and its possessions. This form is not valid unless you sign it.

Complete line 2 if you would like a rate of withholding that is different from the default withholding rate of 10%. See the line 2 instructions on the reverse side and the Marginal Rate Tables for additional information. Enter the rate as a whole number (no decimals).

2 %

Signature of Payee/Recipient \_\_\_\_\_ Date \_\_\_\_\_

Custodian/Trustee (Payer) \_\_\_\_\_ Date \_\_\_\_\_

Roth IRA #57-RW (1/25)

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# Roth IRAs

## Session # 2 - Distributions

CWF # 57RB

## Distributions to Roth IRA Beneficiary

Substitute  
FORM W-4R  
Department of the Treasury (IRS)

### Distribution to Roth IRA Beneficiary

OMB NO. 1545-0074

#### Custodian/Trustee (Payer)

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Attn: \_\_\_\_\_

#### Accountholder (Payee)

Name \_\_\_\_\_  
SSN \_\_\_\_\_ IRA Acct #: \_\_\_\_\_

Status of Payee ☐ U.S. Citizen ☐ Resident Alien

**Beneficiary (Other Payee)** (Complete only if the distribution is made to the beneficiary. Use separate form for each beneficiary.)

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
SSN \_\_\_\_\_ or TIN: \_\_\_\_\_

Status of Payee ☐ U.S. Citizen ☐ Resident Alien

#### Financial Information

Date of Distribution: \_\_\_\_\_  
Type of Distribution:  
☐ Nonperiodic or  
☐ Periodic (I hereby instruct you to pay my Roth IRA account balance to me as follows): \_\_\_\_\_  
I understand my instruction may be changed.

#### Method of Payment:

☐ Issue check to me.  
☐ Deposit to my checking acct #: \_\_\_\_\_  
☐ Deposit to my savings acct #: \_\_\_\_\_  
☐ Other \_\_\_\_\_

	Investment Account #	Investment Account #
Amount Requested (+)	_____	_____
Earnings Not Yet Reported to DP (+)	_____	_____
Early Withdrawal Fee (-)	_____	_____
Other Fee (-)	_____	_____
Net Amount Received or Transferred (=)	_____	_____

Overview. You are the designated beneficiary of a deceased Roth IRA accountholder. Under federal income tax laws you must withdraw certain required minimum distributions by certain deadlines and if you don't you will owe a 50% tax on the excess accumulation.

Almost all distributions to a beneficiary will be tax-free because the 5-year rule used to determine if income is taxable will have been met or because your initial distributions are the withdrawal of basis rather than income.

You must determine if you are an Eligible Designated Beneficiary (EDB) or if you are not an Eligible Designated Beneficiary. CWF Forms 204-R and 206-R may be reviewed and IRS Publication 590-B may be reviewed. In general, if you are more than 10 years younger than the deceased Roth IRA accountholder you are not an EDB and you must close your inherited Roth IRA under the 10-year rule.

What are the beneficiary RMD rules applying to my non-spouse beneficiary who is not an eligible designated beneficiary and I die after December 31, 2019? The general rule is, a non-spouse beneficiary must use the 10-year rule. The 10-year rule replaces the 5-year rule. The life distribution rule no longer may be used by a non-spouse beneficiary who is not an EDB. This includes a beneficiary which is a qualified trust, a nonqualified trust, an estate on any other non-living entity such as a charity. The general tax rule is, your non-spouse beneficiary may structure distributions over this 10-year period as he or she chooses, and the beneficiary will include these distributions in their income except to extent that a portion of the distribution is the withdrawal of basis.

You are a nonspouse beneficiary, then you are ineligible to roll over any portion of a distribution from an inherited Roth IRA to your own Roth IRA or another inherited Roth IRA unless the IRS levy exception applies. You are able to transfer an inherited Roth IRA if both Roth IRA custodians/trustees complete an inherited Roth IRA transfer form agreeing to the transfer.

#### Classification and Reason for Withdrawal/Distribution

##### Types of Distributions (Check applicable box)

#### I. Qualified

☐ Q. I am a nonspouse beneficiary. I have met the 5-year requirement with the current Roth IRA custodian. For purposes of this requirement the time period the deceased Roth IRA owner had the account here is aggregated with the time I have had this inherited Roth IRA.

☐ Q. I am a spouse beneficiary. I have met the 5-year requirement with the current Roth IRA custodian.

#### II. Nonqualified

☐ T. I am a nonspouse beneficiary. I have not met the 5-year requirement with the current Roth IRA custodian.

☐ T. I am a spouse beneficiary. I have not met the 5-year requirement with the Current Roth IRA custodian.

#### III. ☐ Transfer to Inherited Roth IRA of Beneficiary with other Custodian/Trustee (Name): \_\_\_\_\_

#### IV. Other: \_\_\_\_\_

Certification – I certify the classification and reason for my distribution by checking the appropriate box above which best describes the reason for this withdrawal. I expressly assume full responsibility for this distribution as evidenced by my signature below.

Signature of Recipient/Payee \_\_\_\_\_

Date \_\_\_\_\_

Custodian/Trustee (Payer) \_\_\_\_\_

Date \_\_\_\_\_

## IRS Form1099-R

9898		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED			
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution		OMB No. 1545-0119	
		\$ 15000.00		2024 Form 1099-R	
		2a Taxable amount			
		\$			
		2b Taxable amount not determined <input checked="" type="checkbox"/>		Total distribution <input type="checkbox"/>	
PAYER'S TIN	RECIPIENT'S TIN	3 Capital gain (included in box 2a)		4 Federal income tax withheld	
		\$		\$	
RECIPIENT'S name		5 Employee contributions/ Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities	
		\$		\$	
Street address (including apt. no.)		7 Distribution code(s) Q/T/J		8 Other	
		IRA/ SEP/ SIMPLE <input type="checkbox"/>		\$ %	
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution %		9b Total employee contributions \$	
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 FATCA filing requirement <input type="checkbox"/>	14 State tax withheld	15 State/Payer's state no.	16 State distribution
\$			\$		\$
Account number (see instructions)		13 Date of payment	17 Local tax withheld	18 Name of locality	19 Local distribution
			\$		\$
			\$		\$

**Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.**

**Copy A For Internal Revenue Service Center**

**File with Form 1096.**

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

Form **1099-R**
Cat. No. 14436Q
[www.irs.gov/Form1099R](http://www.irs.gov/Form1099R)
Department of the Treasury - Internal Revenue Service



Form 1040

Department of the Treasury—Internal Revenue Service

U.S. Individual Income Tax Return

2024

OMB No. 1545-0074

IRS Use Only—Do not write or staple in this space.

For the year Jan. 1–Dec. 31, 2024, or other tax year beginning \_\_\_\_\_, 2024, ending \_\_\_\_\_, 20

See separate instructions.

Your first name and middle initial

Last name

If joint return, spouse's first name and middle initial

Last name

Home address (number and street). If you have a P.O. box, see instructions.

Apt. no.

City, town, or post office. If you have a foreign address, also complete spaces below.

State

ZIP code

Foreign country name

Foreign province/state/county

Foreign postal code

Your social security number

Spouse's social security number

Presidential Election Campaign

Check here if you, or your spouse if filing jointly, want \$3 to go to this fund. Checking a box below will not change your tax or refund.

☐ You ☐ Spouse

Filing Status

Check only one box.

☐ Single

☐ Married filing jointly (even if only one had income)

☐ Married filing separately (MFS)

☐ Head of household (HOH)

☐ Qualifying surviving spouse (QSS)

If you checked the MFS box, enter the name of your spouse. If you checked the HOH or QSS box, enter the child's name if the qualifying person is a child but not your dependent: \_\_\_\_\_

☐ If treating a nonresident alien or dual-status alien spouse as a U.S. resident for the entire tax year, check the box and enter their name (see instructions and attach statement if required): \_\_\_\_\_

Digital Assets

At any time during 2024, did you: (a) receive (as a reward, award, or payment for property or services); or (b) sell, exchange, or otherwise dispose of a digital asset (or a financial interest in a digital asset)? (See instructions.) ☐ Yes ☐ No

Standard Deduction

Someone can claim: ☐ You as a dependent ☐ Your spouse as a dependent ☐ Spouse itemizes on a separate return or you were a dual-status alien

Age/Blindness

You: ☐ Were born before January 2, 1960 ☐ Are blind Spouse: ☐ Was born before January 2, 1960 ☐ Is blind

Dependents

(see instructions):

(1) First name	Last name	(2) Social security number	(3) Relationship to you	(4) Check the box if qualifies for (see instructions):	Credit for other dependents
				<input type="checkbox"/> Child tax credit	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>
				<input type="checkbox"/>	<input type="checkbox"/>

If more than four dependents, see instructions and check here ☐

Income

Attach Form(s) W-2 here. Also attach Forms W-2-G and 1099-R if tax was withheld. If you did not get a Form W-2, see instructions.

1a	Total amount from Form(s) W-2, box 1 (see instructions)	1a	
b	Household employee wages not reported on Form(s) W-2	1b	
c	Tip income not reported on line 1a (see instructions)	1c	
d	Medicaid waiver payments not reported on Form(s) W-2 (see instructions)	1d	
e	Taxable dependent care benefits from Form 2441, line 26	1e	
f	Employer-provided adoption benefits from Form 8839, line 29	1f	
g	Wages from Form 8919, line 6	1g	
h	Other earned income (see instructions)	1h	
i	Nontaxable combat pay election (see instructions)	1i	
z	Add lines 1a through 1h	1z	
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRA distributions	4a	
5a	Pensions and annuities	5a	
6a	Social security benefits	6a	
c	If you elect to use the lump-sum election method, check here (see instructions)		<input type="checkbox"/>
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here	7	
8	Additional income from Schedule 1, line 10	8	
9	Add lines 1z, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	
10	Adjustments to income from Schedule 1, line 26	10	
11	Subtract line 10 from line 9. This is your adjusted gross income	11	
12	Standard deduction or itemized deductions (from Schedule A)	12	
13	Qualified business income deduction from Form 8995 or Form 8995-A	13	
14	Add lines 12 and 13	14	
15	Subtract line 14 from line 11. If zero or less, enter -0-. This is your taxable income	15	

Attach Sch. B if required.

Standard Deduction for—

- Single or Married filing separately, \$14,600
- Married filing jointly or Qualifying surviving spouse, \$29,200
- Head of household, \$21,900
- If you checked any box under Standard Deduction, see instructions.

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 11320B

Form 1040 (2024)

<b>Tax and Credits</b>	<b>16</b>	<b>Tax</b> (see instructions). Check if any from Form(s): 1 <input type="checkbox"/> 8814 2 <input type="checkbox"/> 4972 3 <input type="checkbox"/>	<b>16</b>
	<b>17</b>	Amount from Schedule 2, line 3	<b>17</b>
	<b>18</b>	Add lines 16 and 17	<b>18</b>
	<b>19</b>	Child tax credit or credit for other dependents from Schedule 8812	<b>19</b>
	<b>20</b>	Amount from Schedule 3, line 8	<b>20</b>
	<b>21</b>	Add lines 19 and 20	<b>21</b>
	<b>22</b>	Subtract line 21 from line 18. If zero or less, enter -0-	<b>22</b>
	<b>23</b>	Other taxes, including self-employment tax, from Schedule 2, line 21	<b>23</b>
	<b>24</b>	Add lines 22 and 23. This is your <b>total tax</b>	<b>24</b>
<b>Payments</b>	<b>25</b>	Federal income tax withheld from:	
	<b>a</b>	Form(s) W-2	<b>25a</b>
	<b>b</b>	Form(s) 1099	<b>25b</b>
	<b>c</b>	Other forms (see instructions)	<b>25c</b>
	<b>d</b>	Add lines 25a through 25c	<b>25d</b>
	<b>26</b>	2024 estimated tax payments and amount applied from 2023 return	<b>26</b>
	<b>27</b>	Earned income credit (EIC)	<b>27</b>
	<b>28</b>	Additional child tax credit from Schedule 8812	<b>28</b>
	<b>29</b>	American opportunity credit from Form 8863, line 8	<b>29</b>
	<b>30</b>	Reserved for future use	<b>30</b>
	<b>31</b>	Amount from Schedule 3, line 15	<b>31</b>
	<b>32</b>	Add lines 27, 28, 29, and 31. These are your <b>total other payments and refundable credits</b>	<b>32</b>
	<b>33</b>	Add lines 25d, 26, and 32. These are your <b>total payments</b>	<b>33</b>
<b>Refund</b>	<b>34</b>	If line 33 is more than line 24, subtract line 24 from line 33. This is the amount you <b>overpaid</b>	<b>34</b>
	<b>35a</b>	Amount of line 34 you want <b>refunded to you</b> . If Form 8888 is attached, check here <input type="checkbox"/>	<b>35a</b>
Direct deposit? See instructions.	<b>b</b>	Routing number	<b>c</b> Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings
	<b>d</b>	Account number	
	<b>36</b>	Amount of line 34 you want <b>applied to your 2025 estimated tax</b>	<b>36</b>
<b>Amount You Owe</b>	<b>37</b>	Subtract line 33 from line 24. This is the <b>amount you owe</b> . For details on how to pay, go to <a href="http://www.irs.gov/Payments">www.irs.gov/Payments</a> or see instructions	<b>37</b>
	<b>38</b>	Estimated tax penalty (see instructions)	<b>38</b>
<b>Third Party Designee</b>	Do you want to allow another person to discuss this return with the IRS? See instructions <input type="checkbox"/> <b>Yes. Complete below.</b> <input type="checkbox"/> <b>No</b>		
	Designee's name	Phone no.	Personal identification number (PIN)
<b>Sign Here</b>	Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.		
	Your signature	Date	Your occupation
Joint return? See instructions. Keep a copy for your records.	Spouse's signature. If a joint return, <b>both</b> must sign.	Date	Spouse's occupation
	Phone no.	Email address	
<b>Paid Preparer Use Only</b>	Preparer's name	Preparer's signature	Date
	Firm's name	PTIN	Check if: <input type="checkbox"/> Self-employed
	Firm's address	Phone no.	Firm's EIN

**SCHEDULE 1**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service

**Additional Income and Adjustments to Income**

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

OMB No. 1545-0074

**2024**  
Attachment  
Sequence No. **01**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

For 2024, enter the amount reported to you on Form(s) 1099-K that was included in error or for personal items sold at a loss . . . . .

**Note:** The remaining amounts reported to you on Form(s) 1099-K should be reported elsewhere on your return depending on the nature of the transaction. See [www.irs.gov/1099k](http://www.irs.gov/1099k).

**Part I Additional Income**

<b>1</b>	Taxable refunds, credits, or offsets of state and local income taxes . . . . .	<b>1</b>	
<b>2a</b>	Alimony received . . . . .	<b>2a</b>	
<b>b</b>	Date of original divorce or separation agreement (see instructions): . . . . .		
<b>3</b>	Business income or (loss). Attach Schedule C . . . . .	<b>3</b>	
<b>4</b>	Other gains or (losses). Attach Form 4797 . . . . .	<b>4</b>	
<b>5</b>	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E . . . . .	<b>5</b>	
<b>6</b>	Farm income or (loss). Attach Schedule F . . . . .	<b>6</b>	
<b>7</b>	Unemployment compensation . . . . .	<b>7</b>	
<b>8</b>	Other income:		
<b>a</b>	Net operating loss . . . . .	<b>8a</b>	( )
<b>b</b>	Gambling . . . . .	<b>8b</b>	
<b>c</b>	Cancellation of debt . . . . .	<b>8c</b>	
<b>d</b>	Foreign earned income exclusion from Form 2555 . . . . .	<b>8d</b>	( )
<b>e</b>	Income from Form 8853 . . . . .	<b>8e</b>	
<b>f</b>	Income from Form 8889 . . . . .	<b>8f</b>	
<b>g</b>	Alaska Permanent Fund dividends . . . . .	<b>8g</b>	
<b>h</b>	Jury duty pay . . . . .	<b>8h</b>	
<b>i</b>	Prizes and awards . . . . .	<b>8i</b>	
<b>j</b>	Activity not engaged in for profit income . . . . .	<b>8j</b>	
<b>k</b>	Stock options . . . . .	<b>8k</b>	
<b>l</b>	Income from the rental of personal property if you engaged in the rental for profit but were not in the business of renting such property . . . . .	<b>8l</b>	
<b>m</b>	Olympic and Paralympic medals and USOC prize money (see instructions) . . . . .	<b>8m</b>	
<b>n</b>	Section 951(a) inclusion (see instructions) . . . . .	<b>8n</b>	
<b>o</b>	Section 951A(a) inclusion (see instructions) . . . . .	<b>8o</b>	
<b>p</b>	Section 461(l) excess business loss adjustment . . . . .	<b>8p</b>	
<b>q</b>	Taxable distributions from an ABL account (see instructions) . . . . .	<b>8q</b>	
<b>r</b>	Scholarship and fellowship grants not reported on Form W-2 . . . . .	<b>8r</b>	
<b>s</b>	Nontaxable amount of Medicaid waiver payments included on Form 1040, line 1a or 1d . . . . .	<b>8s</b>	( )
<b>t</b>	Pension or annuity from a nonqualified deferred compensation plan or a nongovernmental section 457 plan . . . . .	<b>8t</b>	
<b>u</b>	Wages earned while incarcerated . . . . .	<b>8u</b>	
<b>v</b>	Digital assets received as ordinary income not reported elsewhere. See instructions . . . . .	<b>8v</b>	
<b>z</b>	Other income. List type and amount: . . . . .	<b>8z</b>	
<b>9</b>	Total other income. Add lines 8a through 8z . . . . .	<b>9</b>	
<b>10</b>	Combine lines 1 through 7 and 9. This is your <b>additional income</b> . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 8 . . . . .	<b>10</b>	

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71479F

Schedule 1 (Form 1040) 2024

**Part II Adjustments to Income**

<b>11</b>	Educator expenses	<b>11</b>	
<b>12</b>	Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106	<b>12</b>	
<b>13</b>	Health savings account deduction. Attach Form 8889	<b>13</b>	
<b>14</b>	Moving expenses for members of the Armed Forces. Attach Form 3903	<b>14</b>	
<b>15</b>	Deductible part of self-employment tax. Attach Schedule SE	<b>15</b>	
<b>16</b>	Self-employed SEP, SIMPLE, and qualified plans	<b>16</b>	
<b>17</b>	Self-employed health insurance deduction	<b>17</b>	
<b>18</b>	Penalty on early withdrawal of savings	<b>18</b>	
<b>19a</b>	Alimony paid	<b>19a</b>	
<b>b</b>	Recipient's SSN		
<b>c</b>	Date of original divorce or separation agreement (see instructions):		
<b>20</b>	IRA deduction	<b>20</b>	
<b>21</b>	Student loan interest deduction	<b>21</b>	
<b>22</b>	Reserved for future use	<b>22</b>	
<b>23</b>	Archer MSA deduction	<b>23</b>	
<b>24</b>	Other adjustments:		
<b>a</b>	Jury duty pay (see instructions)	<b>24a</b>	
<b>b</b>	Deductible expenses related to income reported on line 8i from the rental of personal property engaged in for profit	<b>24b</b>	
<b>c</b>	Nontaxable amount of the value of Olympic and Paralympic medals and USOC prize money reported on line 8m	<b>24c</b>	
<b>d</b>	Reforestation amortization and expenses	<b>24d</b>	
<b>e</b>	Repayment of supplemental unemployment benefits under the Trade Act of 1974	<b>24e</b>	
<b>f</b>	Contributions to section 501(c)(18)(D) pension plans	<b>24f</b>	
<b>g</b>	Contributions by certain chaplains to section 403(b) plans	<b>24g</b>	
<b>h</b>	Attorney fees and court costs for actions involving certain unlawful discrimination claims (see instructions)	<b>24h</b>	
<b>i</b>	Attorney fees and court costs you paid in connection with an award from the IRS for information you provided that helped the IRS detect tax law violations	<b>24i</b>	
<b>j</b>	Housing deduction from Form 2555	<b>24j</b>	
<b>k</b>	Excess deductions of section 67(e) expenses from Schedule K-1 (Form 1041)	<b>24k</b>	
<b>z</b>	Other adjustments. List type and amount:	<b>24z</b>	
<b>25</b>	Total other adjustments. Add lines 24a through 24z	<b>25</b>	
<b>26</b>	Add lines 11 through 23 and 25. These are your <b>adjustments to income</b> . Enter here and on Form 1040, 1040-SR, or 1040-NR, line 10	<b>26</b>	

**SCHEDULE 2**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service

**Additional Taxes**

Attach to Form 1040, 1040-SR, or 1040-NR.  
Go to [www.irs.gov/Form1040](https://www.irs.gov/Form1040) for instructions and the latest information.

OMB No. 1545-0074

**2024**  
Attachment  
Sequence No. **02**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

**Part I Tax**

**1** Additions to tax:

**a** Excess advance premium tax credit repayment. Attach Form 8962 . . . . .

**1a**

**b** Repayment of new clean vehicle credit(s) transferred to a registered dealer from Schedule A (Form 8936), Part II. Attach Form 8936 and Schedule A (Form 8936) . . . . .

**1b**

**c** Repayment of previously owned clean vehicle credit(s) transferred to a registered dealer from Schedule A (Form 8936), Part IV. Attach Form 8936 and Schedule A (Form 8936) . . . . .

**1c**

**d** Recapture of net EPE from Form 4255, line 2a, column (i) . . . . .

**1d**

**e** Excessive payments (EP) from Form 4255. Check applicable box and enter amount.

(i) ☐ Line 1a, column (n)

(ii) ☐ Line 1c, column (n)

(iii) ☐ Line 1d, column (n)

(iv) ☐ Line 2a, column (n) . . . . .

**1e**

**f** 20% EP from Form 4255. Check applicable box and enter amount. See instructions.

(i) ☐ Line 1a, column (o)

(ii) ☐ Line 1c, column (o)

(iii) ☐ Line 1d, column (o)

(iv) ☐ Line 2a, column (o) . . . . .

**1f**

**y** Other additions to tax (see instructions):

**1y**

**z** Add lines 1a through 1y . . . . .

**1z**

**2** Alternative minimum tax. Attach Form 6251 . . . . .

**2**

**3** Add lines 1z and 2. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 17 . . . . .

**3**

**Part II Other Taxes**

**4** Self-employment tax. Attach Schedule SE . . . . .

**4**

**5** Social security and Medicare tax on unreported tip income. Attach Form 4137 . . . . .

**5**

**6** Uncollected social security and Medicare tax on wages. Attach Form 8919 . . . . .

**6**

**7** Total additional social security and Medicare tax. Add lines 5 and 6 . . . . .

**7**

**8** Additional tax on IRAs or other tax-favored accounts. Attach Form 5329 if required.

If not required, check here ☐

**8**

**9** Household employment taxes. Attach Schedule H . . . . .

**9**

**10** Repayment of first-time homebuyer credit. Attach Form 5405 if required . . . . .

**10**

**11** Additional Medicare Tax. Attach Form 8959 . . . . .

**11**

**12** Net investment income tax. Attach Form 8960 . . . . .

**12**

**13** Uncollected social security and Medicare or RRTA tax on tips or group-term life insurance from Form W-2, box 12 . . . . .

**13**

**14** Interest on tax due on installment income from the sale of certain residential lots and timeshares . . . . .

**14**

**15** Interest on the deferred tax on gain from certain installment sales with a sales price over \$150,000 . . . . .

**15**

**16** Recapture of low-income housing credit. Attach Form 8611 . . . . .

**16**

(continued on page 2)

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71478U

Schedule 2 (Form 1040) 2024



**Part II Other Taxes (continued)**

<b>17</b>	Other additional taxes:		
<b>a</b>	Recapture of other credits. List type, form number, and amount:	<b>17a</b>	
<b>b</b>	Recapture of federal mortgage subsidy, if you sold your home see instructions	<b>17b</b>	
<b>c</b>	Additional tax on HSA distributions. Attach Form 8889 . . . . .	<b>17c</b>	
<b>d</b>	Additional tax on an HSA because you didn't remain an eligible individual. Attach Form 8889 . . . . .	<b>17d</b>	
<b>e</b>	Additional tax on Archer MSA distributions. Attach Form 8853 . . . . .	<b>17e</b>	
<b>f</b>	Additional tax on Medicare Advantage MSA distributions. Attach Form 8853	<b>17f</b>	
<b>g</b>	Recapture of a charitable contribution deduction related to a fractional interest in tangible personal property . . . . .	<b>17g</b>	
<b>h</b>	Income you received from a nonqualified deferred compensation plan that fails to meet the requirements of section 409A . . . . .	<b>17h</b>	
<b>i</b>	Compensation you received from a nonqualified deferred compensation plan described in section 457A . . . . .	<b>17i</b>	
<b>j</b>	Section 72(m)(5) excess benefits tax . . . . .	<b>17j</b>	
<b>k</b>	Golden parachute payments . . . . .	<b>17k</b>	
<b>l</b>	Tax on accumulation distribution of trusts . . . . .	<b>17l</b>	
<b>m</b>	Excise tax on insider stock compensation from an expatriated corporation . . . . .	<b>17m</b>	
<b>n</b>	Look-back interest under section 167(g) or 460(b) from Form 8697 or 8866 . . . . .	<b>17n</b>	
<b>o</b>	Tax on non-effectively connected income for any part of the year you were a nonresident alien from Form 1040-NR . . . . .	<b>17o</b>	
<b>p</b>	Any interest from Form 8621, line 16f, relating to distributions from, and dispositions of, stock of a section 1291 fund . . . . .	<b>17p</b>	
<b>q</b>	Any interest from Form 8621, line 24 . . . . .	<b>17q</b>	
<b>z</b>	Any other taxes. List type and amount: _____	<b>17z</b>	
<b>18</b>	Total additional taxes. Add lines 17a through 17z . . . . .	<b>18</b>	
<b>19</b>	Recapture of net EPE from Form 4255, line 1d, column (I) . . . . .	<b>19</b>	
<b>20</b>	Section 965 net tax liability installment from Form 965-A . . . . .	<b>20</b>	
<b>21</b>	Add lines 4, 7 through 16, 18, and 19. These are your <b>total other taxes</b> . Enter here and on Form 1040 or 1040-SR, line 23, or Form 1040-NR, line 23b . . . . .	<b>21</b>	

**SCHEDULE 3**  
**(Form 1040)**

Department of the Treasury  
Internal Revenue Service

**Additional Credits and Payments**

Attach to Form 1040, 1040-SR, or 1040-NR.

Go to [www.irs.gov/Form1040](http://www.irs.gov/Form1040) for instructions and the latest information.

OMB No. 1545-0074

**2024**  
Attachment  
Sequence No. **03**

Name(s) shown on Form 1040, 1040-SR, or 1040-NR

Your social security number

**Part I Nonrefundable Credits**

<b>1</b>	Foreign tax credit. Attach Form 1116 if required . . . . .	<b>1</b>	
<b>2</b>	Credit for child and dependent care expenses from Form 2441, line 11. Attach Form 2441 . . . . .	<b>2</b>	
<b>3</b>	Education credits from Form 8863, line 19 . . . . .	<b>3</b>	
<b>4</b>	Retirement savings contributions credit. Attach Form 8880 . . . . .	<b>4</b>	
<b>5a</b>	Residential clean energy credit from Form 5695, line 15 . . . . .	<b>5a</b>	
<b>b</b>	Energy efficient home improvement credit from Form 5695, line 32 . . . . .	<b>5b</b>	
<b>6</b>	Other nonrefundable credits:		
<b>a</b>	General business credit. Attach Form 3800 . . . . .	<b>6a</b>	
<b>b</b>	Credit for prior year minimum tax. Attach Form 8801 . . . . .	<b>6b</b>	
<b>c</b>	Adoption credit. Attach Form 8839 . . . . .	<b>6c</b>	
<b>d</b>	Credit for the elderly or disabled. Attach Schedule R . . . . .	<b>6d</b>	
<b>e</b>	Reserved for future use . . . . .	<b>6e</b>	
<b>f</b>	Clean vehicle credit. Attach Form 8936 . . . . .	<b>6f</b>	
<b>g</b>	Mortgage interest credit. Attach Form 8396 . . . . .	<b>6g</b>	
<b>h</b>	District of Columbia first-time homebuyer credit. Attach Form 8859 . . . . .	<b>6h</b>	
<b>i</b>	Qualified electric vehicle credit. Attach Form 8834 . . . . .	<b>6i</b>	
<b>j</b>	Alternative fuel vehicle refueling property credit. Attach Form 8911 . . . . .	<b>6j</b>	
<b>k</b>	Credit to holders of tax credit bonds. Attach Form 8912 . . . . .	<b>6k</b>	
<b>l</b>	Amount on Form 8978, line 14. See instructions . . . . .	<b>6l</b>	
<b>m</b>	Credit for previously owned clean vehicles. Attach Form 8936 . . . . .	<b>6m</b>	
<b>z</b>	Other nonrefundable credits. List type and amount: . . . . .	<b>6z</b>	
<b>7</b>	Total other nonrefundable credits. Add lines 6a through 6z . . . . .	<b>7</b>	
<b>8</b>	Add lines 1 through 4, 5a, 5b, and 7. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 20 . . . . .	<b>8</b>	

**Part II Other Payments and Refundable Credits**

<b>9</b>	Net premium tax credit. Attach Form 8962 . . . . .	<b>9</b>	
<b>10</b>	Amount paid with request for extension to file (see instructions) . . . . .	<b>10</b>	
<b>11</b>	Excess social security and tier 1 RRTA tax withheld . . . . .	<b>11</b>	
<b>12</b>	Credit for federal tax on fuels. Attach Form 4136 . . . . .	<b>12</b>	
<b>13</b>	Other payments or refundable credits:		
<b>a</b>	Form 2439 . . . . .	<b>13a</b>	
<b>b</b>	Section 1341 credit for repayment of amounts included in income from earlier years . . . . .	<b>13b</b>	
<b>c</b>	Net elective payment election amount from Form 3800, Part III, line 6, column (j) . . . . .	<b>13c</b>	
<b>d</b>	Deferred amount of net 965 tax liability (see instructions) . . . . .	<b>13d</b>	
<b>z</b>	Other refundable credits (see instructions): . . . . .	<b>13z</b>	
<b>14</b>	Total other payments or refundable credits. Add lines 13a through 13z . . . . .	<b>14</b>	
<b>15</b>	Add lines 9 through 12 and 14. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 31 . . . . .	<b>15</b>	

For Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 71480G

Schedule 3 (Form 1040) 2024





**Part II Other Payments and Refundable Credits**

<b>9</b>	Net premium tax credit. Attach Form 8962 . . . . .	<b>9</b>	
<b>10</b>	Amount paid with request for extension to file (see instructions) . . . . .	<b>10</b>	
<b>11</b>	Excess social security and tier 1 RRTA tax withheld . . . . .	<b>11</b>	
<b>12</b>	Credit for federal tax on fuels. Attach Form 4136 . . . . .	<b>12</b>	
<b>13</b>	Other payments or refundable credits:		
<b>a</b>	Form 2439 . . . . .	<b>13a</b>	
<b>b</b>	Credit for repayment of amounts included in income from earlier years . . . . .	<b>13b</b>	
<b>c</b>	Elective payment election amount from Form 3800, Part III, line 6, column (i) . . . . .	<b>13c</b>	
<b>d</b>	Deferred amount of net 965 tax liability (see instructions) . . . . .	<b>13d</b>	
<b>z</b>	Other payments or refundable credits. List type and amount:	<b>13z</b>	
<b>14</b>	Total other payments or refundable credits. Add lines 13a through 13z . . . . .	<b>14</b>	
<b>15</b>	Add lines 9 through 12 and 14. Enter here and on Form 1040, 1040-SR, or 1040-NR, line 31 . . . . .	<b>15</b>	



Roth IRAs Session # 2 - Distributions

Form 5329

Additional Taxes on Qualified Plans (Including IRAs) and Other Tax-Favored Accounts

OMB No. 1545-0074

2024

Attachment Sequence No. 29

Department of the Treasury Internal Revenue Service

Attach to Form 1040, 1040-SR, 1040-NR, or 1041.

Go to [www.irs.gov/Form5329](https://www.irs.gov/Form5329) for instructions and the latest information.

Name of individual subject to additional tax. If married filing jointly, see instructions.

Your social security number

Home address (number and street), or P.O. box if mail is not delivered to your home

Apt. no.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete the spaces below. See instructions.

If this is an amended return, check here ☐

Foreign country name

Foreign province/state/county

Foreign postal code

Fill in Your Address Only if You Are Filing This Form by Itself and Not With Your Tax Return

If you only owe the additional 10% tax on the full amount of the early distributions, you may be able to report this tax directly on Schedule 2 (Form 1040), line 8, without filing Form 5329. See instructions.

Part I Additional Tax on Early Distributions. Complete this part if you took a taxable distribution (other than a qualified disaster distribution) before you reached age 59½ from a qualified retirement plan (including an IRA) or modified endowment contract (unless you are reporting this tax directly on Schedule 2 (Form 1040)—see above). You may also have to complete this part to indicate that you qualify for an exception to the additional tax on early distributions or for certain Roth IRA distributions. See instructions.

1 Early distributions includible in income (see instructions). For Roth IRA distributions, see instructions.

2 Early distributions included on line 1 that are not subject to the additional tax (see instructions). Enter the appropriate exception number from the instructions:

3 Amount subject to additional tax. Subtract line 2 from line 1

4 Additional tax. Enter 10% (0.10) of line 3. Include this amount on Schedule 2 (Form 1040), line 8

Caution: If any part of the amount on line 3 was a distribution from a SIMPLE IRA, you may have to include 25% of that amount on line 4 instead of 10%. See instructions.

Part II Additional Tax on Certain Distributions From Education Accounts and ABLE Accounts. Complete this part if you included an amount in income, on Schedule 1 (Form 1040), line 8z, from a Coverdell education savings account (ESA) or a qualified tuition program (QTP), or on Schedule 1 (Form 1040), line 8q, from an ABLE account.

5 Distributions included in income from a Coverdell ESA, a QTP, or an ABLE account

6 Distributions included on line 5 that are not subject to the additional tax (see instructions)

7 Amount subject to additional tax. Subtract line 6 from line 5

8 Additional tax. Enter 10% (0.10) of line 7. Include this amount on Schedule 2 (Form 1040), line 8

Part III Additional Tax on Excess Contributions to Traditional IRAs. Complete this part if you contributed more to your traditional IRAs for 2024 than is allowable or you had an amount on line 17 of your 2023 Form 5329.

9 Enter your excess contributions from line 16 of your 2023 Form 5329. See instructions. If zero, go to line 15

10 If your traditional IRA contributions for 2024 are less than your maximum allowable contribution, see instructions. Otherwise, enter -0-

11 2024 traditional IRA distributions included in income (see instructions)

12 2024 distributions of prior year excess contributions (see instructions)

13 Add lines 10, 11, and 12

14 Prior year excess contributions. Subtract line 13 from line 9. If zero or less, enter -0-

15 Excess contributions for 2024 (see instructions)

16 Total excess contributions. Add lines 14 and 15

17 Additional tax. Enter 6% (0.06) of the smaller of line 16 or the value of your traditional IRAs on December 31, 2024 (including 2024 contributions made in 2025). Include this amount on Schedule 2 (Form 1040), line 8

Part IV Additional Tax on Excess Contributions to Roth IRAs. Complete this part if you contributed more to your Roth IRAs for 2024 than is allowable or you had an amount on line 25 of your 2023 Form 5329.

18 Enter your excess contributions from line 24 of your 2023 Form 5329. See instructions. If zero, go to line 23

19 If your Roth IRA contributions for 2024 are less than your maximum allowable contribution, see instructions. Otherwise, enter -0-

20 2024 distributions from your Roth IRAs (see instructions)

21 Add lines 19 and 20

22 Prior year excess contributions. Subtract line 21 from line 18. If zero or less, enter -0-

23 Excess contributions for 2024 (see instructions)

24 Total excess contributions. Add lines 22 and 23

25 Additional tax. Enter 6% (0.06) of the smaller of line 24 or the value of your Roth IRAs on December 31, 2024 (including 2024 contributions made in 2025). Include this amount on Schedule 2 (Form 1040), line 8

For Privacy Act and Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 13329Q

Form 5329 (2024)

Form 5329 (2024)

Page 2

Part V Additional Tax on Excess Contributions to Coverdell ESAs. Complete this part if the contributions to your Coverdell ESAs for 2024 were more than is allowable or you had an amount on line 33 of your 2023 Form 5329.

26 Enter the excess contributions from line 32 of your 2023 Form 5329. See instructions. If zero, go to line 31

27 If the contributions to your Coverdell ESAs for 2024 were less than the maximum allowable contribution, see instructions. Otherwise, enter -0-

28 2024 distributions from your Coverdell ESAs (see instructions)

29 Add lines 27 and 28

30 Prior year excess contributions. Subtract line 29 from line 26. If zero or less, enter -0-

31 Excess contributions for 2024 (see instructions)

32 Total excess contributions. Add lines 30 and 31

33 Additional tax. Enter 6% (0.06) of the smaller of line 32 or the value of your Coverdell ESAs on December 31, 2024 (including 2024 contributions made in 2025). Include this amount on Schedule 2 (Form 1040), line 8

Part VI Additional Tax on Excess Contributions to Archer MSAs. Complete this part if you or your employer contributed more to your Archer MSAs for 2024 than is allowable or you had an amount on line 41 of your 2023 Form 5329.

34 Enter the excess contributions from line 40 of your 2023 Form 5329. See instructions. If zero, go to line 39

35 If the contributions to your Archer MSAs for 2024 are less than the maximum allowable contribution, see instructions. Otherwise, enter -0-

36 2024 distributions from your Archer MSAs from Form 8853, line 8

37 Add lines 35 and 36

38 Prior year excess contributions. Subtract line 37 from line 34. If zero or less, enter -0-

39 Excess contributions for 2024 (see instructions)

40 Total excess contributions. Add lines 38 and 39

41 Additional tax. Enter 6% (0.06) of the smaller of line 40 or the value of your Archer MSAs on December 31, 2024 (including 2024 contributions made in 2025). Include this amount on Schedule 2 (Form 1040), line 8

Part VII Additional Tax on Excess Contributions to Health Savings Accounts (HSAs). Complete this part if you, someone on your behalf, or your employer contributed more to your HSAs for 2024 than is allowable or you had an amount on line 49 of your 2023 Form 5329.

42 Enter the excess contributions from line 48 of your 2023 Form 5329. If zero, go to line 47

43 If the contributions to your HSAs for 2024 are less than the maximum allowable contribution, see instructions. Otherwise, enter -0-

44 2024 distributions from your HSAs from Form 8889, line 16

45 Add lines 43 and 44

46 Prior year excess contributions. Subtract line 45 from line 42. If zero or less, enter -0-

47 Excess contributions for 2024 (see instructions)

48 Total excess contributions. Add lines 46 and 47

49 Additional tax. Enter 6% (0.06) of the smaller of line 48 or the value of your HSAs on December 31, 2024 (including 2024 contributions made in 2025). Include this amount on Schedule 2 (Form 1040), line 8

Part VIII Additional Tax on Excess Contributions to an ABLE Account. Complete this part if contributions to your ABLE account for 2024 were more than is allowable.

50 Excess contributions for 2024 (see instructions)

51 Additional tax. Enter 6% (0.06) of the smaller of line 50 or the value of your ABLE account on December 31, 2024. Include this amount on Schedule 2 (Form 1040), line 8

Form 5329 (2024)

# Roth IRAs      Session # 2 - Distributions

Form 5329 (2024)

Page **3**

**Part IX**

**Additional Tax on Excess Accumulation in Qualified Retirement Plans (Including IRAs).** Complete this part if you did not receive the minimum required distribution from your qualified retirement plan.

<b>52a</b>	Minimum required distribution for 2024 from all qualified plans for which you received a distribution of the full amount of the excess accumulation during the correction window . . . . .	<b>52a</b>	
<b>b</b>	Minimum required distribution for 2024 from all other plans . . . . .	<b>52b</b>	
<b>53a</b>	Amount distributed to you during 2024 from all qualified plans for which you received a distribution of the full amount of the excess accumulation during the correction window . . . . .	<b>53a</b>	
<b>b</b>	Amount distributed to you during 2024 from all other plans . . . . .	<b>53b</b>	
<b>54a</b>	Subtract line 53a from line 52a and multiply the result by 10% (0.10). If zero or less, enter -0- . . . .	<b>54a</b>	
<b>b</b>	Subtract line 53b from line 52b and multiply the result by 25% (0.25). If zero or less, enter -0- . . . .	<b>54b</b>	
<b>55</b>	Add lines 54a and 54b. Include the total on Schedule 2 (Form 1040), line 8, or Form 1041, Schedule G, line 8 . . . . .	<b>55</b>	

**Sign Here Only if You Are Filing This Form by Itself and Not With Your Tax Return**

Under penalties of perjury, I declare that I have examined this form, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature

Date

**Paid Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name

Firm's EIN

Firm's address

Phone no.

Form **5329** (2024)



# Roth IRAs Session # 2 - Distributions

Form **8606**

Department of the Treasury  
Internal Revenue Service

**Nondeductible IRAs**

Attach to 2024 Form 1040, 1040-SR, or 1040-NR.  
Go to [www.irs.gov/Form8606](https://www.irs.gov/Form8606) for instructions and the latest information.

OMB No. 1545-0074

**2024**  
Attachment  
Sequence No. **48**

Name. If married, file a separate form for each spouse required to file 2024 Form 8606. See instructions.

Your social security number

**Fill in Your Address**  
**Only if You Are Filing This Form by Itself and Not With Your Tax Return**

Home address (number and street, or P.O. box if mail is not delivered to your home)  
City, town or post office, state, and ZIP code. If you have a foreign address, also complete the spaces below (see instructions).  
Foreign country name  
Foreign province/state/country  
Foreign postal code

Apt. no.

**Part I**

**Nondeductible Contributions to Traditional IRAs and Distributions From Traditional, Traditional SEP, and Traditional SIMPLE IRAs**  
Complete this part only if one or more of the following apply.

- You made nondeductible contributions to a traditional IRA for 2024.
- You took distributions from a traditional, traditional SEP, or traditional SIMPLE IRA in 2024 and you made nondeductible contributions to a traditional IRA in 2024 or an earlier year. For this purpose, "distributions" **does not** include rollovers (see instructions). Also, it **does not** include qualified charitable distributions, one-time distributions to fund an HSA, conversions, recharacterizations, or returns of certain contributions.
- You converted part, but not all, of your traditional, traditional SEP, and traditional SIMPLE IRAs to Roth, Roth SEP, or Roth SIMPLE IRAs in 2024 and you made nondeductible contributions to a traditional IRA in 2024 or an earlier year.

1 Enter your nondeductible contributions to traditional IRAs for 2024, including those made for 2024 from January 1, 2025, through April 15, 2025. See instructions

2 Enter your total basis in traditional IRAs. See instructions

3 Add lines 1 and 2

In 2024, did you take a distribution from traditional, traditional SEP, or traditional SIMPLE IRAs, or make a Roth, Roth SEP, or Roth SIMPLE IRA conversion?

No — Enter the amount from line 3 on line 14. Do not complete the rest of Part I.

Yes — Go to line 4.

4 Enter those contributions included on line 1 that were made from January 1, 2025, through April 15, 2025

5 Subtract line 4 from line 3

6 Enter the value of **all** your traditional, traditional SEP, and traditional SIMPLE IRAs as of December 31, 2024, plus any outstanding rollovers. Subtract certain 2024 retirement plan distribution repayments treated as rollovers, if any (see instructions)

7 Enter your distributions from traditional, traditional SEP, and traditional SIMPLE IRAs in 2024. **Do not** include rollovers (but do include certain 2024 retirement plan distribution repayments treated as rollovers (see instructions)). Also, **do not** include qualified charitable distributions; a one-time distribution to fund an HSA; conversions to a Roth, Roth SEP, or Roth SIMPLE IRA; certain returned contributions; or recharacterizations of traditional IRA contributions (see instructions)

8 Enter the net amount you converted from traditional, traditional SEP, and traditional SIMPLE IRAs to Roth, Roth SEP, or Roth SIMPLE IRAs in 2024. Also, enter this amount on line 16

9 Add lines 6, 7, and 8

10 Divide line 5 by line 9. Enter the result as a decimal rounded to at least 3 places. If the result is 1.000 or more, enter "1.000"

11 Multiply line 8 by line 10. This is the nontaxable portion of the amount you converted to Roth, Roth SEP, or Roth SIMPLE IRAs. Also, enter this amount on line 17

12 Multiply line 7 by line 10. This is the nontaxable portion of your distributions that you did not convert to a Roth, Roth SEP, or Roth SIMPLE IRA

13 Add lines 11 and 12. This is the nontaxable portion of all your distributions

14 Subtract line 13 from line 3. This is **your total basis in traditional IRAs for 2024 and earlier years**

15a Subtract line 12 from line 7

b Enter the amount on line 15a attributable to qualified disaster distributions, if any, from 2024 Form(s) 8915-F (see instructions). Also, enter this amount on 2024 Form(s) 8915-F, line 18, as applicable (see instructions)

c **Taxable amount.** Subtract line 15b from line 15a. Reduce that amount by certain 2024 retirement plan distribution repayments (other than those reported on Form 8915-F) that are treated as rollovers (see instructions). If more than zero, also include this amount on 2024 Form 1040, 1040-SR, or 1040-NR, line 4b

Note: You may be subject to an additional 10% tax on the amount on line 15c if you were under age 59½ at the time of the distribution. See instructions.

For Privacy Act and Paperwork Reduction Act Notice, see separate instructions.

Cat. No. 63966F

Form **8606** (2024)

Form 8606 (2024)

Page **2**

**Part II**

**2024 Conversions From Traditional, Traditional SEP, or Traditional SIMPLE IRAs to Roth, Roth SEP, or Roth SIMPLE IRAs**  
Complete this part if you converted part or all of your traditional, traditional SEP, and traditional SIMPLE IRAs to a Roth, Roth SEP, or Roth SIMPLE IRA in 2024.

16 If you completed Part I, enter the amount from line 8. Otherwise, enter the net amount you converted from traditional, traditional SEP, and traditional SIMPLE IRAs to Roth, Roth SEP, or Roth SIMPLE IRAs in 2024

17 If you completed Part I, enter the amount from line 11. Otherwise, enter your basis in the amount on line 16 (see instructions)

18 **Taxable amount.** Subtract line 17 from line 16. If more than zero, also include this amount on 2024 Form 1040, 1040-SR, or 1040-NR, line 4b

**Part III**

**Distributions From Roth, Roth SEP, or Roth SIMPLE IRAs**  
Complete this part only if you took a distribution from a Roth, Roth SEP, or Roth SIMPLE IRA in 2024. For this purpose, a distribution **does not** include a rollover (but does include certain 2024 retirement plan distribution repayments treated as rollovers (see instructions)). Also, it **does not** include a qualified charitable distribution, one-time distribution to fund an HSA, recharacterization, or return of certain contributions (see instructions).

19 Enter your total nonqualified distributions from Roth, Roth SEP, and Roth SIMPLE IRAs in 2024, including any qualified first-time homebuyer distributions, and any 2024 retirement plan distributions whose repayments are treated as rollovers (see instructions)

20 Qualified first-time homebuyer expenses (see instructions). **Do not** enter more than \$10,000 reduced by the total of all your prior qualified first-time homebuyer distributions

21 Subtract line 20 from line 19. If zero or less, enter -0-

22 Enter your basis in Roth, Roth SEP, and Roth SIMPLE IRA contributions (see instructions). If line 21 is zero, **stop here**

23 Subtract line 22 from line 21. If zero or less, enter -0- and skip lines 24 and 25. If more than zero, you may be subject to an additional tax (see instructions)

24 Enter your basis in conversions from traditional, traditional SEP, and traditional SIMPLE IRAs and rollovers from qualified retirement plans to a Roth, Roth SEP, or Roth SIMPLE IRA. See instructions

25a Subtract line 24 from line 23. If zero or less, enter -0- and skip lines 25b and 25c

b Enter the amount on line 25a attributable to qualified disaster distributions, if any, from 2024 Form(s) 8915-F (see instructions). Also, enter this amount on 2024 Form(s) 8915-F, line 19, as applicable (see instructions)

c **Taxable amount.** Subtract line 25b from line 25a. Reduce that amount by certain 2024 retirement plan distribution repayments (other than those reported on Form 8915-F) that are treated as rollovers (see instructions). If more than zero, also include this amount on 2024 Form 1040, 1040-SR, or 1040-NR, line 4b

**Sign Here Only if You Are Filing This Form by Itself and Not With Your Tax Return**

Under penalties of perjury, I declare that I have examined this form, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature

Date

**Paid Preparer Use Only**

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name

Firm's EIN

Firm's address

Phone no.

Form **8606** (2024)

## IRS Form 1099-R

- Box 1 - Gross Distribution - complete
- Box 2a - Taxable amount – leave blank
- Box 2b - Taxable amount not determined

Must generally be checked for Traditional and Roth IRAs



9898 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		2024		Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution \$ 1900.00		2a Taxable amount \$		2b Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>		Copy A For Internal Revenue Service Center File with Form 1096.  For Privacy Act and Paperwork Reduction Act Notice, see the 2024 General Instructions for Certain Information Returns.	
		3 Capital gain (included in box 2a) \$							
PAYER'S TIN		RECIPIENT'S TIN		5 Employee contributions/ Designated Roth contributions or insurance premiums \$		6 Net unrealized appreciation in employer's securities \$			
RECIPIENT'S name		Street address (including apt. no.)							
City or town, state or province, country, and ZIP or foreign postal code		7 Distribution code(s) J		IRA/ SEP/ SIMPLE <input type="checkbox"/>		8 Other \$ %			
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.		12 FATCA filing requirement <input type="checkbox"/>		9a Your percentage of total distribution %			
Account number (see instructions)		13 Date of payment		14 State tax withheld \$		15 State/Payer's state no.		16 State distribution \$	
				17 Local tax withheld \$		18 Name of locality		19 Local distribution \$	

Form 1099-R Cat. No. 14436Q www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

Although she has withdrawn \$1900 she will complete her tax return to explain none of the \$1900 is included in her income because she withdrew her own contributions.

## Taxation of Distributions for the Roth IRA

- |                  |                  |
|------------------|------------------|
| 1. Qualified     | Code Q           |
| 2. Not Qualified | Code T or Code J |

A qualified Roth IRA is always tax-free.

A non-qualified Roth IRA distribution may be tax-free, it may be taxable or it may be both.

If the distribution is non-qualified and earnings are distributed, then the earnings will be taxable.

If the distribution is non-qualified and only basis/contributions are distributed, then the distribution is not taxable.

If the distribution is non-qualified and both basis and earnings are distributed, then the basis portion is not taxed but the earnings portion will be taxed.



## The 5-Year Rule

**Period of Time** — Since the technical corrections bill of 1998, there no longer is a five-year period for annual contributions and another five-year period for conversion contributions for taxation purposes. There is now just one five-year period. The five-year period begins on the first day of the person's taxable year for which the first regular/annual contribution is made to any Roth IRA or, if earlier, the first day of the person's taxable year in which the first conversion contribution is made to any Roth IRA of that person. Because of the five-year requirement, there could not have been a qualified distribution from any Roth IRA until 2003.

**Exception:** The five-year period started by the deceased Roth accountholder will apply to the beneficiary who inherited some or all of the account.

Even if the entire account balance in a Roth IRA is distributed, the 5-taxable-year period does not start over for any subsequent contributions. The three situations where this rule does not apply, are:

- A. If an initial Roth IRA contribution is made and subsequently revoked within 7 days.
- B. If an initial Roth IRA contribution is recharacterized, the initial contribution does not start the 5-year period.
- C. An excess contribution that is distributed in accordance with section 408(d)(4) does not start the 5-year period.

**Qualifying Distribution Reasons** — The first requirement that must be met for a distribution to be a “qualified distribution” is that the 5-year rule be met. The second requirement is that the distribution be made for one of the four qualifying reasons. The “reasons” for a distribution that will result in a “qualified distribution” are listed here:

- A. The accountholder has attained age 59½. (The day they attain age 59½, not the year).
- B. The accountholder has died and the distribution(s) is being made to a beneficiary(ies).
- C. The accountholder has become permanently and totally disabled per IRC 72(m)(7).
- D. The accountholder takes a “qualified special purpose” distribution.

**What is a “qualified special purpose” distribution?** The only qualified special purpose distribution for the Roth IRA is the same first-time homebuyer exception we have for traditional IRAs, where the distribution is used to pay the qualified acquisition costs of the principal residence of the first-time homebuyer. Note that for the Roth IRAs, a distribution for education expenses is not a qualified distribution.

What is a qualified distribution for purposes of preparing Form 1099-R versus what is a qualified distribution when a person prepares their tax return?



## **IRS Reconfirms the Proper Reporting By a Roth IRA Custodian of a Roth IRA Distribution - Determining If the 5-Year Rule Has Been Met.**

Roth IRA owners and the tax accountants of such Roth IRA owners want to be furnished a Form 1099-R with the reason code "Q" in box 7. The Q is used to report a distribution which the Roth IRA custodian knows to be a qualified distribution (i.e. a tax-free distribution). The individual is not required to include this distribution in their income.

The withdrawal of income from a Roth IRA is a qualified distribution (and tax-free) if the individual has met the 5-year rule and the distribution is on account of being age 59½ or older, being disabled, or if it qualifies as a first time home purchase or if it is made to a beneficiary.

What procedures are to be used by the Roth IRA custodian to determine if the individual has met the 5-year rule? Is the Roth IRA custodian only to consider for purposes of preparing the Form 1099-R the time the Roth IRA has been at its institution or may the Roth IRA custodian consider when the individual previously opened his or her Roth IRA with another Roth IRA custodian.

Many large Roth IRA custodians/trustees (e.g. Fidelity) wrongly believe they are permitted to report a Q even though the 5-year has not been met at their institution. Many Roth IRA computer systems and many Roth IRA plan agreement forms will ask for the date when the individual first established his or her Roth IRA or the January 1st of the first year for which a Roth IRA contribution was made.

The IRS for a long time has had the reporting procedure - the Roth IRA custodian is not to insert a code "Q" in box 7 if the individual has not met the 5-year rule at its institution. For example, Jane Doe opened her Roth IRA with IRA custodian #4 in 2014 by transferring in her Roth IRA from Roth IRA custodian #3. She originally had opened her Roth IRA in 2004 with Roth IRA custodian #1. Jane Doe is now age 64. If she withdraws funds from her Roth IRA with Roth IRA custodian #4 in 2018, such custodian is to insert reason code (T) into box 7.

## **IRS Reconfirms the Proper Reporting By a Roth IRA Custodian of a Roth IRA Distribution - Determining If the 5-Year Rule Has Been Met. (continued)**

Reason code (T) means, the Roth IRA custodian knows the distribution is a non-qualified distribution with an exception known. That is, the 10% tax is not owed if the distribution would be required to be included in income.

Jane Doe and/or her accountant are given the task of explaining on her tax return that her Roth IRA distribution is qualified (notwithstanding that the 1099-R has been prepared with a reason code T) because she has met the 5-year rule because she had made her first Roth IRA in xxxx (more than 5 years ago) with financial institution AAAA.

We recently called the IRS Martinsburg location and the IRS representative confirmed that the IRS has not changed its procedure on this issue. The real world difficulty is, so many ROTH IRA have been preparing their 1099-R forms incorrectly, that your customer may well believe it is your institution which is doing it incorrectly.

Remember, the IRS may assess two fines of \$280 if the Form 1099-R is prepared with errors.

The IRS should acknowledge their instructions on this subject need to be improved. This applies to the instructions for their print versions and for their e-versions. The IRS should revise its instructions to make very clear that for determining if code Q is to be used the Roth IRA custodian only considers the time the Roth IRA has been at its institution.

## Non-Qualified Distributions

- A. Non-qualified Distribution** — A non-qualified distribution is one that occurs before the five-year requirement has been met, or one that is made for a reason other than one of the four reasons specified in the discussion of qualified distributions.
- B. Tax Consequences** — If a non-qualified distribution is made, possible income tax and penalties will be owed. Note the use of the word “possible.” A distribution from a Roth IRA is taxable only if the “income” is withdrawn in a non-qualified distribution. The rule for non-qualified distributions states that the distribution will be treated first as the distribution of non-conversion contributions to the Roth IRA to the extent that the current distribution, when added to previous distributions, does not exceed the total contributions made by the individual to the Roth IRA.

This rule basically means that distributions from the Roth IRA, even non-qualified distributions, will not be subject to tax or penalties until such time as the person's basis, i.e. annual/regular contributions to all Roth IRAs, is completely distributed.

Any portion of a non-qualified distribution that exceeds the accountholder's basis will be subject to income tax and a 10% premature distribution penalty tax if made prior to age 59½.

## **Non-Qualified Distributions** *(Continued)*

A distribution from a Roth IRA is not includable in the owner's taxable income even if it is not a qualified distribution, if it is rolled over to another Roth IRA.

A distribution from a Roth IRA is not includable in the owner's taxable income, even if it is not a qualified distribution, if it involves the withdrawal of an excess contribution in accordance with section 408(d)(4). The return of the contribution is not required to be included in income, but the related income must be included in income for the year in which the excess contribution was made.

## Non-Qualified Distributions *(Continued)*

**C. Penalty Tax Issues**—as stated, if a non-qualified distribution occurs, any earnings distributed will generally be subject to the 10% premature distribution penalty tax. There are, however, exceptions to this rule where the earnings distributed will be taxed but not be subject to the 10% penalty. The exceptions to the 10% penalty for the Roth IRA are the same ten reasons applying to distributions from a traditional IRA. These reasons are listed below:

- Attainment of age 59½
- Death
- Disability
- First-time Home Purchase
- Qualified Higher Education Expenses
- Substantially Equal Periodic Payments
- Medical Expenses
- Health Insurance when Unemployed
- IRS Levy
- Military Reservist Distribution

While the exceptions in bold are not reasons for a qualified non-taxable distribution, **they are exceptions to the 10% premature distribution penalty tax.**

## Non-Qualified Distributions *(Continued)*

The following chart summarizes the taxation of distributions from a Roth IRA:

	Before 5 Years	After 5 years
Age 59½ or Older	Tax, No Penalty	No Tax, No Penalty
Death	Tax, No Penalty	No Tax, No Penalty
Disability	Tax, No Penalty	No Tax, No Penalty
First-time Home Purchase	Tax, No Penalty	No Tax, No Penalty
Qualified Education Expense	Tax, No Penalty	Tax, No Penalty
Substantially Equal Periodic Payments	Tax, No Penalty	Tax, No Penalty
Qualified Medical Expense	Tax, No Penalty	Tax, No Penalty
Health Insurance Premiums while Unemployed	Tax, No Penalty	Tax, No Penalty
Military Reservist Distribution	Tax, No Penalty	Tax, No Penalty

**NOTE**—The last four exceptions in **bold** are not reasons for a qualified distribution, they are exceptions to the 10% premature distribution penalty excise tax.

## IRS Form 1099-R

- Box 1 - Gross Distribution - complete
- Box 2a - Taxable amount – leave blank
- Box 2b - Taxable amount not determined

Note - even when Q is inserted in box 7, box 2a is left blank.

Must generally be checked for Traditional and Roth IRAs



9898 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		Form <b>1099-R</b>	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution \$ <b>1000.00</b>		<div style="font-size: 2em; font-weight: bold;">2024</div>	
		2a Taxable amount \$			
PAYER'S TIN		RECIPIENT'S TIN		2b Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>	
				3 Capital gain (included in box 2a) \$	
RECIPIENT'S name		4 Federal income tax withheld \$ <b>0.00</b>		<div style="font-weight: bold;">Copy A</div> <div style="font-weight: bold;">For Internal Revenue Service Center</div> <div style="font-weight: bold;">File with Form 1096.</div>	
Street address (including apt. no.)		6 Net unrealized appreciation in employer's securities \$		<div style="font-weight: bold;">For Privacy Act and Paperwork Reduction Act Notice, see the 2024 General Instructions for Certain Information Returns.</div>	
City or town, state or province, country, and ZIP or foreign postal code		8 Other \$ %		9a Your percentage of total distribution %	
10 Amount allocable to IRR within 5 years \$		11 1st year of desig. Roth contrib.		12 FATCA filing requirement <input type="checkbox"/>	
Account number (see instructions)		13 Date of payment		14 State tax withheld \$	
				15 State/Payer's state no.	
16 State distribution \$		17 Local tax withheld \$		18 Name of locality	

Form **1099-R**
Cat. No. 14436Q
[www.irs.gov/Form1099R](http://www.irs.gov/Form1099R)
Department of the Treasury - Internal Revenue Service



## IRS Form 1099-R

- Box 1 - Gross Distribution - complete
- Box 2a - Taxable amount – leave blank
- Box 2b - Taxable amount not determined

Must generally be checked for Traditional and Roth IRAs



9898		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>  <b>2024</b> Form <b>1099-R</b>	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		<b>1</b> Gross distribution \$ <b>1000.00</b>		<b>2a</b> Taxable amount \$			
		<b>3</b> Capital gain (included in box 2a) \$				<b>4</b> Federal income tax withheld \$ <b>0.00</b>	
PAYER'S TIN		RECIPIENT'S TIN		<b>5</b> Employee contributions/ Designated Roth contributions or insurance premiums \$		<b>6</b> Net unrealized appreciation in employer's securities \$	
RECIPIENT'S name		Street address (including apt. no.)					
City or town, state or province, country, and ZIP or foreign postal code		<b>7</b> Distribution code(s) <div style="text-align: center; font-size: 2em;">T</div>		IRA/ SEP/ SIMPLE <input type="checkbox"/>		<b>8</b> Other \$ %	
<b>10</b> Amount allocable to IRR within 5 years \$		<b>11</b> 1st year of desig. Roth contrib.		<b>12</b> FATCA filing requirement <input type="checkbox"/>			
Account number (see instructions)		<b>13</b> Date of payment		<b>14</b> State tax withheld \$		<b>15</b> State/Payer's state no.	
State distribution \$		Local distribution \$		State distribution \$		Local distribution \$	

Form **1099-R**
Cat. No. 14436Q
www.irs.gov/Form1099R
Department of the Treasury - Internal Revenue Service



## IRS Form 1099-R

- Box 1 - Gross Distribution - complete
- Box 2a - Taxable amount – leave blank
- Box 2b - Taxable amount not determined

Must generally be checked for Traditional and Roth IRAs



9898 <input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>  <b>Copy A</b> <b>For Internal Revenue Service Center</b>  <b>File with Form 1096.</b>  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2024 General Instructions for Certain Information Returns.</b>	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		<b>1</b> Gross distribution \$ <b>1000.00</b> <b>2a</b> Taxable amount \$ <b>2b</b> Taxable amount not determined <input checked="" type="checkbox"/> Total distribution <input type="checkbox"/>			
PAYER'S TIN	RECIPIENT'S TIN	<b>3</b> Capital gain (included in box 2a) \$ 	<b>4</b> Federal income tax withheld \$ <b>0.00</b>		
RECIPIENT'S name		<b>5</b> Employee contributions/ Designated Roth contributions or insurance premiums \$ 	<b>6</b> Net unrealized appreciation in employer's securities \$ 		
Street address (including apt. no.)		<b>7</b> Distribution code(s) <div style="text-align: center; font-size: 2em;">J</div>	<b>8</b> Other \$ %		
City or town, state or province, country, and ZIP or foreign postal code		<b>9a</b> Your percentage of total distribution % 	<b>9b</b> Total employee contributions \$ 		
<b>10</b> Amount allocable to IRR within 5 years \$ 	<b>11</b> 1st year of desig. Roth contrib. 	<b>12</b> FATCA filing requirement <input type="checkbox"/>	<b>14</b> State tax withheld \$ 	<b>15</b> State/Payer's state no. 	<b>16</b> State distribution \$ 
Account number (see instructions)		<b>13</b> Date of payment 	<b>17</b> Local tax withheld \$ 	<b>18</b> Name of locality 	<b>19</b> Local distribution \$ 

Form **1099-R**
Cat. No. 14436Q
www.irs.gov/Form1099R
Department of the Treasury - Internal Revenue Service

### Regardless of Age

Reason Code J8 is used to report

- Withdrawal of current year excess – same year
- First time homebuyer situation

Reason Code JP is used to report

- Withdrawal of current year excess – following year

## The Withdrawal Rules

*Are there exceptions to the 10% additional tax ?*

Yes. A person will not owe the 10% additional tax if he or she is in one of the following situations. Refer to IRS Publication 590-B for explanation of the exceptions.

- You convert the amount to a Roth IRA.
- \* You have unreimbursed medical expenses that are more than 10.0% of the adjusted gross income.
- \* The distributions are not more than the cost of your medical insurance when you are unemployed.
- \* You are disabled.
- \* You are the beneficiary of a deceased IRA owner.
- \* You are receiving periodic distributions over a term equal to your life expectancy.
- \* The distributions are not more than your qualified higher education expenses.
- \* You use the distributions to buy, build, or rebuild a first home.
- \* The distribution is a qualified reservist distribution.
- \* The distribution is of contributions returned before the due date of your tax return.
- \* The distribution is due to an IRS levy.
- \* Adoption or Birth.
- Disaster.
- Domestic Abuse
- Personal Emergency

## **Rollover *from* a Roth IRA**

A person can withdraw, tax-free, all or part of the assets from one Roth IRA if he or she contributed them within 60 days to another Roth IRA. Most of the rules for rollovers apply to these rollovers. However, rollovers from retirement plans other than Roth IRAs are disregarded for purposes of the 1-year waiting period between rollovers.

A rollover from a Roth IRA to an employer retirement plan is not allowed.

A rollover from a designated Roth account can only be made to another designated Roth account or to a Roth IRA.

A person rolls over an amount from one Roth IRA to another Roth IRA, the 5-year period used to determine qualified distributions does not change. The 5-year period begins with the first taxable year for which the contribution was made to the initial Roth IRA.

## **Standard Rules**

- 1) Once-per-year
- 2) 60 days

- Rollover of Certain Airline Payments
- Rollover of Exxon Valdez Settlement Income

The rules for contributing qualified settlement income to a Roth IRA are the same as the rules for contributing qualified settlement income to a traditional IRA with the following exception. Qualified settlement income that is contributed to a Roth IRA, or to a designated Roth account, will be:

- Included in your taxable income for the year the qualified settlement income was received, and
- Treated as part of your cost basis (*investment in the contract*) in the Roth IRA that is not taxable when distributed,

- Military Death Gratuities and Service members' Group Life Insurance (SGLI) Payments

If you received a military death gratuity or SGLI payment with respect to a death from injury that occurred after October 6, 2001, you can contribute (*roll over*) all or part of the amount received to your Roth IRA. The contribution is treated as a qualified rollover contribution.

The amount you can roll over to your Roth IRA cannot exceed the total amount that you received reduced by any part of that amount that was contributed to a Coverdell ESA or another Roth IRA. A military death gratuity or SGLI payment contributed to a Roth IRA is disregarded for purposes of the 1-year waiting period between rollovers.

The rollover must be completed before the end of the 1-year period beginning on the date you received the **payment**.

The amount contributed to your Roth IRA is treated as part of your cost basis (*investment in the contract*) in the Roth IRA that is not taxable when distributed.



Roth IRA Distribution Form																					
<b>Custodian/Trustee (Payer)</b> Name _____ Address _____ City _____ State _____ Zip _____ Attn: _____		<b>Financial Information</b> Date of Distribution: _____ Type of Distribution: <input type="radio"/> Nonperiodic or <input type="radio"/> Periodic (I hereby instruct you to pay my Roth IRA account balance to me as follows): _____ I understand my election may be changed.																			
<b>Accountholder (Payee)</b> Name _____ SSN _____ IRA Acct #: _____ Status of Payee <input type="radio"/> U.S. Citizen <input type="radio"/> Resident Alien		<b>Method of Payment:</b> <input type="radio"/> Issue check to me. <input type="radio"/> Deposit to my checking acct #: _____ <input type="radio"/> Deposit to my savings acct #: _____ <input type="radio"/> Other _____																			
<b>Beneficiary (Other Payee)</b> (Complete only if the distribution is made to the beneficiary. Use separate form for each beneficiary.) Name _____ Address _____ City _____ State _____ Zip _____ SSN _____ or TIN: _____ Status of Payee <input type="radio"/> U.S. Citizen <input type="radio"/> Resident Alien		<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="width: 20%; text-align: center;">Investment Account #</th> <th style="width: 20%; text-align: center;">Investment Account #</th> </tr> </thead> <tbody> <tr> <td>Amount Requested (+)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Earnings Not Yet Reported to DP (+)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Early Withdrawal Fee (-)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Other Fee (-)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> <tr> <td>Net Amount Received or Transferred (=)</td> <td style="text-align: center;">_____</td> <td style="text-align: center;">_____</td> </tr> </tbody> </table>			Investment Account #	Investment Account #	Amount Requested (+)	_____	_____	Earnings Not Yet Reported to DP (+)	_____	_____	Early Withdrawal Fee (-)	_____	_____	Other Fee (-)	_____	_____	Net Amount Received or Transferred (=)	_____	_____
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Other Fee (-)	_____	_____																			
Net Amount Received or Transferred (=)	_____	_____																			
<b>Special Notice.</b> The general rule is that the Roth IRA custodian will indicate the amount of the gross distribution(s) from a Roth IRA in box 1 of the Form 1099-R, but will leave box 2a (taxable amount) blank. It is the responsibility of the recipient to explain whether the distribution is nontaxable (return of basis) or is taxable. An exception applies for the withdrawal of an excess contribution. Box 2a will be completed to show the income earned by the excess contribution. An exception also applies for a recharacterized contribution. In such case, box 2a will be completed with a "0.00."																					
<b>Classification and Reason for Withdrawal/Distribution</b>																					
<b>Types of Distributions (Check applicable box)</b>																					
<b>I. A Transfer</b> <input type="radio"/> A. Transfer to Other Custodian/Trustee (Name): _____ <input type="radio"/> B. Transfer to the Roth IRA of the Accountholder's Spouse Due to Divorce/Legal Separation <input type="radio"/> C. Transfer to the Roth IRA of Accountholder's Spouse Due to Election to Treat as Own <input type="radio"/> D. Transfer to Inherited Roth IRA of Beneficiary		<input type="radio"/> J. A nonqualified distribution before age 59½ and no known exception or on account of a first-time home purchase. Use Code J for a distribution from a Roth IRA when Code Q or Code T does not apply. <input type="radio"/> JB. Withdrawal of a current-year/excess contribution made in the same year as the year of withdrawal. <input type="radio"/> JP. Withdrawal of a current-year/excess contribution in the year after the year it was contributed. On _____ I made a contribution of \$ _____. I now elect to withdraw the indicated portion and the earnings attributable are: \$ _____. (To be completed for both JB and JP) <i>Note – income is taxable in the year the contribution is made.</i>																			
<b>II. Qualified</b> <input type="radio"/> Q. Based upon when the accountholder established the Roth IRA with the Custodian, the Custodian knows that the 5-year rule has been met by either the accountholder and/or the inheriting beneficiary, if applicable, and that this distribution is on account of the accountholder: <input type="radio"/> having attained age 59½ or older; <input type="radio"/> being disabled; or <input type="radio"/> having died.		<b>IV. A Recharacterization (See explanation of Distributions Codes "N" and "R" on page 2 of this form.)</b> Amount recharacterized: _____ Interest: _____ Total Distribution: _____ <input type="radio"/> N. See description on reverse side. <input type="radio"/> R. See description on reverse side.																			
<b>III. Nonqualified</b> <input type="radio"/> T. A nonqualified distribution, but an exception applies. Use Code T for a distribution from a Roth IRA if you do not know if the 5-year holding period has been met but: • The participant has reached 59½, or • The participant died, or • The participant is disabled. <b>Note:</b> If any other code, such as B or P, applies, use Code J.		<b>V. Special Distributions</b> <input type="radio"/> 2. Before Age 59 1/2 but an Exception Applies (check one) <input type="radio"/> Disaster Distribution <input type="radio"/> IRS Levy <input type="radio"/> Substantially Equal Schedule (certification to be furnished) <input type="radio"/> 5. Prohibited Transaction																			
Certification – I certify the classification and reason for my distribution by checking the appropriate box above which best describes the reason for this withdrawal. I expressly assume full responsibility for this distribution as evidenced by my signature below. I acknowledge that I have read the information as set forth on the reverse side discussing Rollover Rules.																					
Signature of Recipient/Payee _____ Date _____		Custodian/Trustee (Payer) _____ Date _____																			
Roth IRA #57-R (1/25)		© 2025 Collin W. Fritz & Associates, Ltd.																			



## Special Roth IRA Rollover Certification Form — for Certain Airline Payments

**Purpose.** The purpose of this form is to document a rollover under the special rollover rules for certain airline payments.

### To: Custodian/Trustee

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

### From: Accountholder

Name \_\_\_\_\_  
Home Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_  
Roth IRA Account # \_\_\_\_\_

**Re: Election to Make a Roth IRA Rollover Contribution in the Amount of \$ \_\_\_\_\_.**

I hereby certify that the cash or other property I contributed to the Roth IRA referenced above qualifies to be rolled over pursuant to the special rules applying to certain airline payments. I ☐ have or ☐ have not furnished you with a copy of the Form 8935 furnished to me. Set forth below are the special rollover rules as written by the IRS in Publication 590, IRAs.

If you are a qualified airline employee, you may contribute any portion of an airline payment you receive to a Roth IRA. The contribution must be made within 180 days from the date you received the payment, or before June 23, 2009, whichever is later. The contribution will be treated as a qualified rollover contribution and the modified AGI limits that generally apply to Roth IRA rollovers do not apply to airline payments. The rollover contribution is included in income to the extent it would be included in income if it were not part of the rollover contribution. Also, any reduction in the airline payment amount on account of employment taxes shall be disregarded when figuring the amount you can contribute to your Roth IRA.

**Airline payment.** An airline payment is any payment of money or other property that is paid to a qualified airline employee from a commercial airline carrier. It shall not include any amount payable on the basis of the carrier's future earnings or profits. The payment also must be made both:

- Under the approval of an order of federal bankruptcy court in a case filed after September 11, 2001, and before January 1, 2007, and
- In respect of the qualified airline employee's interest in a bankruptcy claim against the airline carrier, any note of the carrier (or amount paid in lieu of a note being issued), or any other fixed obligation of the carrier to pay a lump sum amount.

**Qualified airline employee.** A qualified airline employee is an employee or former employee of a commercial airline carrier who was a participant in a qualified defined benefit plan maintained by the carrier which was terminated or became subject to restrictions under Section 402(b) of the Pension Protection Act of 2006.

For more information, see Form 8935, Airline Payment Report. This form will be sent to you within 90 days following an airline payment, or by March 23, 2009, whichever is later. The form will indicate the amount of the airline payment that is eligible to be rolled over to a Roth IRA.

### Signature & Certification

*I acknowledge that you have instructed me to consult with my legal or tax advisor because of the complexity and importance of this matter. I expressly assume all responsibility for the tax consequences of this special rollover contribution. I acknowledge that I have not relied on any statements made by personnel of the custodian or trustee. I understand that the tax consequences related to depositing funds in a Roth IRA which do not qualify for rollover treatment are extremely harsh, and I hold you harmless if I make such a deposit. I understand my rollover election is irrevocable.*

Signature of Accountholder \_\_\_\_\_ Date \_\_\_\_\_

Signature of Acknowledgment of Custodian/Trustee \_\_\_\_\_ Date \_\_\_\_\_

## Consequences of a Failed Rollover or Transfer into a traditional IRA

1. Distribution will generally be taxable
2. If re-contributed, will be an excess contribution

## Consequences of a Failed Rollover or Transfer into a Roth IRA

1. Right to earn tax-free income will be lost. That is, all future earnings are taxable rather than tax-free.
2. If re-contributed, will be an excess contribution

The Rolling Over of In-Kind Distributions (*e.g. shares of stock, real estate, etc.*)

- Duty to determine FMV at time of distribution
- Duty to determine FMV at time of rollover contribution

## 3 IRS Methods – Waiving the 60 Day Requirement

- Automatic Waiver
- Formal Written Request
- Self-Certification

**Background:** Congress passed a law requiring the IRS to grant relief with respect to a failed rollover due to the 60 day Rule if equity and fairness require it.

9898		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119  <div style="font-size: 2em; font-weight: bold;">2024</div> Form <b>1099-R</b>		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.				<b>1</b> Gross distribution \$		<b>Copy A For Internal Revenue Service Center</b>  <b>File with Form 1096.</b>  For Privacy Act and Paperwork Reduction Act Notice, see the <b>2024 General Instructions for Certain Information Returns.</b>	
				<b>2a</b> Taxable amount \$			
				<b>2b</b> Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>			
<b>PAYER'S TIN</b> 		<b>RECIPIENT'S TIN</b> 		<b>3</b> Capital gain (included in box 2a) \$		<b>4</b> Federal income tax withheld \$	
RECIPIENT'S name				<b>5</b> Employee contributions/ Designated Roth contributions or insurance premiums \$		<b>6</b> Net unrealized appreciation in employer's securities \$	
Street address (including apt. no.)				<b>7</b> Distribution code(s)    IRA/ SEP/ SIMPLE <input type="checkbox"/>		<b>8</b> Other    % \$	
City or town, state or province, country, and ZIP or foreign postal code				<b>9a</b> Your percentage of total distribution %		<b>9b</b> Total employee contributions \$	
<b>10</b> Amount allocable to IRR within 5 years \$		<b>11</b> 1st year of desig. Roth contrib.		<b>12</b> FATCA filing requirement <input type="checkbox"/>		<b>14</b> State tax withheld \$	
<b>13</b> Date of payment		<b>17</b> Local tax withheld \$		<b>15</b> State/Payer's state no.		<b>16</b> State distribution \$	
Account number (see instructions)				<b>18</b> Name of locality		<b>19</b> Local distribution \$	

 Form **1099-R**

Cat. No. 14436Q

[www.irs.gov/Form1099R](http://www.irs.gov/Form1099R)

Department of the Treasury - Internal Revenue Service

### Excess Contributions

Any unauthorized contribution

### Excess Contributions

1. Removing non-excess contributions – current year contributions
2. 6% Excise Tax

### Current-year or excess Roth IRA Contribution

IRA Custodian/Trustee Reporting of excess contributions

Excess means excess and also current year contributions

#### Example 1:

John makes a Roth IRA contribution of \$6,000 on July 6, 2024.

On December 15, 2024, he decides he does not want the contribution.

He asks his IRA custodian to remove it.

The IRA custodian distributes \$6,050 (*\$6,000 current-year contribution, plus \$100 in calculated applicable earnings less \$50 fee and penalty*).

Example 2: John withdraws the funds in March of 2025 rather than 2024.



# Roth IRAs Session # 2 - Distributions

9898

☐ VOID

☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

**First National Bank**  
**111 Main Street**  
**Eureka, FL 95001**  
**218-999-1111**

1 Gross distribution

\$ **6050.00**

OMB No. 1545-0119

**2024**

Form **1099-R**

**Distributions From  
Pensions, Annuities,  
Retirement or  
Profit-Sharing Plans,  
IRAs, Insurance  
Contracts, etc.**

2a Taxable amount

\$ **50.00**

2b Taxable amount

not determined ☐

Total

distribution ☐

**Copy A**

**For  
Internal Revenue  
Service Center**

PAYER'S TIN

**059-1111111**

RECIPIENT'S TIN

**111-11-1234**

3 Capital gain (included in  
box 2a)

\$

4 Federal income tax  
withheld

\$

**File with Form 1096.**

RECIPIENT'S name

**John J. Black**

5 Employee contributions/  
Designated Roth  
contributions or  
insurance premiums

\$

6 Net unrealized  
appreciation in  
employer's securities

\$

For Privacy Act  
and Paperwork  
Reduction Act  
Notice, see the

Street address (including apt. no.)

**351 Filton Avenue**

7 Distribution  
code(s)

**J8**

IRA/  
SEP/  
SIMPLE  
☐

8 Other

\$

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

**Eureka, FL 95001**

9a Your percentage of total  
distribution %

\$

\$

Note that the reason  
code will be an "8". If  
Mr. Black is under age  
59½, the code should be  
"81".

10 Amount allocable to IRR  
within 5 years

\$

11 1st year of desig.  
Roth contrib.

12 FATCA filing  
requirement  
☐

14 State tax withheld

\$

15 S

\$

Account number (see instructions)

13 Date of  
payment

17 Local tax withheld

\$

18 Name of locality

\$

19 Local distribution

\$

\$

Form **1099-R**

Cat. No. 14436Q

[www.irs.gov/Form1099R](http://www.irs.gov/Form1099R)

Department of the Treasury - Internal Revenue Service

# Roth IRAs    Session # 2 - Distributions

9898

☐ VOID    ☐ CORRECTION

Example 2

OMB No. 1545-0119

2025

Form 1099-R

Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.

First National Bank  
111 Main Street  
Eureka, FL 96001  
218-999-1111

2a Taxable amount

\$ 6050.00

2b Taxable amount not determined

☐

Total distribution

☐

3 Capital gain (included in box 2a)

\$

4 Federal income tax withheld

\$

PAYER'S TIN

059-1111111

RECIPIENT'S TIN

111-11-1234

5 Employee contributions/ Designated Roth contributions or insurance premiums

\$

6 Net unrealized appreciation in employer's securities

\$

7 Distribution code(s)

JP or P

IRA/ SEP/ SIMPLE

☐

8 Other

\$

%

9a Your percentage of total

9b Total employee contributions

10 Amount allocable to IRR within 5 years

\$

11 1st year of design. Roth contrib.

1

Account number (see instructions)

1234 - Unique

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CWF Form # 67

## Special Explanation Regarding the Withdrawal of a "Current-Year" Roth IRA Contribution

### Special Explanation Regarding the Withdrawal of a 2025 "Current-Year" Traditional IRA Contribution or an Excess Contribution

Custodian/Trustee: \_\_\_\_\_

Accountholder's Name: \_\_\_\_\_

Social Security Number: \_\_\_\_\_ IRA Account Number: \_\_\_\_\_

IRA Type: ☐ Traditional ☐ Roth

This form explains to you, the Accountholder, the complex rules for the withdrawal of a "current-year" contribution. A current-year contribution is one for which the tax deadline (plus extensions) has not yet passed. Thus, a contribution made at any time in 2025, for 2025, or between January 1, 2026, and April 15, 2026, for 2025 (during the carryback period) is considered a current-year contribution for 2025.

If you satisfy the following three (3) requirements, you will not be taxed on the withdrawal of a 2025 current-year contribution from your IRA including an excess contribution.

- 1) You must withdraw the contribution by April 15, 2026 or such other date as is explained on the reverse side,
- 2) No deduction must have been allowed for the contribution for the tax year in question; and
- 3) Any interest or other income earned by the contribution must also be withdrawn. The interest or other income earned on this contribution must be included in your gross income for the year during which the contribution was made.

#### Accountholder's Instructions to Withdraw and Signature

✓ On \_\_\_\_\_ (specify date) I contributed \$\_\_\_\_\_ to my IRA account for the 2025 tax year. On this date \_\_\_\_\_, I hereby instruct you (the custodian/trustee) to withdraw \$\_\_\_\_\_ plus the related income of \$\_\_\_\_\_.

Signature of Accountholder \_\_\_\_\_ Date \_\_\_\_\_

#### Special Explanation by Custodian/Trustee— Because Action is Required by the Accountholder

The IRS asks us as an IRA custodian to furnish a special notice when an IRA accountholder makes a current year contribution including an excess contribution during one tax year and withdraws it during the following year before the applicable tax deadline. For example, you make a contribution for 2025 in 2025, but you withdraw it in 2026. This reason is — you must include this distribution and income on your 2025 tax return since you made the contribution in 2025, but you won't receive your related 2026 Form 1099-R until January of 2027 as the distribution occurs in 2026.

✓ On \_\_\_\_\_ (specify date) we, as custodian/trustee of your IRA account, distributed to you, the accountholder, \$\_\_\_\_\_ of which \$\_\_\_\_\_ is the return of your contribution and \$\_\_\_\_\_ is the related income (i.e. earnings/interest).

You must reflect on your Federal income tax return all amounts distributed to you. However, you will reflect two amounts on your Federal income tax return: the gross amount and the taxable amount. We expressly recommend that you consult with your tax advisor or preparer, or that you review IRS Publication 590-A. The following paragraphs discuss the Federal income tax consequences.

You have withdrawn a 2025 current-year contribution. You must reflect this distribution and the income on the tax return for the year in which you made the contribution and not the year in which it was withdrawn, or for the tax year for which the contribution was made.

## Current-year Traditional or Roth IRA Contribution

Includes an excess, but need not be one

Can be removed tax-free

Can be recharacterized, or withdrawn

By due date of Federal tax return, including extensions

Extended due date including tax return originally filed timely

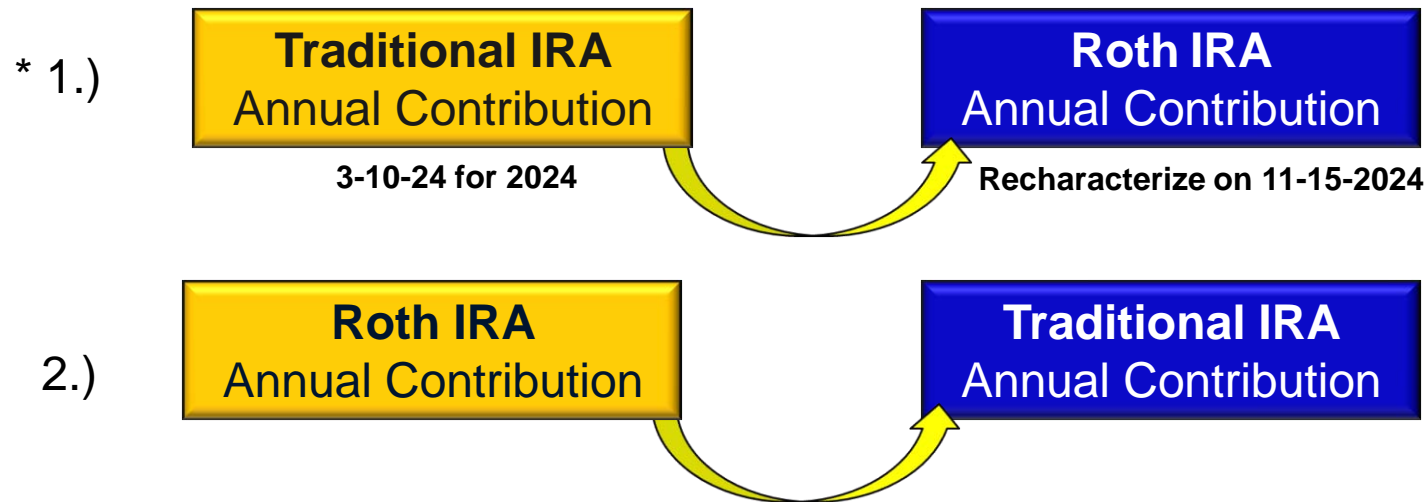
Contribution For	Current-Year Contribution until
2018	October 15, 2019
2019	October 15, 2020
2020	October 15, 2021
2021	October 15, 2022
2022	October 15, 2023
2023	October 15, 2024
2024	October 15, 2025
2025	October 15, 2026

\* Income to be taxed on the individual's tax return for the year in which the contribution was made

## Recharacterizations

Allows one to undo or correct a contribution without having to remove the earnings.  
Switch the type of contributions.

## Recharacterization Contribution



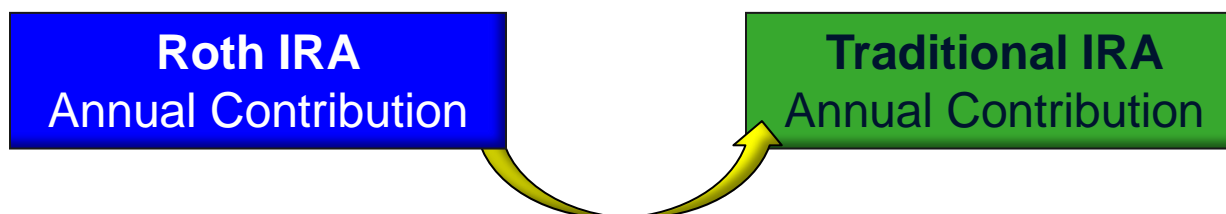




## Recharacterization Contribution – Involves a Distribution

Same Year

IRS Reporting Required:  
1099-R & 5498

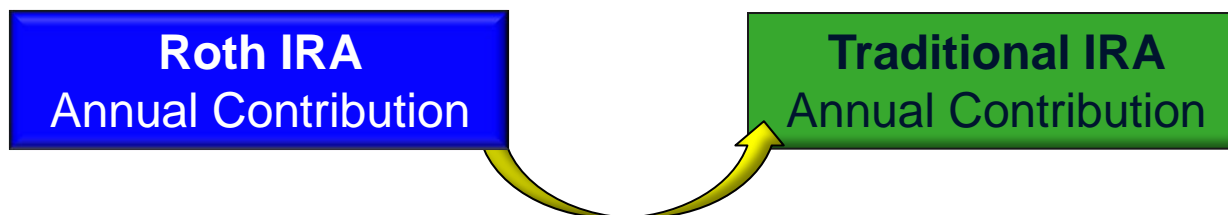


1. Contribution to Roth IRA on June 10, 2024 *2024 Form 5498*
- \* 2. Recharacterized on December 10, 2024 *2024 Form 1099-R*  
*(Distribution from Roth IRA)*
3. Recharacterized Contribution on December 10, 2024 *2024 Form 5498*  
*(to Traditional IRA)*

## Recharacterization Contribution – Involves a Distribution

Different Year

IRS Reporting Required:  
1099-R & 5498



1. Contribution to Roth IRA on June 10, 2024 *2024 Form 5498*
- \* 2. Recharacterized on February 10, 2025 *2025 Form 1099-R*  
*(Distribution from Roth IRA)*
3. Recharacterized Contribution = on February 10, 2025 *2025 Form 5498*  
*(to Traditional IRA)*

## Recharacterization Contribution

CWF Form # 54-TR1

Only certain contributions can  
be recharacterized  
Documentation Required

### Notice of Internal Recharacterization of IRA Contribution

#### To: Custodian/Trustee

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Date \_\_\_\_\_  
Phone \_\_\_\_\_

#### From: Depositor or Grantor

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

SSN \_\_\_\_\_  
Date of Birth \_\_\_\_\_  
Phone: Home \_\_\_\_\_  
Work \_\_\_\_\_

#### The Original Contribution

Account Number: \_\_\_\_\_  
Date of Contribution: \_\_\_\_\_  
Amount: \_\_\_\_\_

#### The Recharacterized Contribution

Account Number: \_\_\_\_\_  
Date of Contribution: \_\_\_\_\_  
Amount: \_\_\_\_\_

#### Type of Original Contribution (Check only one)

- ☐ 1. Annual contribution to a traditional IRA for \_\_\_\_\_ tax yr  
☐ 2. Annual contribution to a Roth IRA for \_\_\_\_\_ tax yr

#### Type of Recharacterized Contribution

- ☐ 1. Annual contribution to a Roth IRA for the same tax year  
☐ 2. Annual contribution to a traditional IRA for the same tax year

**Notice.** Effective January 1, 2018, an IRA owner who makes a Roth IRA conversion for 2018 or later year is ineligible to recharacterize it.

#### Instruction & Amount to Recharacterize

I elect to recharacterize \$ \_\_\_\_\_  
Which is ☐ all or ☐ a portion of my original contribution.

#### It is adjusted by:

- a. Related Earnings (losses) \_\_\_\_\_  
b. Interest Penalty Fee \_\_\_\_\_  
c. Administrative Fee \_\_\_\_\_  
d. Other \_\_\_\_\_  
e. Recharacterized Net Amount \_\_\_\_\_

#### Description of Assets Being Recharacterized

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**Special Notice.** A person who recharacterizes an IRA contribution needs to follow the pertinent IRS instructions for recharacterizations set forth for Form 8606. In general, you will need to attach an explanation to your tax return. Your IRA custodian/trustee should be furnishing you with a special form(s) to be used to provide this explanation.

#### Acknowledgments & Signatures

##### Depositor or Grantor

I acknowledge that you have instructed me to consult with my legal or tax advisor because of the complexity and importance of this matter. I have read the information on the reverse side of this sheet. This recharacterization is being made on or before the due date (including extensions) for filing my individual federal income tax return for the taxable year for which the contribution was made or other applicable deadline. I expressly assume all responsibility for this recharacterization of IRA funds. I realize that my election to recharacterize my contribution is irrevocable.

Depositor or Grantor: \_\_\_\_\_

Date: \_\_\_\_\_

##### IRA Custodian/Trustee:

We acknowledge receiving your recharacterization instruction. We will report the original contribution on Form 5498. We will report the distribution for recharacterization on Form 1099-R per the current IRS instructions, and we will also report the recharacterization contribution on a Form 5498.

Custodian/Trustee: \_\_\_\_\_

Date: \_\_\_\_\_

## Recharacterization Contribution

CUF Form # 54-TR2

Only certain contributions can  
be recharacterized  
Documentation Required

### Notice of External Recharacterization of IRA Contribution

Print

Email

#### To: Custodian/Trustee

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_ Zip \_\_\_\_\_

Date \_\_\_\_\_  
Phone \_\_\_\_\_

#### From: Depositor or Grantor

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_ Zip \_\_\_\_\_

SSN \_\_\_\_\_  
Date of Birth \_\_\_\_\_  
Phone: Home \_\_\_\_\_  
Work \_\_\_\_\_

#### Depositor or Grantor Instructions

I hereby instruct that I wish to irrevocably recharacterize my previous contribution. The Current Custodian/Trustee is to prepare a check for the amount indicated below and issue it to the referenced Successor Custodian or Trustee.

#### The Original Contribution

Account Number: \_\_\_\_\_  
Date of Contribution: \_\_\_\_\_  
Amount: \_\_\_\_\_

#### The Recharacterized Contribution

Account Number: \_\_\_\_\_  
Date of Contribution: \_\_\_\_\_  
Amount: \_\_\_\_\_

#### Type of Original Contribution (Check only one)

- ☐ 1. Annual contribution to a traditional IRA for \_\_\_\_\_ tax yr  
☐ 2. Annual contribution to a Roth IRA for \_\_\_\_\_ tax yr

#### Type of Recharacterized Contribution

- ☐ 1. Annual contribution to a Roth IRA for the same tax year  
☐ 2. Annual contribution to a traditional IRA for the same tax year

**Notice.** Effective January 1, 2018, an IRA owner who makes a Roth IRA conversion for 2018 or later year is ineligible to recharacterize it.

#### Instruction & Amount to Recharacterize

I elect to recharacterize \$ \_\_\_\_\_  
Which is ☐ all or ☐ a portion of my original contribution.

#### It is adjusted by:

- a. Related Earnings (losses) \_\_\_\_\_  
b. Interest Penalty Fee \_\_\_\_\_  
c. Administrative Fee \_\_\_\_\_  
d. Other \_\_\_\_\_  
e. Recharacterized Net Amount \_\_\_\_\_

#### Description of Assets Being Recharacterized

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### Acknowledgements & Signatures

##### Depositor or Grantor

I acknowledge that you have instructed me to consult with my legal or tax advisor because of the complexity and importance of this matter. I have read the information on the reverse side of this sheet. This recharacterization is being made on or before the due date (including extensions) for filing my individual federal income tax return for the taxable year for which the contribution was made or other applicable deadline. I expressly assume all responsibility for this recharacterization of IRA funds. I realize that my election to recharacterize my contribution is irrevocable.

Depositor  
or Grantor: \_\_\_\_\_  
Date: \_\_\_\_\_

##### Successor Custodian/Trustee

Name \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_ Zip \_\_\_\_\_  
Phone \_\_\_\_\_

We, the successor custodian/trustee, agree to report this recharacterized contribution as identified above as a recharacterized contribution on Form 5498 and agree to accept this contribution as if it had originally been made to us rather than the previous trustee/custodian.

Successor  
Custodian/Trustee: \_\_\_\_\_  
Date: \_\_\_\_\_

**Special Notice.** A person who recharacterizes an IRA contribution needs to follow the pertinent IRS instructions for recharacterizations set forth for Form 8606. In general, you will need to attach an explanation to your tax return. Your IRA custodian/trustee should be furnishing you with a special form(s) to be used to provide this explanation.

## Recharacterization Contribution

CWF Form # 56-TRX

Only certain contributions can be  
recharacterized  
Documentation Required

### Special Explanation to Accountholder for an IRA Recharacterization for the 2025 Tax Year

\_\_\_\_\_  
(Name of Accountholder)

The purpose of this special explanation is to provide you with information about your recharacterization. You recharacterized a contribution which you made for the 2025 tax year. You will need to properly report and explain your recharacterization when you file your 2025 federal income tax return. We have furnished to you a copy of the *IRA Recharacterization Form* which you executed. You will also want to review the instructions for Form 8606. The IRS' instructions require you, as the IRA accountholder, attach an explanation to your income tax return indicating the original contribution amount, the amount which was recharacterized, and the amount of earnings which was recharacterized. You may attach a copy of the IRA Recharacterization Form for this purpose.

In some situations you will need to do more than just attach an explanatory statement. If both the original contribution and the recharacterization occurred during 2025 then you must also include on the 2025 tax return the amount deemed distributed from the one IRA on Form 1040, line 4(a) (or similar form). This is the gross amount you recharacterized. You should also complete line 4(b), the taxable amount, with zero. If the recharacterization of the contribution for 2025 occurred in 2026 then you only need to attach the explanatory statement.

**Note:** An IRA owner who makes a Roth IRA conversion during 2025 or later year is ineligible to recharacterize it. This means your conversion is irrevocable and you must include the taxable portion of your distribution in your taxable income.

Accountholder \_\_\_\_\_ Date \_\_\_\_\_

\_\_\_\_\_  
Date \_\_\_\_\_



## Recharacterizations

### Custodian/Trustee Reporting

Example 1: John makes a Roth IRA contribution of \$6,000 on July 6, 2024.

On December 15, 2024, he decides he wants a Traditional IRA Contribution. He asks his IRA custodian to recharacterize it.

The IRA custodian recharacterizes \$6,050 (*\$6,000 current-year contribution, plus \$100 in calculated applicable earnings, less \$50 fee and penalty.*)



## Recharacterizations

### Custodian/Trustee Reporting – Example 1

Report original contribution on Form 5498 & Report distribution on Form 1099-R

9898		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution		2024	
First National Bank		\$ 6050.00		Form 1099-R	
111 Main Street		2a Taxable amount		Contracts, etc.	
Eureka, FL 95001		\$ 0.00			
PAYER'S TIN		2b Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>	
059-1111111		3 Capital gain (included in box 2a)		4 Federal income tax withheld	
RECIPIENT'S TIN		111-11-1234		Copy A For Internal Revenue Service Center	
RECIPIENT'S name		5 Employee Designated Roth contributions or insurance premiums		6 Unrealized appreciation in employer's securities	
John J. Black		\$		\$	
Street address (including apt. no.)		7 Distribution code(s)		8 Other	
351 Filton Avenue		N		\$ %	
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution %		9b Total employee contributions \$	
Eureka, FL 95001					
10 Amount allocable to IRR within 5 years		11 1st year of designated Roth contribution		16 State distribution	
\$				\$	
Account number (see instructions)		13 Date of payment		17 Local tax withheld	
Unique		\$		\$	
		\$		18 Name of locality	
				19 Local distribution	
				\$	

Do Not Check

Note that the reason code will be "N" !

Form 1099-R Cat. No. 14436Q www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service



## Recharacterizations

### Custodian/Trustee Reporting

Example 2: John makes a Roth IRA contribution of \$6,000 on July 6, 2024.

On February 15, 2025, he decides he wants a Traditional IRA Contribution.

He asks his IRA custodian to recharacterize it. The IRA custodian recharacterizes \$6,000 (*\$6,000 current-year contribution, plus \$100 in calculated applicable earnings, less \$50 fee and penalty.*)

## Recharacterizations

### Custodian/Trustee Reporting – Example 2

Report original contribution on Form 5498 & Report distribution on Form 1099-R

9898		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution		2025	
First National Bank		\$ 6050.00		Form 1099-R	
111 Main Street		2a Taxable amount			
Eureka, FL 95001		\$ 0.00			
PAYER'S TIN		2b Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>	
059-1111111		3 Capital gain (included in box 2a)		4 Federal income tax withheld	
RECIPIENT'S TIN		111-11-1234		0.00	
RECIPIENT'S name		5 Employee designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities	
John J. Black		\$		\$	
Street address (including apt. no.)		7 Distribution code(s)		8 Other	
351 Filton Avenue		R		\$ %	
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution		9b Total employee contributions	
Eureka, FL 95001		% %		\$	
10 Amount allocable to IRR within 5 years		11 1st year of distribution		16 State distribution	
\$				\$	
Account number (see instructions)		payment		19 Local distribution	
Unique		\$		\$	
		\$		\$	

Do Not Check

Note that the reason code will be "R" !

## Roth IRA Distributions

Continue – a Taxpayer's duty to Report a Roth IRA Distribution

# Roth IRAs      Session # 2 - Distributions

**See Form 1040:**  
The individual has the duty to complete lines 4a and 4b to report his or her Roth IRA distributions. The are four basic Roth IRA distribution situations.

instructions.		<b>i</b> Nontaxable combat pay election (see instructions) . . . . .		<b>1i</b>	
<b>z</b> Add lines 1a through 1h				<b>1z</b>	
Attach Sch. B if required.	<b>2a</b> Tax-exempt interest . . . . .	<b>2a</b>		<b>b</b> Taxable interest . . . . .	<b>2b</b>
	<b>3a</b> Qualified dividends . . . . .	<b>3a</b>		<b>b</b> Ordinary dividends . . . . .	<b>3b</b>
	<b>4a</b> IRA distributions . . . . .	<b>4a</b>		<b>b</b> Taxable amount . . . . .	<b>4b</b>
	<b>5a</b> Pensions and annuities . . . . .	<b>5a</b>		<b>b</b> Taxable amount . . . . .	<b>5b</b>
	<b>6a</b> Social security benefits . . . . .	<b>6a</b>		<b>b</b> Taxable amount . . . . .	<b>6b</b>
	<b>c</b> If you elect to use the lump-sum election method, check here (see instructions) . . . . .				
<b>Standard Deduction for—</b> <ul style="list-style-type: none"><li>• Single or Married filing separately, \$14,600</li><li>• Married filing jointly or Qualifying surviving spouse, \$29,200</li><li>• Head of household, \$21,900</li><li>• If you checked any box under Standard Deduction, see instructions.</li></ul>	<b>7</b> Capital gain or (loss). Attach Schedule D if required. If not required, check here . . . . .			<b>7</b>	
	<b>8</b> Additional income from Schedule 1, line 10 . . . . .			<b>8</b>	
	<b>9</b> Add lines 12, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your <b>total income</b> . . . . .			<b>9</b>	
	<b>10</b> Adjustments to income from Schedule 1, line 26 . . . . .			<b>10</b>	
	<b>11</b> Subtract line 10 from line 9. This is your <b>adjusted gross income</b> . . . . .			<b>11</b>	
	<b>12</b> <b>Standard deduction or itemized deductions</b> (from Schedule A) . . . . .			<b>12</b>	
	<b>13</b> Qualified business income deduction from Form 8995 or Form 8995-A . . . . .			<b>13</b>	
	<b>14</b> Add lines 12 and 13 . . . . .			<b>14</b>	
	<b>15</b> Subtract line 14 from line 11. If zero or less, enter -0-. This is your <b>taxable income</b> . . . . .			<b>15</b>	
	For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions.				
Cat. No. 11320B					
Form <b>1040</b> (2024)					

Situation #1. The Roth IRA distribution is qualified and the Roth IRA custodian knows it is qualified. That is, the Roth IRA owner is over age 59½ and has had their Roth IRA for 5 years or longer with the Roth IRA custodian. The Roth IRA custodian will prepare the 2022 Form 1099-R to show a reason code Q in box 7, the gross amount in box 1 and a box 2a is to be left blank. The individual is to complete lines 4a and 4b as follows. Line 4a is to be completed with the gross amount shown in box 1 of the Form 1099-R. The Q means her distribution was qualified. Line 4b is to be completed with 0.00 because the distribution is qualified.

For example, if a Roth IRA owner who was age 60 and who had her Roth IRA with the Roth IRA custodian for 10 years withdrew \$8,000 from her Roth IRA during 2022 and her Roth IRA custodian furnished her with a 2022 Form 1099-R with \$8,000 in box 1 and a reason code Q in box 7, then line 4a of her Form 1040 must be completed with \$8,000 (i.e. the gross amount set forth in box 1 from Form 1099-R) and line 4b is to be completed with 0.00. Form 8606 and Form 5329 do not need to be completed.

Situation #2. The Roth IRA distribution is qualified, but the Roth IRA has not been in existence at the current Roth IRA custodian for 5 years. The Roth IRA custodian will prepare the 2022 Form 1099-R to show a reason code T in box 7, the gross amount is reported in box 1 and box 2a is to be left blank.

The individual is to complete lines 4a and 4b as follows. Line 4a is to be completed with the gross amount shown in box 1 of the Form 1099-R. Line 4b is to be completed with 0.00 because the distribution is qualified.

For example, if a Roth IRA owner who was age 60 and who had her Roth IRA with the Roth IRA custodian for only 3 years withdrew \$8,000 from her Roth IRA, then this Roth IRA custodian will furnish her with a 2024 Form 1099-R with \$8,000 in box 1 and a reason code T in box 7. The T indicates the distribution was non-qualified. However, this person had established another Roth IRA with another Roth IRA custodian 10 years ago. This means for her tax purposes all Roth IRA distributions to her are qualified as the five year rule has been met because she is over age 59½. Thus, she should complete line 4a of her Form 1040 with \$8,000 (i.e. the gross amount set forth in box 1 from Form 1099-R) and line 4b is to be completed with 0.00. In this situation she wants to attach a written note explaining why the distribution is qualified since the Form 1099-R indicates it was non-qualified.

Situation #3. The Roth IRA distribution is not qualified, but Code T is the proper reason code for Form 1099-R purposes because the individual is age 59½, but has not met the 5-year rule.

The Roth IRA custodian will prepare the Form 1099-R to show a reason code T in box 7, the gross amount is reported in box 1 and box 2a is to be left blank. Since the distribution is non-qualified, the individual will need to complete Part III of Form 8606. Because it is a non-qualified distribution, the individual must use the tax ordering rules to determine if any portion of the distribution is comprised of any earnings. The distribution of any earnings must be report on line 4b and Form 5329 will need to be completed if the individual is not yet age 59½ or older.



Part III  
See Form 8606:

The individual is to complete lines 4a and 4b as follows. Line 4a is to be completed with the gross amount shown in box 1 of the Form 1099-R. Line 4b is to be completed with the taxable amount, if any, determined on the Form 8606. See line 25c.

For example, John Doe has had a Roth IRA for 3 years. He is age 62. During 2024, he withdraws \$18,000 of which \$16,500 were his own contributions and \$1,500 were the earnings. The Roth IRA custodian will prepare the 2024 Form 1099-R to show a reason code T in box7, the gross amount in box 1 and a box 2a is to be left blank.

Form 8606 (2024)

Page 2

Part II

2024 Conversions From Traditional, Traditional SEP, or Traditional SIMPLE IRAs to Roth, Roth SEP, or Roth SIMPLE IRAs

Complete this part if you converted part or all of your traditional, traditional SEP, and traditional SIMPLE IRAs to a Roth, Roth SEP, or Roth SIMPLE IRA in 2024.

16

If you completed Part I, enter the amount from line 8. Otherwise, enter the net amount you converted from traditional, traditional SEP, and traditional SIMPLE IRAs to Roth, Roth SEP, or Roth SIMPLE IRAs in 2024.

16

17

If you completed Part I, enter the amount from line 11. Otherwise, enter your basis in the amount on line 16 (see instructions).

17

18

Taxable amount. Subtract line 17 from line 16. If more than zero, also include this amount on 2024 Form 1040, 1040-SR, or 1040-NR, line 4b.

18

Part III

Distributions From Roth, Roth SEP, or Roth SIMPLE IRAs

Complete this part only if you took a distribution from a Roth, Roth SEP, or Roth SIMPLE IRA in 2024. For this purpose, a distribution does not include a rollover (but does include certain 2024 retirement plan distribution repayments treated as rollovers (see instructions)). Also, it does not include a qualified charitable distribution, one-time distribution to fund an HSA, recharacterization, or return of certain contributions (see instructions).

19

Enter your total nonqualified distributions from Roth, Roth SEP, and Roth SIMPLE IRAs in 2024, including any qualified first-time homebuyer distributions, and any 2024 retirement plan distributions whose repayments are treated as rollovers (see instructions).

19

20

Qualified first-time homebuyer expenses (see instructions). Do not enter more than \$10,000 reduced by the total of all your prior qualified first-time homebuyer distributions.

20

21

Subtract line 20 from line 19. If zero or less, enter -0-

21

22

Enter your basis in Roth, Roth SEP, and Roth SIMPLE IRA contributions (see instructions). If line 21 is zero, stop here.

22

23

Subtract line 22 from line 21. If zero or less, enter -0- and skip lines 24 and 25. If more than zero, you may be subject to an additional tax (see instructions).

23

24

Enter your basis in conversions from traditional, traditional SEP, and traditional SIMPLE IRAs and rollovers from qualified retirement plans to a Roth, Roth SEP, or Roth SIMPLE IRA. See instructions.

24

25a

Subtract line 24 from line 23. If zero or less, enter -0- and skip lines 25b and 25c.

25a

b

Enter the amount on line 25a attributable to qualified disaster distributions, if any, from 2024 Form(s) 8915-F (see instructions). Also, enter this amount on 2024 Form(s) 8915-F, line 19, as applicable (see instructions).

25b

c

Taxable amount. Subtract line 25b from line 25a. Reduce that amount by certain 2024 retirement plan distribution repayments (other than those reported on Form 8915-F) that are treated as rollovers (see instructions). If more than zero, also include this amount on 2024 Form 1040, 1040-SR, or 1040-NR, line 4b.

25c

Sign Here Only if You Are Filing This Form by Yourself and Not With Your Tax Return

Under penalties of perjury, I declare that I have examined this form, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature

Date

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name

Firm's EIN

Firm's address

Phone no.

Form 8606 (2024)

John Doe must complete Part III of Form 8608. On line 25c he will indicate that he has taxable income of \$1,500. He will also complete line 4b of Form 1040 with \$1,500.

Because he is older than age 59½, he will not complete Form 5329 regarding the 10% additional tax because it is inapplicable.

Situation #4. The Roth IRA distribution is not qualified, but Code J is the proper reason code for Form 1099-R purposes because the individual has not met the 5-year rule and/or is not yet 59½, disabled or has not yet died.

The Roth IRA custodian will prepare the 2024 Form 1099-R to show a reason code J in box 7, the gross amount is reported in box 1 and box 2a is to be left blank.

Since the distribution is non-qualified, the individual will need to complete Part III of Form 8606.

John Doe must complete Part III of Form 8608. On line 25c he will indicate that he has taxable income of \$1,500. He will also complete line 4b of Form 1040 with \$1,500.

Because he is older than age 59½, he will not complete Form 5329 because it is inapplicable.

Situation #5. The Roth IRA owner is age 52. The Roth IRA distribution is not qualified, but Code J is the proper reason code for Form 1099-R purposes because the individual has not met the 5-year rule and/or is not yet 59½, disabled or has not yet died.

The Roth IRA custodian will prepare the 2024 Form 1099-R to show a reason code J in box 7, the gross amount is reported in box 1 and box 2a is to be left blank.

Since the distribution is non-qualified, the individual will need to complete Part III of Form 8606. is a non-qualified distribution, the individual must use the tax ordering rules to determine if any portion of the distribution is comprised of any earnings. The distribution of any earnings must be report on line 4b and the individual will need to complete Part I of Form 5329 because he or she not yet age 59½ or older.



# Roth IRAs      Session # 2 - Distributions

## See Form 5329:

For example, Mary Doe has had a Roth IRA for 3 years. She is age 37. During 2024, she withdraws \$14,000 of which \$12,300 were her own contributions and \$1,700 were the earnings. The Roth IRA custodian will prepare the 2024 Form 1099-R to show a reason code J in box 7, \$14,000 in box 1 and a box 2a is to be left blank.

She must complete Part III of Form 8608. On line 25c she will indicate that she has taxable income of \$1,700. She will also complete line 4b of Form 1040 with \$1,700.

Form **5329**

Department of the Treasury  
Internal Revenue Service

Additional Taxes on Qualified Plans  
(Including IRAs) and Other Tax-Favored Accounts

Attach to Form 1040, 1040-SR, 1040-NR, or 1041.  
Go to [www.irs.gov/form5329](https://www.irs.gov/form5329) for instructions and the latest information.

OMB No. 1545-0074  
**2024**  
Attachment  
Sequence No. **29**

Your social security number

Home address (number and street), or P.O. box if mail is not delivered to your home

Apt. no.

City, town or post office, state, and ZIP code. If you have a foreign address, also complete the spaces below. See instructions.

If this is an amended return, check here ☐

Foreign country name

Foreign province/state/country

Foreign postal code

If you only owe the additional 10% tax on the full amount of the early distributions, you may be able to report this tax directly on Schedule 2 (Form 1040), line 8, without filing Form 5329. See instructions.

**Part I**

**Additional Tax on Early Distributions.** Complete this part if you took a taxable distribution (other than a qualified disaster distribution) before you reached age 59½ from a qualified retirement plan (including an IRA) or modified endowment contract (unless you are reporting this tax directly on Schedule 2 (Form 1040)—see above). You may also have to complete this part to indicate that you qualify for an exception to the additional tax on early distributions or for certain Roth IRA distributions. See instructions.

1

Early distributions includible in income (see instructions). For Roth IRA distributions, see instructions.

1

2

Early distributions included on line 1 that are not subject to the additional tax (see instructions).

2

3

Amount subject to additional tax. Subtract line 2 from line 1.

3

4

Additional tax. Enter 10% (0.10) of line 3. Include this amount on Schedule 2 (Form 1040), line 8.

4

Caution: If any part of the amount on line 3 was a distribution from a SIMPLE IRA, you may have to include 25% of that amount on line 4 instead of 10%. See instructions.

**Part II**

**Additional Tax on Certain Distributions From Education Accounts and ABLE Accounts.** Complete this part if you included an amount in income, on Schedule 1 (Form 1040), line 8z, from a Coverdell education savings account (ESA) or a qualified tuition program (QTP), or on Schedule 1 (Form 1040), line 8q, from an ABLE account.

5

Distributions included in income from a Coverdell ESA, a QTP, or an ABLE account

5

6

Distributions included on line 5 that are not subject to the additional tax (see instructions)

6

7

Amount subject to additional tax. Subtract line 6 from line 5.

7

8

Additional tax. Enter 10% (0.10) of line 7. Include this amount on Schedule 2 (Form 1040), line 8.

8

**Part III**

**Additional Tax on Excess Contributions to Traditional IRAs.** Complete this part if you contributed more to your traditional IRAs for 2024 than is allowable or you had an amount on line 17 of your 2023 Form 5329.

9

Enter your excess contributions from line 16 of your 2023 Form 5329. See instructions. If zero, go to line 15.

9

10

If your traditional IRA contributions for 2024 are less than your maximum allowable contribution, see instructions. Otherwise, enter -0-.

10

11

2024 traditional IRA distributions included in income (see instructions)

11

12

2024 distributions of prior year excess contributions (see instructions)

12

13

Add lines 10, 11, and 12.

13

14

Prior year excess contributions. Subtract line 13 from line 9. If zero or less, enter -0-.

14

15

Excess contributions for 2024 (see instructions)

15

16

Total excess contributions. Add lines 14 and 15.

16

17

Additional tax. Enter 6% (0.06) of the smaller of line 16 or the value of your traditional IRAs on December 31, 2024 (including 2024 contributions made in 2025). Include this amount on Schedule 2 (Form 1040), line 8.

17

**Part IV**

**Additional Tax on Excess Contributions to Roth IRAs.** Complete this part if you contributed more to your Roth IRAs for 2024 than is allowable or you had an amount on line 25 of your 2023 Form 5329.

18

Enter your excess contributions from line 24 of your 2023 Form 5329. See instructions. If zero, go to line 23.

18

19

If your Roth IRA contributions for 2024 are less than your maximum allowable contribution, see instructions. Otherwise, enter -0-.

19

20

2024 distributions from your Roth IRAs (see instructions)

20

21

Add lines 19 and 20.

21

22

Prior year excess contributions. Subtract line 21 from line 18. If zero or less, enter -0-.

22

23

Excess contributions for 2024 (see instructions)

23

24

Total excess contributions. Add lines 22 and 23.

24

25

Additional tax. Enter 6% (0.06) of the smaller of line 24 or the value of your Roth IRAs on December 31, 2024 (including 2024 contributions made in 2025). Include this amount on Schedule 2 (Form 1040), line 8.

25

For Privacy Act and Paperwork Reduction Act Notice, see your tax return instructions.

Cat. No. 13329G

Form **5329** (2024)

Because she is younger than age 59½, she must complete Form 5329 to indicate she owes the 10% tax on the \$1,700 or \$170.

86

See Form 8606:

All Roth IRA distributions are to be reported on a person's federal income tax return. The above discussion makes clear a person who withdraws funds from a Roth IRA or receives a distribution from a Roth IRA must always report this Roth IRA distribution on their federal tax year for the tax year during which the distribution occurred. Some individuals incorrectly think that because their Roth IRA distribution is qualified and is not subject to being taxed that it need not be reported on their tax return.

Form 8606 (2024)

Page 2

Part II

2024 Conversions From Traditional, Traditional SEP, or Traditional SIMPLE IRAs to Roth, Roth SEP, or Roth SIMPLE IRAs

Complete this part if you converted part or all of your traditional, traditional SEP, and traditional SIMPLE IRAs to a Roth, Roth SEP, or Roth SIMPLE IRA in 2024.

16

If you completed Part I, enter the amount from line 8. Otherwise, enter the net amount you converted from traditional, traditional SEP, and traditional SIMPLE IRAs to Roth, Roth SEP, or Roth SIMPLE IRAs in 2024.

16

17

If you completed Part I, enter the amount from line 11. Otherwise, enter your basis in the amount on line 16 (see instructions).

17

18

**Taxable amount.** Subtract line 17 from line 16. If more than zero, also include this amount on 2024 Form 1040, 1040-SR, or 1040-NR, line 4b.

18

Part III

Distributions From Roth, Roth SEP, or Roth SIMPLE IRAs

Complete this part only if you took a distribution from a Roth, Roth SEP, or Roth SIMPLE IRA in 2024. For this purpose, a distribution **does not** include a rollover (but does include certain 2024 retirement plan distribution repayments treated as rollovers (see instructions)). Also, it **does not** include a qualified charitable distribution, one-time distribution to fund an HSA, recharacterization, or return of certain contributions (see instructions).

19

Enter your total nonqualified distributions from Roth, Roth SEP, and Roth SIMPLE IRAs in 2024, including any qualified first-time homebuyer distributions, and any 2024 retirement plan distributions whose repayments are treated as rollovers (see instructions).

19

20

Qualified first-time homebuyer expenses (see instructions). **Do not** enter more than \$10,000 reduced by the total of all your prior qualified first-time homebuyer distributions.

20

21

Subtract line 20 from line 19. If zero or less, enter -0-

21

22

Enter your basis in Roth, Roth SEP, and Roth SIMPLE IRA contributions (see instructions). If line 21 is zero, **stop here**.

22

23

Subtract line 22 from line 21. If zero or less, enter -0- and skip lines 24 and 25. If more than zero, you may be subject to an additional tax (see instructions).

23

24

Enter your basis in conversions from traditional, traditional SEP, and traditional SIMPLE IRAs and rollovers from qualified retirement plans to a Roth, Roth SEP, or Roth SIMPLE IRA. See instructions.

24

25a

Subtract line 24 from line 23. If zero or less, enter -0- and skip lines 25b and 25c.

25a

b

Enter the amount on line 25a attributable to qualified disaster distributions, if any, from 2024 Form(s) 8915-F (see instructions). Also, enter this amount on 2024 Form(s) 8915-F, line 19, as applicable (see instructions).

25b

c

**Taxable amount.** Subtract line 25b from line 25a. Reduce that amount by certain 2024 retirement plan distribution repayments (other than those reported on Form 8915-F) that are treated as rollovers (see instructions). If more than zero, also include this amount on 2024 Form 1040, 1040-SR, or 1040-NR, line 4b.

25c

Sign Here Only if You Are Filing This Form by Itself and Not With Your Tax Return

Under penalties of perjury, I declare that I have examined this form, including accompanying attachments, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than taxpayer) is based on all information of which preparer has any knowledge.

Your signature

Date

Paid Preparer Use Only

Print/Type preparer's name

Preparer's signature

Date

Check ☐ if self-employed

PTIN

Firm's name

Firm's EIN

Firm's address

Phone no.

Form 8606 (2024)

## **Recapture Tax — Withdraw Conversion Before Five Years**

A recapture tax is generally assessed when a taxpayer takes advantage of a favorable tax rule, but fails to comply with a time requirement.

The 10% additional tax of Code section 72(t) applies even if the distribution from the Roth IRA is not includable in gross income, if the distribution is allocable to a conversion contribution that is withdrawn before a five-year requirement is met.

Note that for the purpose of this additional 10% tax, **there is a separate five-year requirement for each conversion contribution**. This five-year period begins on the first day of the individual's tax year (*normally January 1*) in which the conversion contribution is made. This five-year period ends on the last day of the individual's fifth consecutive taxable year (*normally this is December 31*).

This five-year requirement for the purpose of this additional 10% tax need not be the same period as the five-year period calculated to determine if the distribution is a qualified distribution for purposes of determining if the income will not be taxed.

Reason Code 1 is to be used in box 7.

**Note: CWF believes the IRS has not issued any special guidance as to how this situation is reported for IRS purposes.**

### **Recapture Tax — Withdraw Conversion Before Five Years** *(continued)*

This 10% additional tax is not assessed if, at the time of the distributions, one of the exceptions of section 72(t) applies. Thus, if an accountholder subsequently attains age 59½ and then takes a distribution (*but before the 5-year requirement is met*), the 10% additional tax is not assessed or owed.

**Example:** Jane Doe makes a conversion contribution on February 24, 2020, by contributing the distributed amount to a Roth IRA in a qualifying conversion contribution and simultaneously making a regular Roth contribution for 2018/2019. For purposes of assessing the 10% additional tax on the conversion basis, the five-year period commences on 1-1-19, whereas the five-year period for purposes of determining if the distribution will be excluded from income is 1-1-18.

This additional 10% tax applies only to the amount of the conversion that was includable in gross income as a result of the conversion, and then only if none of the exceptions of Code section 72(t) apply.

### **Recapture Tax — Withdraw Conversion Before Five Years** *(continued)*

**Illustration:** It would be rare, but assume a person makes an annual contribution for each year and also makes a conversion each year. There is only one five-year period for the annual contribution. There is a separate five-year period for each conversion.

RMDs

Applies only to Roth IRA Beneficiaries.

## **Almost Always –**

### **Each and Every Distribution to a Roth IRA Beneficiary will be Tax-Free.**

Once the Roth IRA owner dies, his or her Roth IRA beneficiary must be paid certain required minimum distributions or he or she will owe the 50% excess accumulations tax. In any given year a Roth IRA beneficiary may withdraw more than the required amount. He or she may even close the inherited Roth IRA. However, many Roth IRA beneficiaries will decide to only take their annual RMD since the inherited Roth IRA, in general, produces tax-free income. In order to maximize the amount of tax-free income a beneficiary must minimize his or her distributions. Although a Roth IRA beneficiary who is a living person could elect to use the 5-year rule to comply with the RMD rules, a person will almost never do so because the use of the 5-year rule means the Roth IRA must cease to exist by December 31 of the fifth year following the year of the Roth IRA owner's death. Unlike with a traditional IRA, there is never an RMD due for the year the Roth IRA accountholder dies. A non-spouse Roth IRA beneficiary is ineligible to rollover a distribution with respect to a decedent's Roth IRA. An inherited Roth IRA may be transferred. The general rule is, commencing with the year after the year the Roth IRA accountholder dies, an inheriting Roth IRA beneficiary is required to commence distributions over his or her life expectancy. The Single Life Table is used along with the reduce by one rule. Almost always, a surviving spouse, who is the sole beneficiary will elect to treat the deceased spouse's IRA as his or her own Roth IRA since a Roth IRA accountholder is not required to take any distribution while he or she is alive.



## **Almost Always –**

### **Each and Every Distribution to a Roth IRA Beneficiary will be Tax-Free.** *(Continued)*

A Roth IRA beneficiary will owe the excess accumulations tax if an RMD deadline is missed unless the IRS would waive such tax.

If the Roth IRA accountholder had met the 5-year requirement prior to his or her death, then any and all distributions to the beneficiary will be qualified and will be tax-free. The beneficiary is also considered to have met the 5-year rule.

Any and all distributions to a beneficiary will be qualified and will be tax-free once the 5-year rule has been met by adding together the time the beneficiary has had the inherited Roth IRA with the time it had been maintained by the Roth IRA accountholder. The reason code “Q” is used to report any Roth IRA distribution which is qualified. In order to be qualified for reporting purposes, the 5-year rule must have been met and the distribution must be because the IRA owner is age 59½ or older or is disabled or because the IRA owner had died and the beneficiary is paid a distribution.

Code 4 is never used on the Form 1099-R to report that a distribution was paid to a Roth IRA beneficiary. Code 4 is only used to report distributions to a traditional IRA beneficiary.

## **Almost Always –**

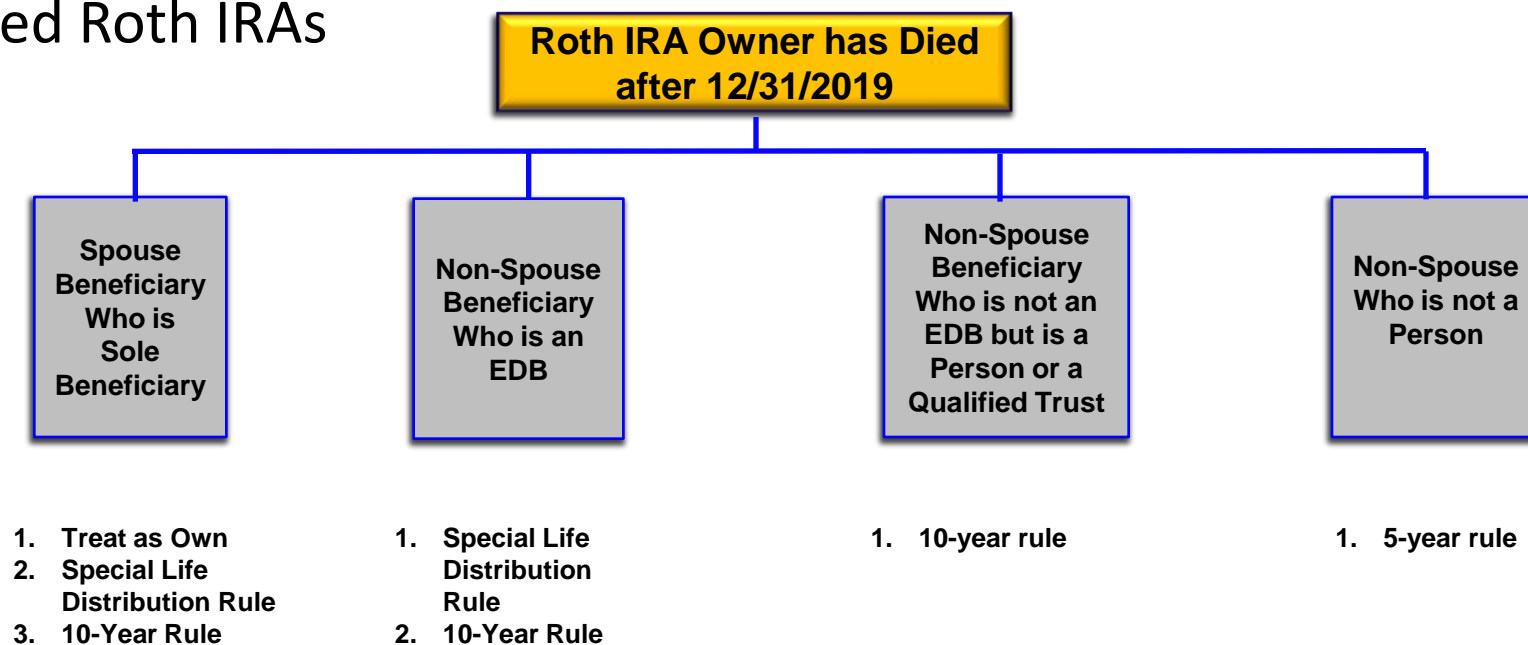
### **Each and Every Distribution to a Roth IRA Beneficiary will be Tax-Free.** *(Continued)*

For preparing Form 1099-R purposes, the financial institution serving as the custodian at the time of the decedent's Roth IRA only considers the time it has held the decedent's Roth IRA funds or the inherited Roth IRA. It does not consider the time the individual had his or her Roth IRA at another financial institution. For example, Jane Doe set up her Roth IRA with First National Bank in 2021 by transferring in \$30,000. She died in March of 2024. Originally, she had established her Roth IRA with First State Bank in 2014. Jane Doe had met the five-year requirement needed to have a qualified distribution. Every distribution to her inheriting beneficiary will be a qualified distribution.

However, the five-year rule has not been met at First National Bank. It must prepare the Form 1099-R using reason code "T." The 5-year rule will not be met at First National Bank until January 1, 2028. Any distributions from First National Bank to her beneficiary(ies) in 2023 and 2024 will be coded "T." The beneficiary may attach a note to his or her tax return explaining, notwithstanding the fact that the Form 1099-R shows a distribution code "T", such distribution is tax-free since the 5-year requirement was met since the original Roth IRA had been set up at another custodian. Any distribution to a beneficiary after December 31, 2025, will be code a "Q."

## Inherited Roth IRAs

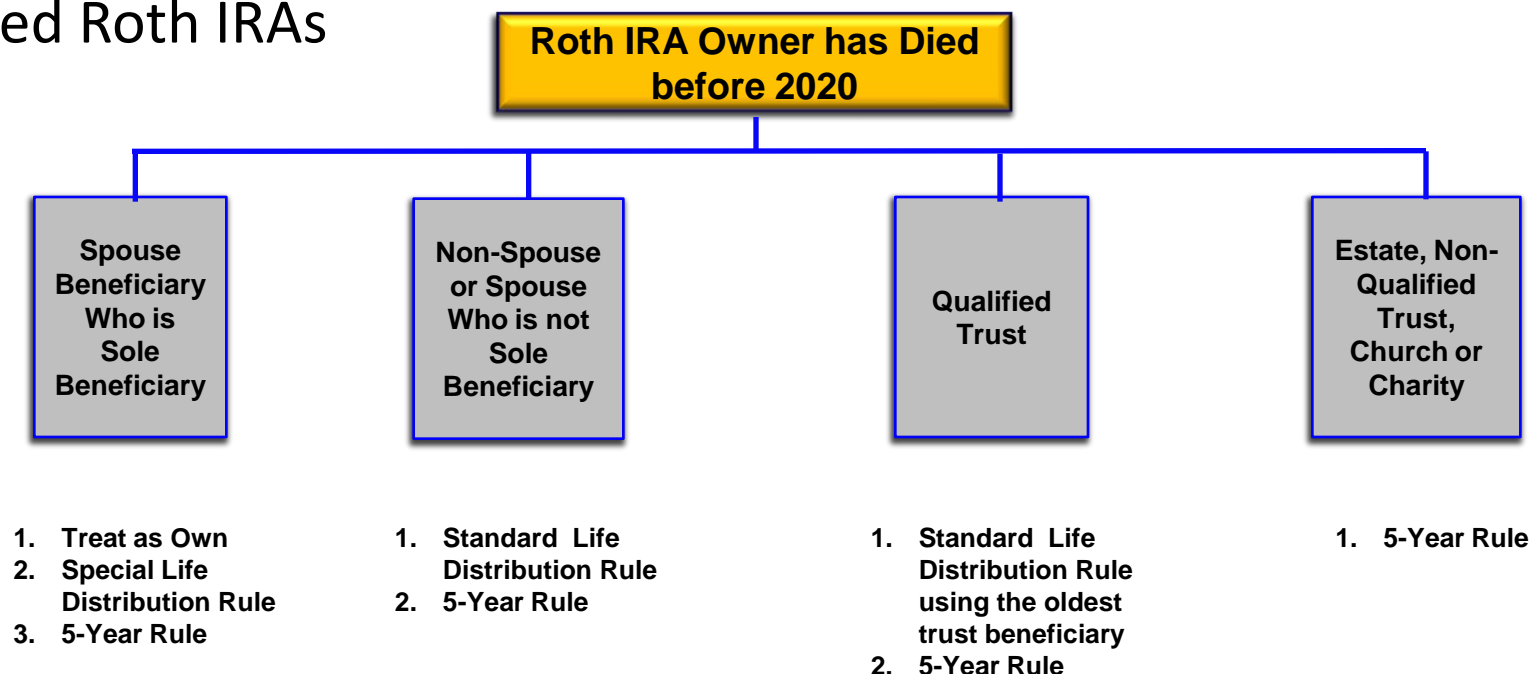
## Inherited Roth IRAs



## Inherited Roth IRA

In general, it will earn tax-free income for 10 years if the beneficiary is not an EDB. Life distribution rule will be selected by most non-spouse beneficiaries who are an EDB. Spouse beneficiaries will elect as own or do a rollover.

## Inherited Roth IRAs



## Inherited Roth IRA

In general, it will earn tax-free income for 20-70 years.

Life distribution rule was selected by most non-spouse beneficiaries

Spouse beneficiaries elected as own

Example. IRA owner died in 2018. A non-spouse beneficiary may withdraw the funds over their life expectancy. Life expectancy of a 30 year old beneficiary is 53.3 years.

### Inherited Roth IRAs for Non-Spouse Beneficiaries General Procedures For Inherited IRAs

Once the Roth IRA custodian/trustee knows of the death of an accountholder, we suggest the following procedure:

- A. Identify who is the primary beneficiary or who are the primary beneficiaries.
- B. Set up an inherited Roth IRA file for each beneficiary. You will want to put a copy of the deceased accountholder's Roth IRA plan agreement and beneficiary designation in this file along with the other documents discussed herein.
- C. Send a letter to each named beneficiary, or a standard letter if a beneficiary notifies you in person of an accountholder's death. The letter should inform the beneficiary that you will need to be furnished a certified death certificate (or a similar legal document) as evidence of the accountholder's death. The letter should also inform the beneficiary that certain elections will need to be made as to how and when his or her share is to be paid. A Form #204R or similar form should be enclosed.
- D. Retain a copy of the death certificate in the file..
- E. Retain a copy of the elections and the instruction for a distribution schedule. Determine if some beneficiaries will not be beneficiaries for RMD purposes. Set up procedures to annually monitor these distributions for correctness as to amount and as to timeliness.
- F. Document the distribution(s) so that you are preparing the Form 1099-R correctly.
- G. Make sure that there is compliance with the withholding rules.
- H. Allow each beneficiary to designate his or her own beneficiary



### Inherited Roth IRAs for Non-Spouse Beneficiaries

#### Set up the Inherited Roth IRA for Each Inheriting Beneficiary

An inherited Roth IRA will be titled, “John Doe as the Roth IRA beneficiary of Jane Doe.”

You will want to put a copy of the decedent’s Roth IRA plan agreement and the beneficiary designation into this file. If a deceased accountholder has more than one beneficiary, then there will need to be an inherited Roth IRA set up for each beneficiary. Each beneficiary will individually have to comply with the RMD rules.

You may also want the inheriting beneficiary to sign a new inherited Roth IRA plan agreement. This is certainly necessary if the funds are being directly rolled over by a non-spouse beneficiary from a 401(k) plan or similar plan to an inherited Roth IRA.

### Inherited Roth IRAs for Non-Spouse Beneficiaries

#### Other Important Considerations for an Inherited Roth IRA

You will want to name your own beneficiary(*ies*) if you are maintaining the IRA as an inherited Roth IRA. Your beneficiary(*ies*) will use the RMD (*Required Minimum Distribution*) Schedule as calculated using your age. This schedule will require a larger distribution than if you had elected to treat your deceased spouse's IRA as your own. If you elect as own, there is no required distribution.

Even if you are younger than 59½, the 10% additional tax does not apply to any distribution of taxable income from an inherited Roth IRA to a beneficiary.

### Inherited Roth IRAs for Non-Spouse Beneficiaries

#### Establishing Inherited IRAs/Inherited Plan Agreements

CWF has created IRA plan agreements specifically for inheriting beneficiaries. As you know, the rules for beneficiaries differ considerably from those of the original accountholder. A financial institution normally handles a beneficiary situation by merely placing the original plan agreement, or a copy of it, in the beneficiary's file. In an amending situation, it is confusing as to how to amend the plan agreement. Normally amending would still be geared toward only the original accountholder. CWF believes it would simplify things for the financial institution, and the rules would be more clearly understood by the beneficiaries, if the plan agreement detailed the rules as they apply to beneficiaries.

## Inherited Roth IRAs for Non-Spouse Beneficiaries

### Other Important Considerations for an Inherited Roth IRA

The IRA regulation provides that a surviving spouse who makes a contribution to an inherited Roth IRA, or who fails to take a required distribution by the appropriate deadline, is deemed to have treated it as his or her own Roth IRA.

- The law mandates the following order for distributions from a Roth IRA:
  - from regular/annual contributions
  - from conversion contributions on a first-in-first-out basis
  - from earnings. A distribution from a Roth IRA is not includable in your gross income even if it is not a qualified distribution to the extent that the distribution, when added to the amount of all previous distributions (*whether or not they were qualified distributions from your Roth IRA*), exceeds your contributions to all of your Roth IRA.

Inherited Roth IRAs for Non-Spouse Beneficiaries

Special Administrative Topics

No Rolling Over an Inherited IRA – Exception for certain mistakes

Traditional or Roth IRA – by a Non-Spouse Beneficiary

## Inherited IRAs for Non-Spouse Beneficiaries

### Special Administrative Topics

#### Transferring an Inherited Roth IRA – Special Procedures

If you are the receiving institution, the successor custodian/trustee, you will probably want to get a copy of the Roth IRA plan agreement and beneficiary designation of the deceased accountholder. CWF now has an inherited Roth IRA Plan Agreement for this purpose. Per the IRS, the account must be titled in this manner:

“ABC Financial Institution as Custodian/Trustee for John Jones as beneficiary for James Smith’s Roth IRA”

The transferring Custodian/Trustee should be certain that the inherited funds will be properly administered by the successor Custodian/Trustee and that all required minimum distribution rules will be complied with.

The CWF Form 56-RI was designed for this purpose. This form, or some other appropriate form, should obtain the beneficiary’s signature as well as the signature of the representatives for the successor Custodian/Trustee stating that the proper regulations will be followed.



## Roth IRAs

### Distributions Once Roth IRA Accountholder Has Died – Spouse Beneficiary

If the spouse is the beneficiary, most likely he or she will elect to treat the decedent's Roth IRA as his or her own Roth IRA since he or she is not required to take a distribution while alive. However, if there is one or more non-spouse beneficiaries, then he or she generally must commence taking required distributions over his or her life expectancy by December 31 of the year after the accountholder death. As long as the five-year rule has been met by the Roth accountholder and his or her beneficiary, a distribution to the beneficiary is tax-free.

**25% or 10% or 0% Tax Owed if RMD Missed**

## Roth IRAs

### Distributions Once Roth IRA Accountholder Has Died

#### Spouse Beneficiary (*Sole Beneficiary*)

Treat as Own – **Almost always**

Life Distribution Rule

10-Year Rule

#### Non-Spouse Beneficiary – **Who is an EDB**

Life Distribution Rule

10-Year Rule

### **10%/25% Tax Owed if RMD Missed**

#### Non-Spouse Beneficiary – **Who is not an EDB**

10-Year Rule

# What is the 10-Year Rule

The IRA beneficiary must take sufficient distributions to close the inherited IRA by December 31 of the 10<sup>th</sup> year containing the Anniversary of the accountholder's death. There is no requirement to take out any specific amount in any year. In actuality, the beneficiary is allowed eleven calendar years to take his or her RMDs.

The inherited IRA must have a zero balance by 12/31/30 if the accountholder dies in 2020.

The inherited IRAs must have a zero balance by 12/31/31 if the accountholder dies in 2021.

Traditional IRA vs. Roth IRA

	Year	Sched #1	Sched #2	Sched #3	Sched #4	Sched #5
Year of Death Subsequent Years	2020	0%	0%	10%	20%	100%
1	2021	10%	0%	10%	20%	N/A
2	2022	10%	0%	0%	20%	N/A
3	2023	10%	0%	30%	20%	N/A
4	2024	10%	0%	0%	20%	N/A
5	2025	10%	0%	15%	N/A	N/A
6	2026	10%	0%	5%	N/A	N/A
7	2027	10%	0%	15%	N/A	N/A
8	2028	10%	0%	15%	N/A	N/A
9	2029	10%	0%	N/A	N/A	N/A
10	2030	10%	100%	N/A	N/A	N/A
Total		100%	100%	100%	100%	100%

For income reasons, many non-EDBs will elect Schedule #1 even though the RMD rules would allow less to be withdrawn.

### Case Study #1 – Example of Grandfathered

John Doe was born 6/10/35. John died on 11/15/11. He had established his Roth IRA in 2001. The FMV of this inherited Roth IRA as of 12/31/11 was \$34,000. John had designated his daughter, Ruth, as his sole primary beneficiary. She was born on 4/10/65.

Establish the inherited Roth IRA- Ruth as beneficiary of John Doe's Roth IRA.

It is presumed she had elected the life distribution rule. She is to continue that method.

Her age in 2012 was 47. The initial divisor as revised is 39.0.

### Case Study #2 – Example for a non-spouse beneficiary who is NOT an EDB

This situation will apply to many beneficiaries.

Jane Doe was born 6/10/1950. She died on 11/15/2021. She had established her Roth IRA in 2007. The FMV of this Roth IRA was 55,000. Amy was her sole beneficiary. Amy's date of birth is March 13, 1980.

An inherited Roth IRA will be established for Amy. As a non-EDB beneficiary she must use the 10-year rule. This inherited IRA must be closed by December 31, 2031.

She is not required to take any distribution for the years 2021-2030.

By not withdrawing any funds from 2021-2030 that will allow her to maximize the tax-free amount to be earned by 12/31/2031.

### Case Study #3 – Example for a non-spouse beneficiary who is an EDB and who elects to use the life distribution rule

Jane Doe was born 6/10/1950. She died on 11/15/2021. She had established her Roth IRA in 2007. The FMV of this Roth IRA was \$55,000. Amy was her sole beneficiary. Amy's date of birth is March 13, 1980.

An inherited Roth IRA will be established for Amy. An inherited Roth IRA will be established for Amy. As an EDB beneficiary she must elect to use either the life distribution rule or the 10-year rule. This election needs to be made by December 31 of the year following the year that Jane died. For this example, it is assumed she elects to use the life distribution year by 12/31/2022. This election is irrevocable.

One expects most EDB beneficiaries will elect to use the life distribution rule.

Amy is required to take an RMD for 2022 and each subsequent year, but this RMD amount in many cases will be a fairly small.

In 2022 Amy is age 42. Her initial divisor is 43.8. This divisor is reduced by 1.0 for each subsequent year. The Roth IRA will earn tax-free income for the next 43 years as long as she is alive. This inherited Roth IRA must be closed by December 31, 2031.

By not withdrawing more than her RMD in any year this will allow the inherited Roth IRA to maximize the tax-free income to be earned.



### Case Study #4 – Example for a non-spouse beneficiary who is an EDB and who elects to use the 10-year rule

Jane Doe was born 6/10/1950. She died on 11/15/2021. She had established her Roth IRA in 2007. The FMV of this Roth IRA was \$55,000. Amy was her sole beneficiary. Amy's date of birth is March 13, 1980.

An inherited Roth IRA will be established for Amy. As an EDB beneficiary she must elect to use either the life distribution rule or the 10-year rule. This election needs to be made by December 31 of the year following the year that Jane died.

For this example, it is assumed she elects to use the 10-year rule.

She is not required to take any distribution for the years 2021-2030.

By not withdrawing more than her RMD in any year this will allow the inherited Roth IRA to maximize the tax-free income to be earned.

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## Recommended File Maintenance

## Recommended File Maintenance Roth IRAs

### Recommended File Maintenance

- **Section 1** – Copies of plan agreements, disclosure statements, financial disclosures, and all amendments. Also include the non-IRA disclosure like FDIC/NCUA, CIP, etc.
- **Section 2** – Copies of Contribution documentation including IRS Form 5498s, IRA accountholder statements, and all investment documentation.
- **Section 3** – Copies of distribution documentation including Federal Income Tax withholding elections, withholding notices, and IRS Form 1099-Rs.

State Income tax withholding may also apply

**Note:** Withholding usually does NOT apply to Roth IRA distributions

## Recommended File Maintenance Roth IRAs

### Recommended File Maintenance

- **Section 4** – Copies of distribution documentation including withholding elections, withholding notices, and IRS Form 1099-R's
- **Section 5** – Copies of IRA-to-IRA rollover documentation including Rollover certification, and copy of check/draft/wire
- **Section 6** – Copies of QRP Direct Rollover and Rollover documentation including request, certification, 402(f) Notice and copy of check/draft/wire, etc.
- **Section 7** – Miscellaneous Information and Correspondence.  
Provides better file organization, enhances internal audit, increases ability to locate errors more quickly

## IRA Custodian/Trustee Penalties

## IRA Custodian/Trustee Penalties

- Incorrect or Untimely Plan Agreement
- Incorrect or Untimely Disclosure Statement
- Incorrect or Untimely Financial Disclosure  
*(Including Financial Projection Schedule when applicable)*
- Incorrect or Untimely Amendment
- Incorrect or Untimely RMD Notices
- Incorrect or Untimely FMV Statements
- Incorrect or Untimely Form 5498
- Incorrect or Untimely Form 1099-R \*

In general, Minimum \$50 Penalty per error or omission

\* Increased to \$310 per error or omission in 2023

## New IRS Reporting Penalties

\$250 Penalty (and other new penalties) will apply to 2015 Form 1099-R and subsequent years.

\$50 Penalty continues to apply to: Forms 1099-Q, 1099-SA, 5498, 5498-ESA, and 5498-SA (Section 6693).

The penalties under sections 6721 and 6722 do not apply to:

Forms:

1099-SA and 5498-SA

5498

5498-ESA

1099-Q

Filed under Code Section:

220(h) and 223(h)

408(i) and 408(l)

530(h)

529(d) and 530(h)

The penalty for failure to timely file Forms 1099-SA, 5498-SA, 5498, 5498-ESA, or 1099-Q is \$50 per return with no maximum, unless the failure is due to reasonable cause. See section 6693.



# Roth IRAs

## Any Final Questions?

*Thank you for your attendance and participation in this webinar.*



This concludes this Webinar. We thank you for attending.  
If you have any questions regarding the subject covered in this  
Webinar please feel free to

call us at **800.346.3961** or  
send an e-mail to [info@pension-specialists.com](mailto:info@pension-specialists.com)

or visit us on the internet at  
[www.pension-specialists.com](http://www.pension-specialists.com)