

Advanced IRA and QRP Portability, Conversions, and Recharacterizations



Learning Objectives

- ✔ Identify the types of plan assets that are eligible for rollover
- ✔ Compare the differences between retirement plan rollovers to Traditional and Roth IRAs
- ✔ Explain the result of violating the portability rules
- ✔ Describe a conversion and a recharacterization
- ✔ Define the consequences of an ineligible conversion
- ✔ Understand the reporting requirements for conversions and recharacterizations



Employer Plan and IRA Portability

Eligible Employer-Sponsored Retirement Plans (Plans that qualify under IRC Sec. 401(a), 403(a), 403(b), 414(d), and governmental 457(b))	Ineligible Employer-Sponsored Retirement Plans
Pension plans	The Federal Railroad Retirement Plan (Tier I or Tier II)
Profit sharing plans	Social Security
Deferred compensation (457(b) plans) established by <i>government</i> agencies	Deferred compensation (457 plans) established by <i>nonprofit</i> organizations
Stock bonus plans	Government retirement plans not qualified under IRC 401(a)
Owner-only plans	Foreign government retirement plan (e.g., the Canadian registered retirement savings plan)
Annuity or custodial account under any of the above plans	Annuities that are not part of a qualified retirement plan
Thrift Savings Plan (TSP)	

Triggering Events by Plan Type

Qualified Retirement Plans	403(b) Plans	Governmental 457(b) Plans
<ul style="list-style-type: none"> • Plan termination • Severance from employment • Normal retirement age • Death • Disability • Hardship • Qualified reservists • In-service distribution 	<ul style="list-style-type: none"> • Plan termination • Severance from employment • Age 59½ • Death • Disability • Hardship • Qualified reservists 	<ul style="list-style-type: none"> • Plan termination • Severance from employment • Year plan participant attains age 70½ • Unforeseeable emergency

Plan Assets Not Eligible for Rollover



RMD



Substantially
equal periodic
payments



Hardship
distributions



Excess
deferrals or
contributions



Plan loans



Employer
security
dividends

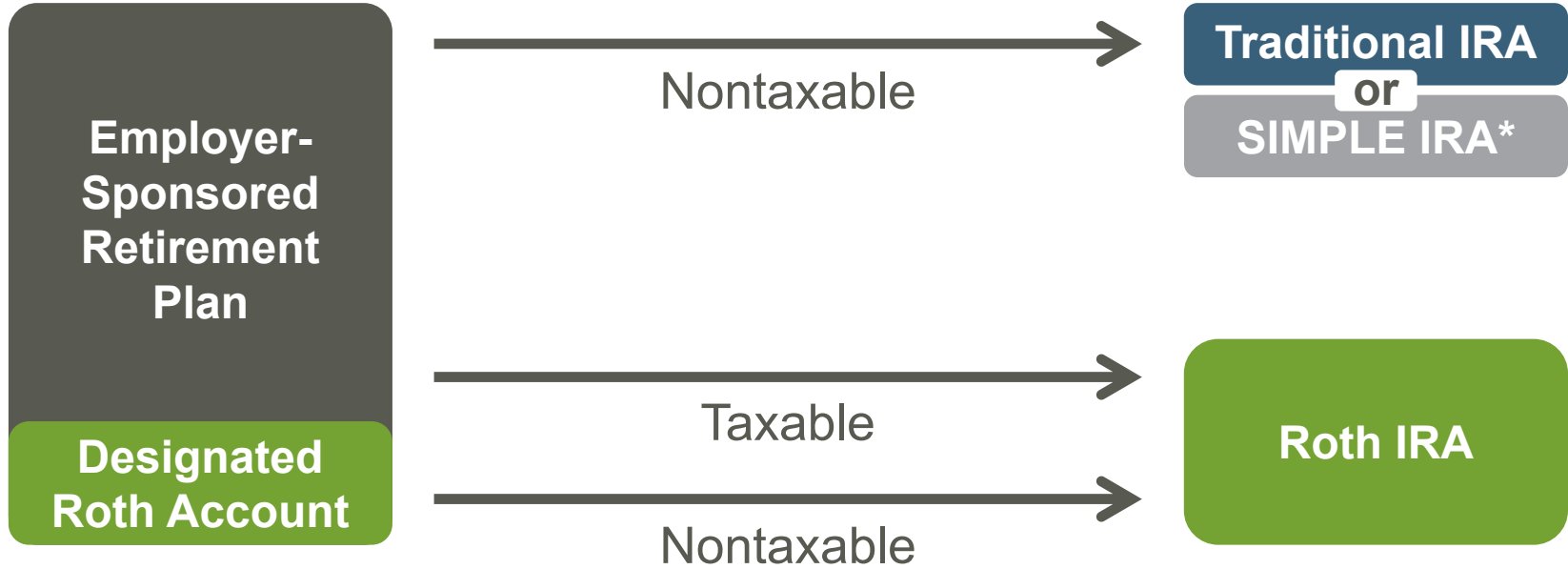


Life insurance
premiums



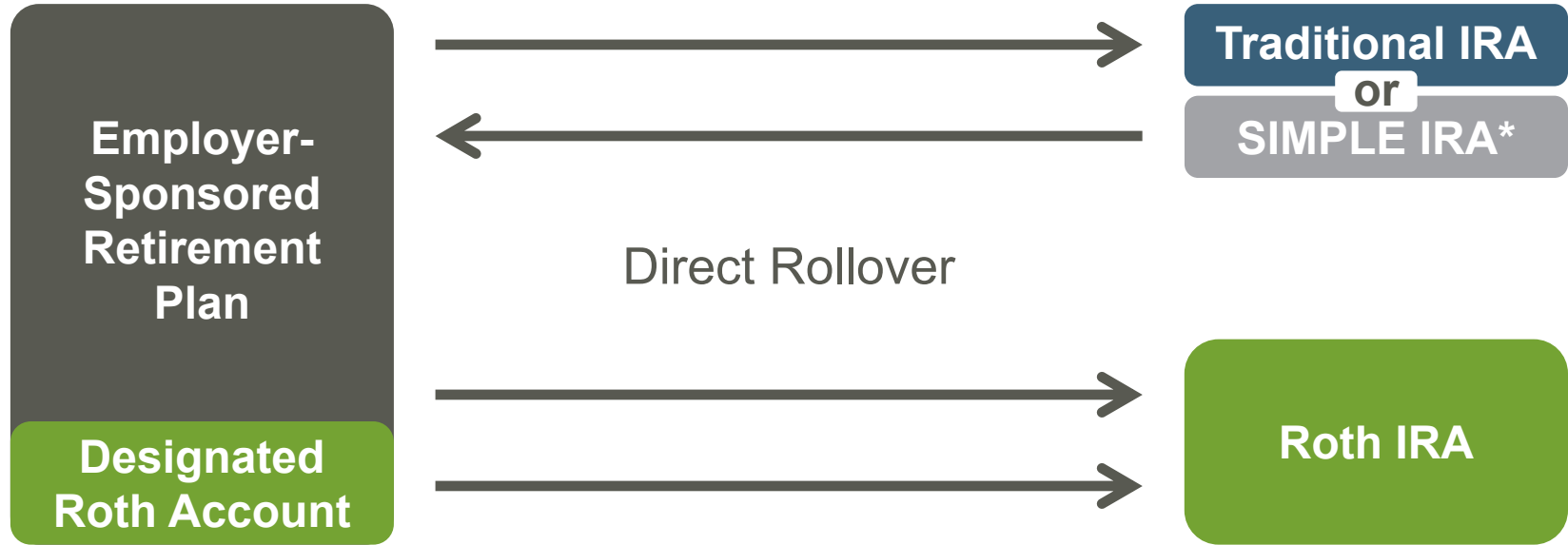
Permissible
withdrawals

Taxation



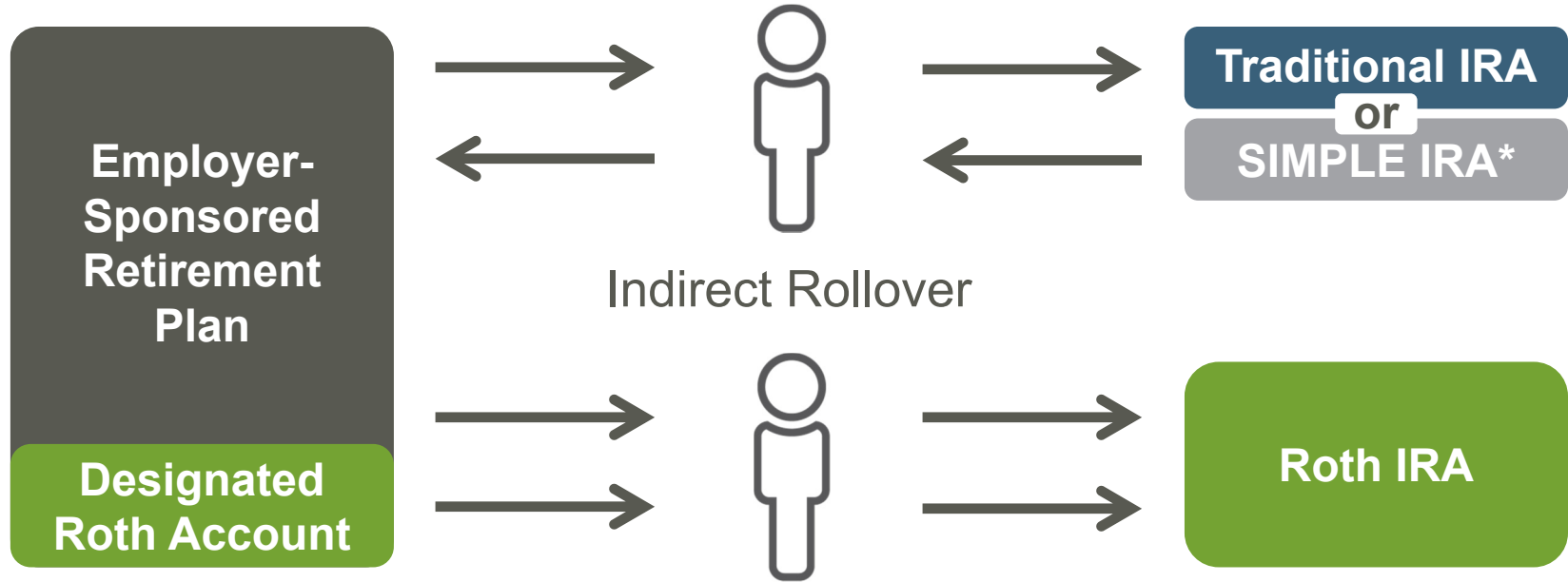
*Must have met the 2-year clock

Direct Rollover



*Must have met the 2-year clock

Indirect Rollover

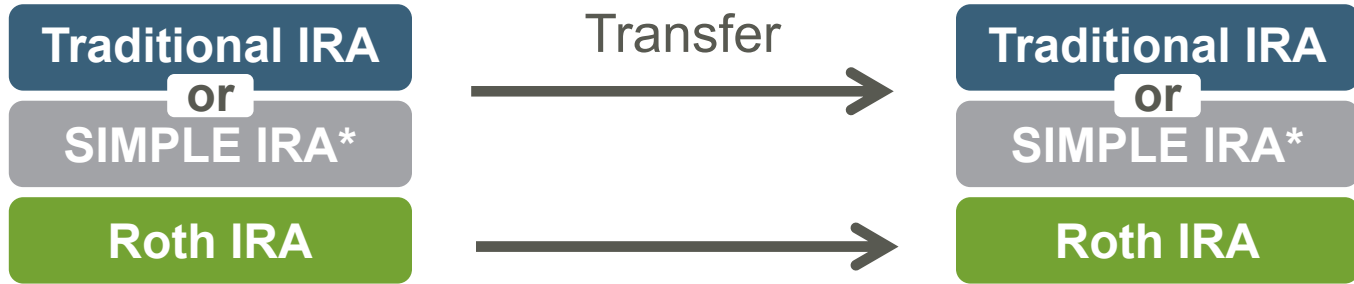


*Must have met the 2-year clock



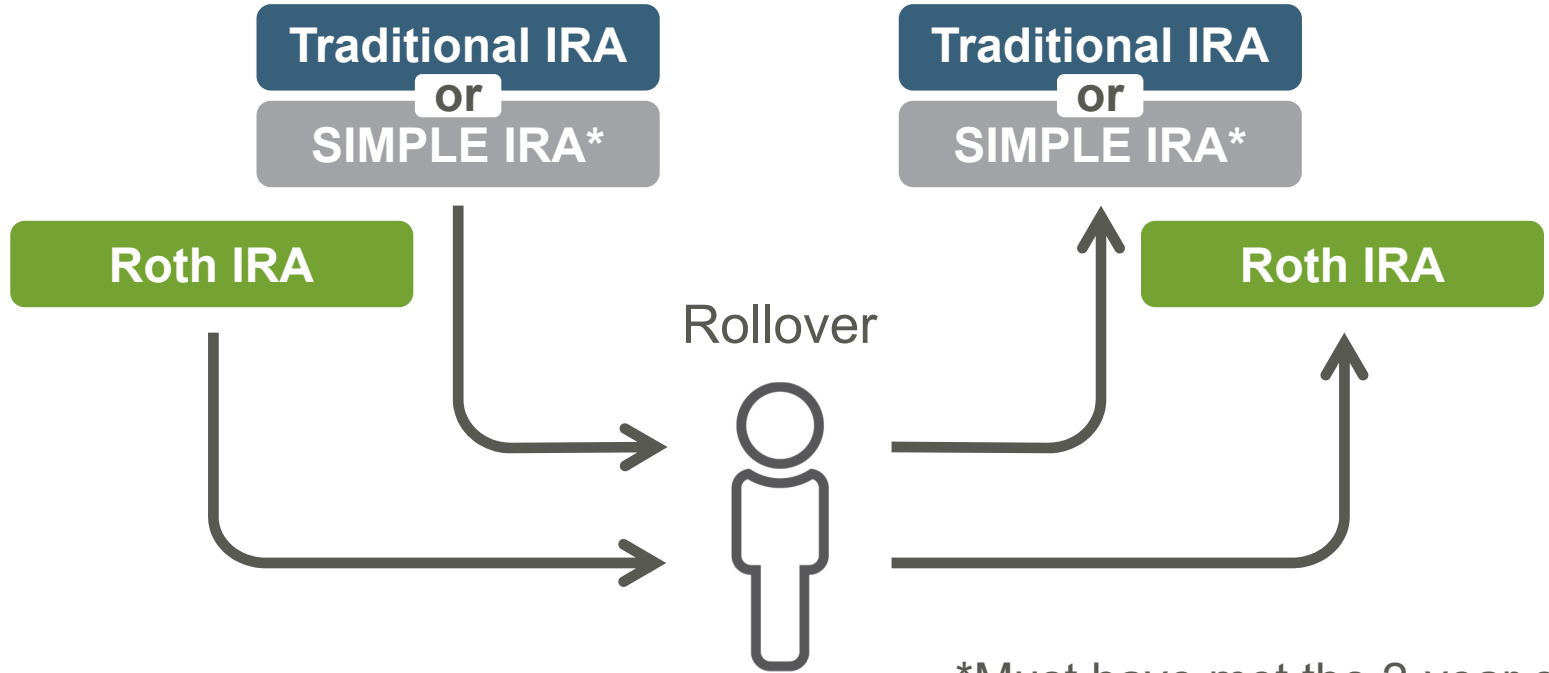
IRA-to-IRA Portability

Transfer



*Must have met the 2-year clock

Rollover



*Must have met the 2-year clock

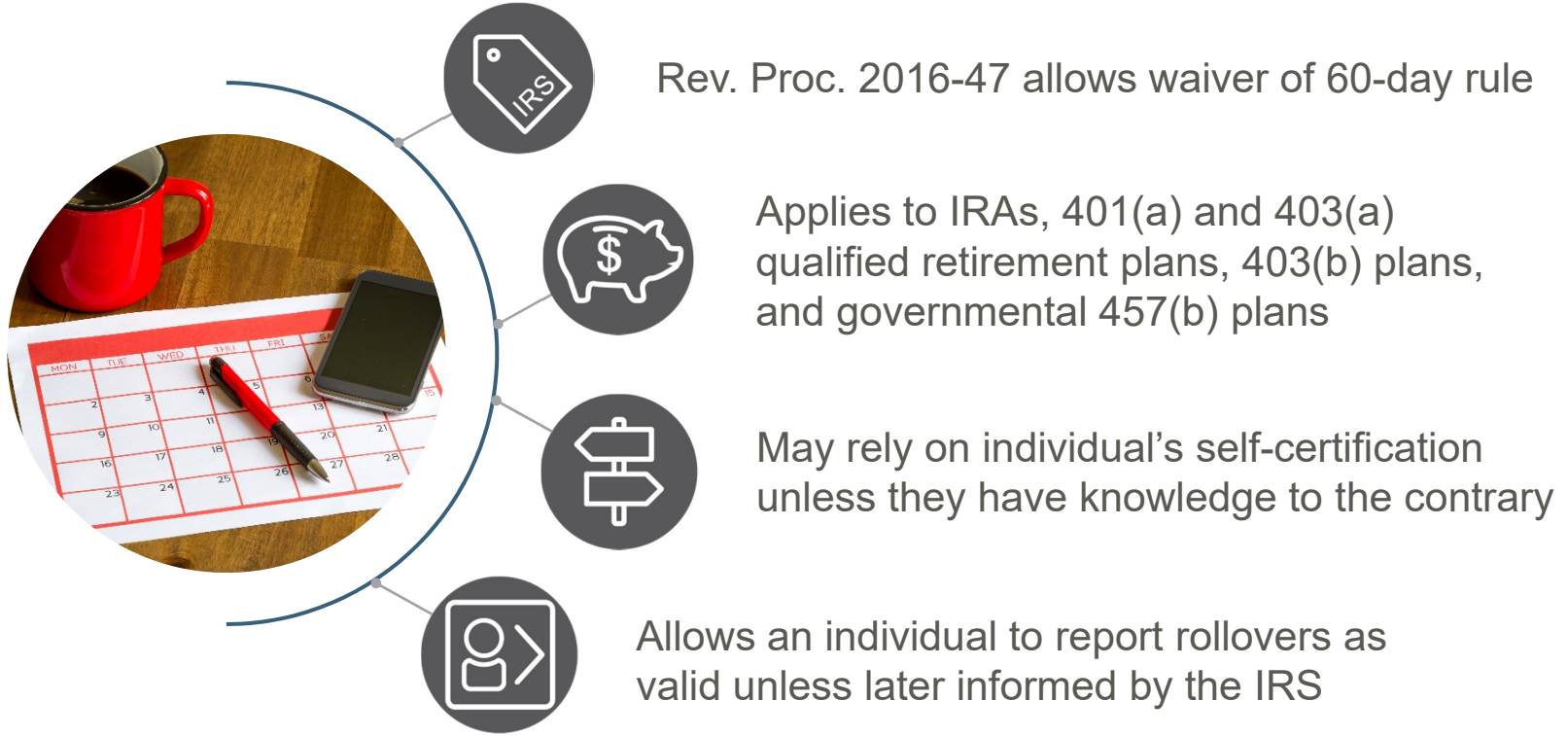


Employer Plan and IRA Rollover Restrictions

60-Day Rollover Rule



60-Day Rollover Waiver and Self-Certification



PLR Fee



- \$10,000 fee as defined in Rev. Proc. 2019-4
- To apply, owners submit a PLR to the IRS. If approved, only the distribution amount may be rolled over.

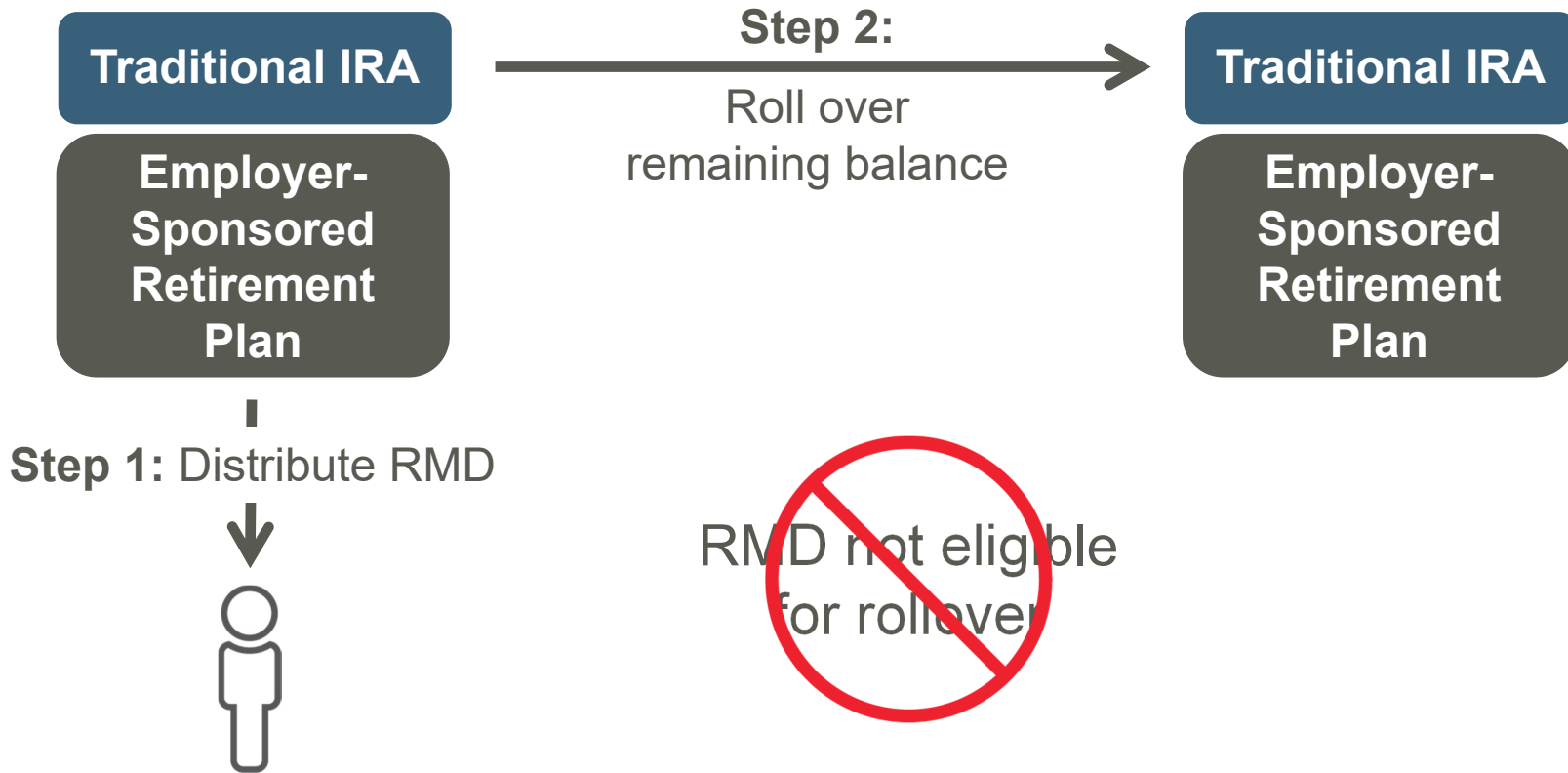
Automatic Waiver of 60-Day Rule

- Assets received within 60 calendar days of distribution
- IRA owner followed procedures
- Financial organization error
- Assets deposited within 1 calendar year from beginning of 60-day deadline
- Would have been valid if deposited as instructed



Waiver automatically granted if all are true

RMD Restriction



RMD Restriction Example

I am moving my IRA to Valley Financial.

I have **not** taken my 2019 RMD (\$4,028).

I am withdrawing my IRA balance (\$38,670) today.

Can I roll over the entire amount? If not, how much can I roll over?

Frank cannot roll over the entire amount.
He is eligible to roll over only \$34,642
(\$38,670 – \$4,028).





IRA-to-IRA Rollover Restrictions

One-Per-12- Month Rule

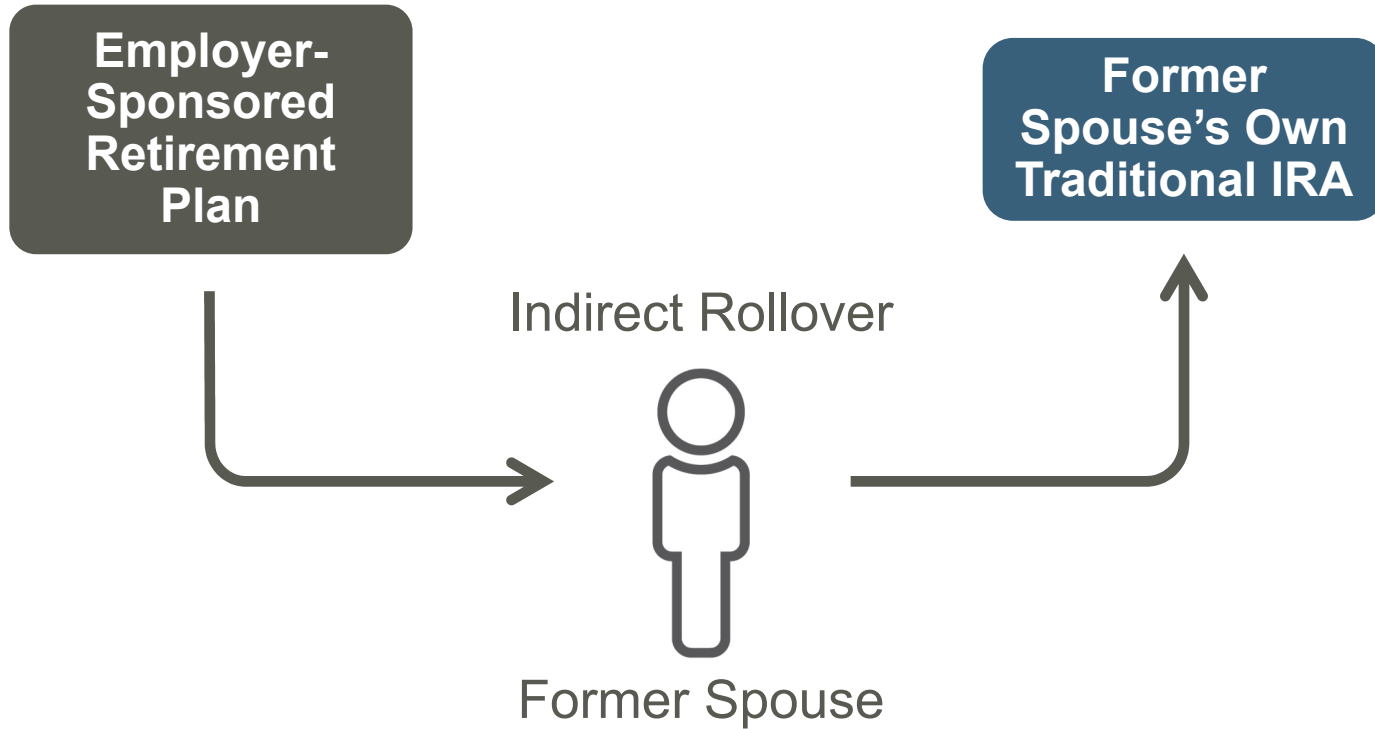



- Cannot roll over more than 1 distribution per 12-month period
- Does not apply to rollovers involving employer-sponsored retirement plans



Retirement Plan Rollovers Due to Divorce

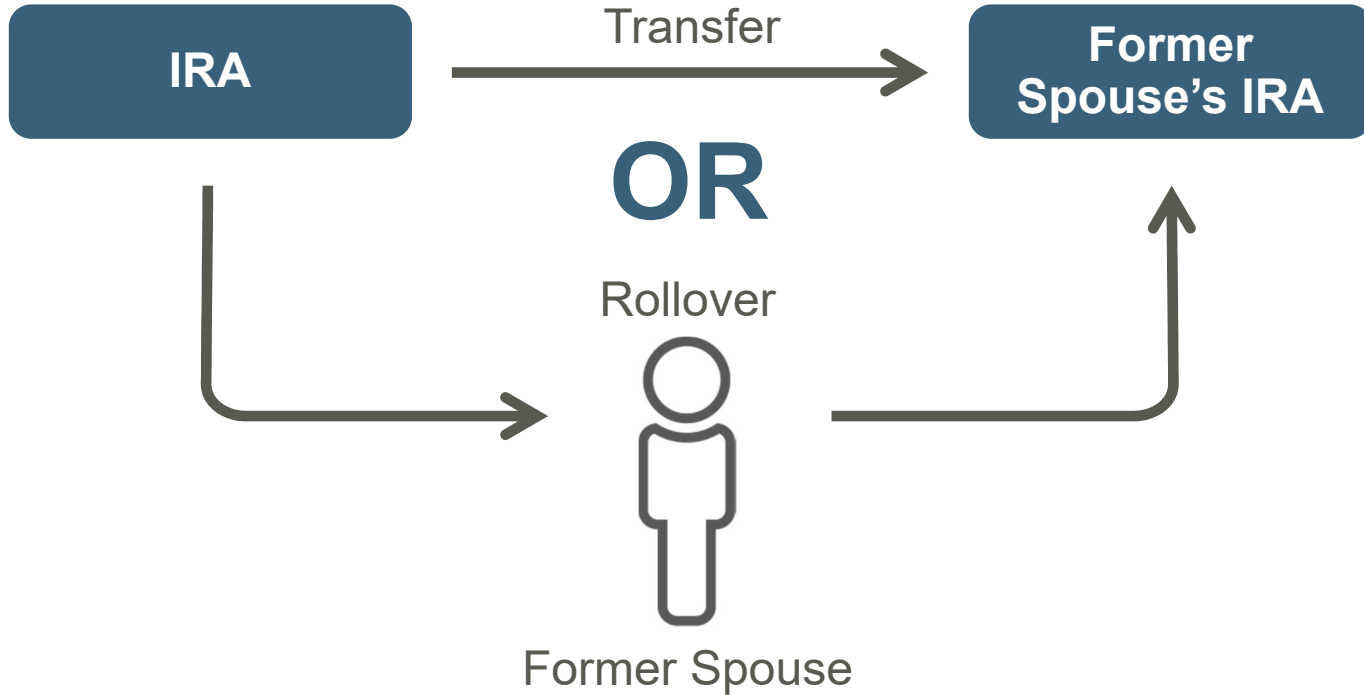
Retirement Plan Rollovers Due to Divorce





IRA Transfers and Rollovers Due to Divorce

IRA Transfers and Rollovers Due to Divorce



IRA Transfers and Rollovers Due to Divorce



Open IRA



Document
contribution



Complete transfer
or rollover

IRA Transfer Due to Divorce Example

Brian and Sandy recently divorced.

Brian was ordered to transfer 50% of his Traditional IRA assets to Sandy's Traditional IRA.

Sandy is requesting that the assets be moved to her savings account.



IRA Transfer Due to Divorce Example

Sandy should provide a copy of the divorce decree so that the financial organization can transfer the assets to Sandy's Traditional IRA.

Sandy may need to establish a Traditional IRA.

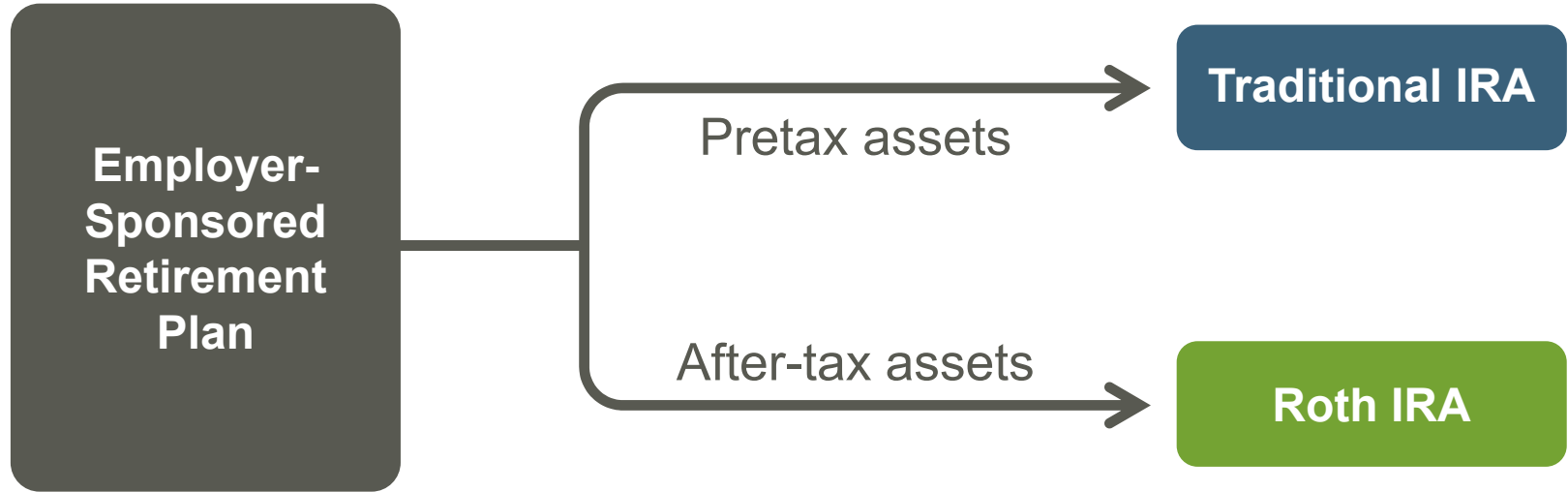
Once the assets are deposited into Sandy's IRA, the financial organization can move the assets into her savings account as a taxable distribution.



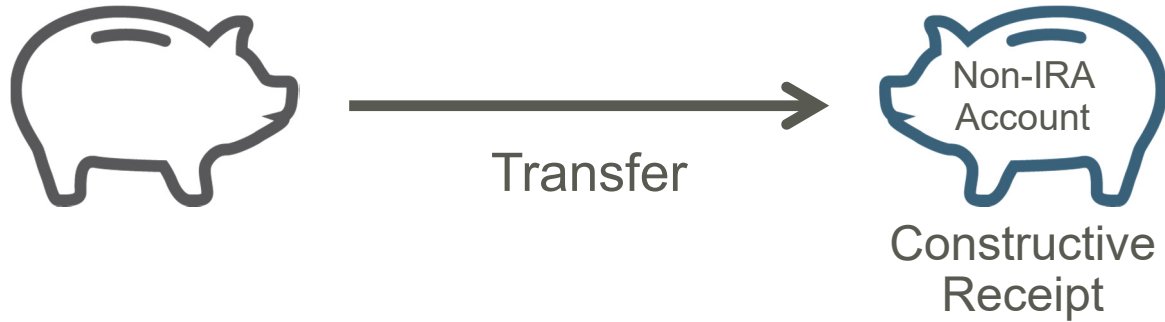


IRA Rollover and Transfer Special Issues

Rollover of Pretax and After-Tax Assets



Failed IRA Transfers



Invalid Rollovers



= Regular Contribution



Potential Excess
Contribution

NSF Share Draft/Check for Rollover Contribution



No Contribution

Disaster-Related Rollover Deadlines



- Exempt from 10 percent early distribution penalty tax
- Can be repaid within 3 years
- Distributions not repaid may be ratably taxed over three years



Qualified Hurricane Distributions



Qualified 2016 Disaster Distributions



Qualified Wildfire Distributions

Offset Plan Loan Rollover Deadline



Participants generally have 60 days to roll over a plan loan offset



TCJA extends the 60-day limit for certain offsets to the individual's tax filing deadline, including extensions, for the tax year in which the offset occurs



Applies to offsets resulting from plan termination or severance of employment; effective for offsets distributed in 2017 or later

Rollover of Wrongful IRS Levy

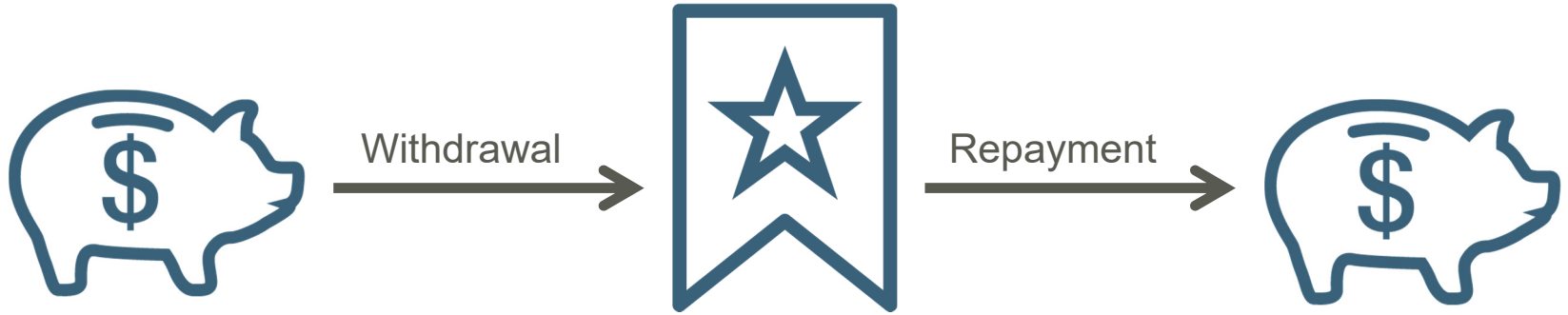


- Applies to amount returned, adjusted for earnings
- Roll over by owner's tax return deadline (not including extensions), for year amount returned
- No one-per-12-month IRA rollover rule
- Non-Roth amount rolled over to Roth IRA or designated Roth account is taxable
- Nonspouse beneficiaries with inherited IRAs may roll over returned amounts to inherited IRAs
- Applicable on or after January 1, 2018



Heroes Earnings Assistance and Relief Tax Act (HEART Act)

Qualified Reservist Distribution



2 years after end of active duty

Reporting Qualified Reservist Repayments

2019		<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED	
TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)	OMB No. 1545-0747
		\$	2019
		2 Rollover contributions	Form 5498
		\$	
		3 Roth IRA conversion amount	4 Recategorized contributions
		\$	\$
TRUSTEE'S or ISSUER'S TIN	PARTICIPANT'S TIN	5 FMV of account	6 Life insurance cost included in box 1
		\$	\$
PARTICIPANT'S name		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/>	SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>
		8 SEP contributions	9 SIMPLE contributions
		\$	\$
Street address (including apt. no.)		10 Roth IRA contributions	11 Check if RMD for 2020
		\$	<input type="checkbox"/>
City or town, state or province, country, and ZIP or foreign postal code		12a RMD date	12b RMD amount
		\$	\$
		13a Postponed/late contrib.	13b Year 13c Code
		\$	
		14a Repayments	14b Code
		\$	
Account number (see instructions)		15a FMV of certain specified assets	15b Code(s)
		\$	

IRA Contribution Information

Copy A

For Internal Revenue Service Center

File with Form 1096.

For Privacy Act and Paperwork Reduction Act Notice, see the **2019 General Instructions for Certain Information Returns.**

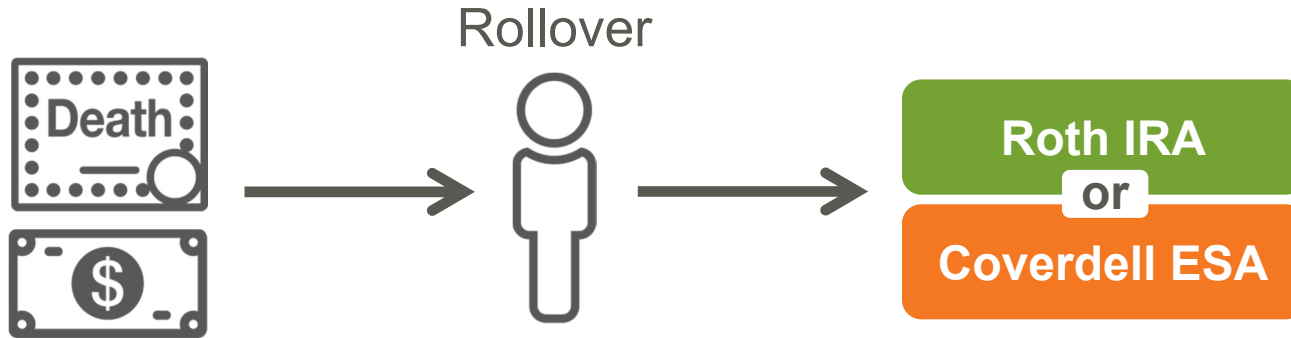
Form 5498 Cat. No. 50010C www.irs.gov/Forms5498 Department of the Treasury - Internal Revenue Service

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Box 14a – Enter the repayment amount of the qualified reservist distribution.

Box 14b – Enter code QR for the repayment of a qualified reservist distribution.

Provisions for Military Death Gratuities



Made within
1 year



Rollover cannot
exceed death benefit



No 60-day or one-
per-12-month rule



Not subject to
contribution limit



Retirement Plan and IRA Rollover Reporting

Reporting Distributions

Directly Rolled Over

Source of Assets	Destination of Assets		
Employer Plan	Traditional IRA	Roth IRA	Employer Plan
Pretax and after-tax assets	G <i>Zero (-0-) in Box 2a</i>	G <i>Taxable amount in Box 2a</i>	G <i>Zero (-0-) in Box 2a</i>
Designated Roth account assets		H <i>Zero (-0-) in Box 2a</i>	
Beneficiary rollover of pretax assets	4G <i>Zero (-0-) in Box 2a</i>	4G <i>Taxable amount in Box 2a</i>	4G <i>Zero (-0-) in Box 2a</i>
Beneficiary rollover of designated Roth account assets		4H <i>Zero (-0-) in Box 2°</i>	
Traditional IRA or SIMPLE IRA			G <i>Zero (-0-) in Box 2a</i>

Reporting Distributions

Indirectly Rolled Over

Source of Assets	Destination of Assets		
Employer Plan	Traditional IRA	Roth IRA	Employer Plan
Pretax and after-tax assets	1 or 7 <i>Taxable amount in Box 2a</i>	1 or 7 <i>Taxable amount in Box 2a</i>	1 or 7 <i>Taxable amount in Box 2a</i>
Designated Roth account assets		B <i>Taxable amount in Box 2a</i>	
Beneficiary rollover of pretax assets	4 <i>Taxable amount in Box 2a</i>	4 <i>Taxable amount in Box 2a</i>	4 <i>Taxable amount in Box 2a</i>
Beneficiary rollover of designated Roth account assets		4B <i>Taxable amount in Box 2a</i>	
Traditional IRA or SIMPLE IRA	1 or 7 <i>Taxable amount in Box 2a</i>		1 or 7 <i>Taxable amount in Box 2a</i>

Reporting IRA Rollover Contributions

2020		<input type="checkbox"/> VOID	<input type="checkbox"/> CORRECTED	OMB No. 1545-0747	
TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)		2019	
		\$		Form 5498	
		2 Rollover contributions		4 Recharacterized contributions	
		\$		\$	
		3 Roth IRA conversion amount		6 Life insurance cost included in box 1	
		\$		\$	
TRUSTEE'S or ISSUER'S TIN	PARTICIPANT'S TIN	5 FMV of account		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>	
		\$		8 SEP contributions	
PARTICIPANT'S name		9 SIMPLE contributions		\$	
		\$		10 Roth IRA contributions	
Street address (including apt. no.)		11 Check if RMD for 2020		<input type="checkbox"/>	
		12a RMD date		12b RMD amount	
		\$		\$	
City or town, state or province, country, and ZIP or foreign postal code		13a Postponed/late contrib.		13b Year 13c Code	
		\$			
		14a Repayments		14b Code	
		\$			
Account number (see instructions)		15a FMV of certain specified assets		15b Code(s)	
		\$			

IRA Contribution Information

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Form **5498** Cat. No. 50010C www.irs.gov/Form5498 Department of the Treasury - Internal Revenue Service

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Advanced Portability Exercise

Page 23



Advanced Portability Exercise

Dominic and Leticia recently divorced. As part of the divorce decree, Dominic was ordered to give Leticia one-half of his Traditional IRA assets. Leticia is in the financial organization requesting that the assets be transferred into her savings account at the financial organization.

Can the assets be transferred into her savings account?

The assets cannot be directly transferred to her savings account. The assets must first go into an IRA.

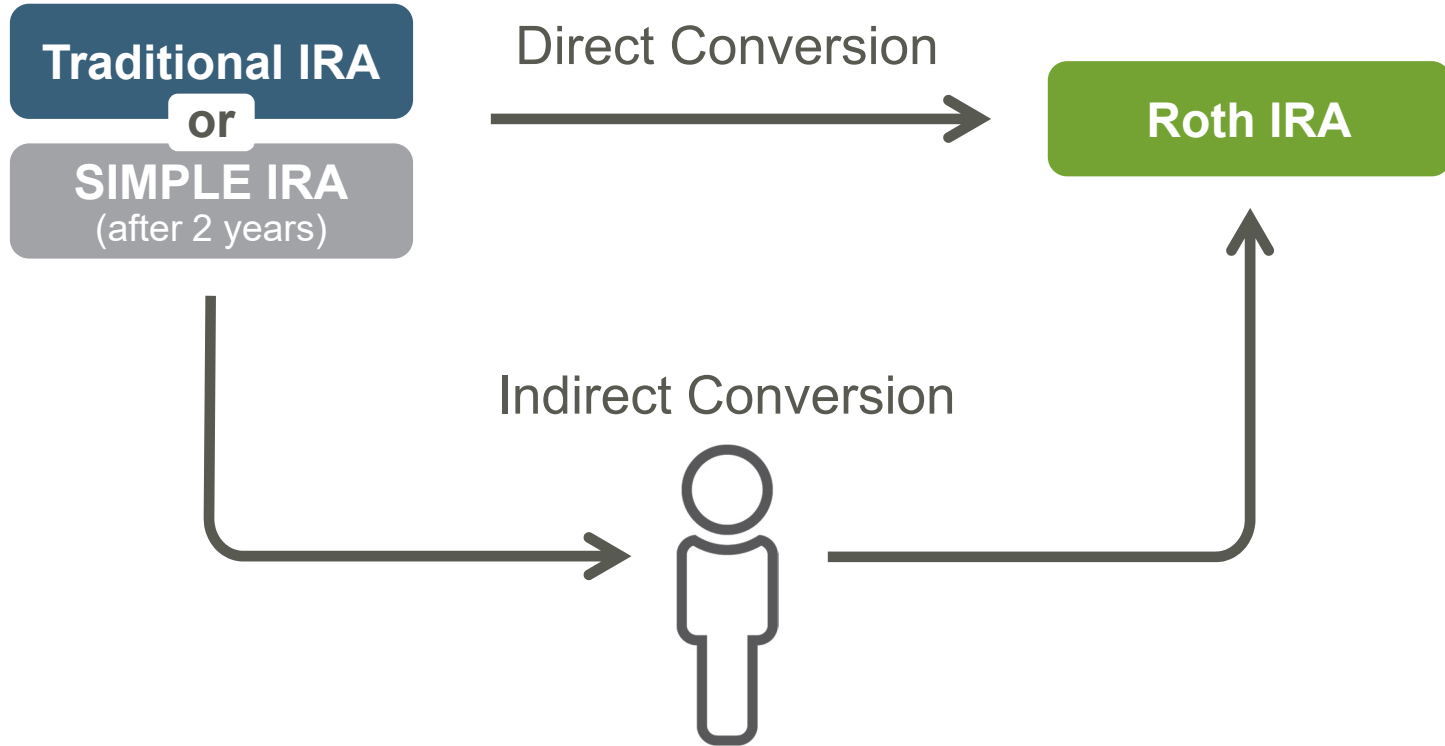
Advanced Portability Exercise

What is needed before the transfer can be completed?

The financial organization must take the following steps before it can complete the transfer.

- a. Obtain the divorce decree.
- b. Transfer the assets from Dominic's IRA to Leticia's IRA.
- c. Have Leticia sign a withdrawal form to move the assets from her IRA to her savings account.

Roth IRA Conversions



Why would a Traditional IRA or SIMPLE IRA owner choose to complete a conversion?



Conversion and RMD

Traditional IRA

or

SIMPLE IRA
(after 2 years)

Step 1:
Distribute RMD



Step 2:
Convert remaining balance

Roth IRA

~~RMD not eligible for conversion~~

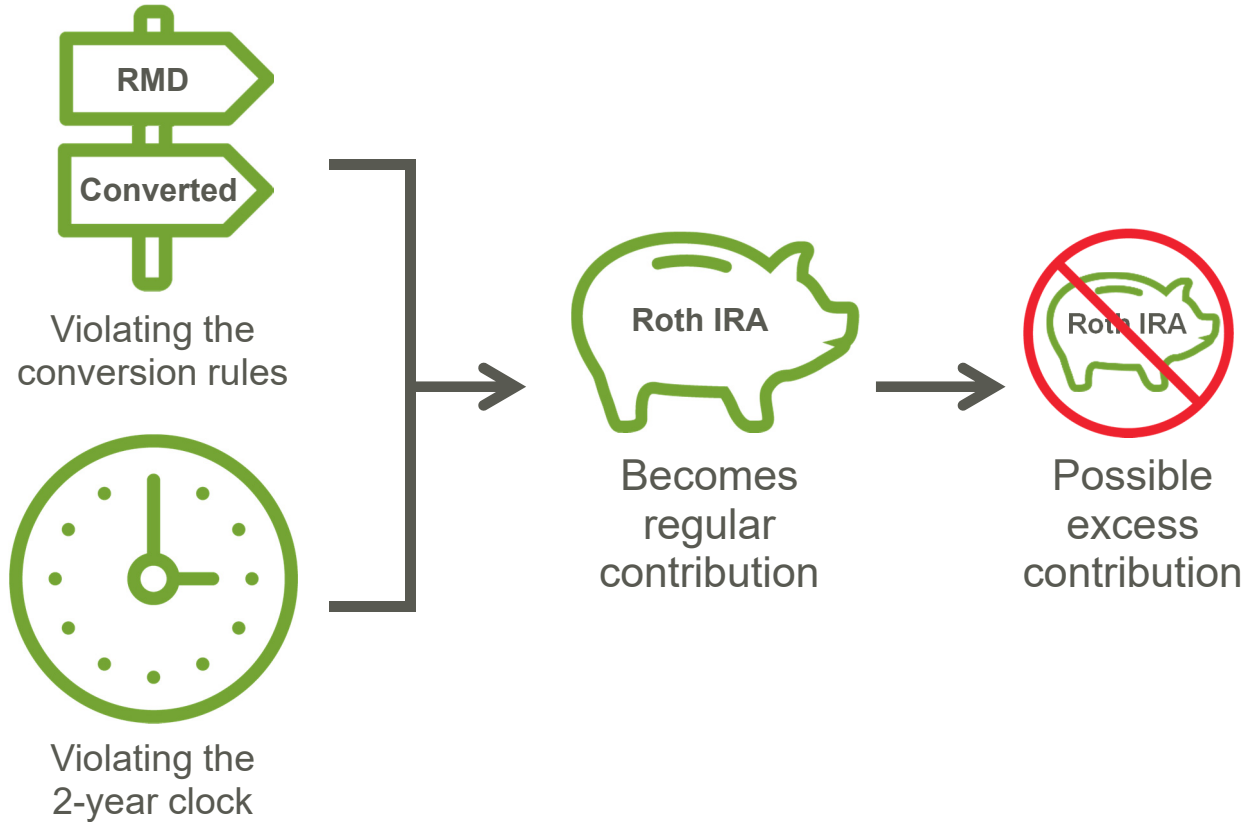
Conversion and RMDs Example

I would like to convert my entire Traditional IRA balance (\$109,218.43) to a Roth IRA. I haven't taken my RMD for the year, but I know it is \$3,986.07. May I convert the entire balance?

No. Cindy must first receive the RMD as a distribution, and then may convert the remaining balance (\$105,232.36).



Ineligible Conversion



Must offer
withholding



Under 59½ = 2 IRS
codes (2 Forms
1099-R)

Withholding
on
Conversions

59½ and older =
one IRS code (one
Form 1099-R)



Amounts not
converted subject to
10% early distribution
penalty tax

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no.		1 Gross distribution		OMB No. 1545-0119	
		\$		2019	
		2a Taxable amount			
				\$	
				2b Taxable amount not determined <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	
		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.		FATCA filing requirement <input type="checkbox"/>	
\$				\$	
Account number (see instructions)		Date of payment		12 State tax withheld	
				\$	
				13 State/Payer's state no.	
				\$	
				14 State distribution	
				\$	
				15 Local tax withheld	
				\$	
				16 Name of locality	
				\$	
				17 Local distribution	
				\$	

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

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Form 1099-R Cat. No. 14436Q

www.irs.gov/Form1099R

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2828

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TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)	OMB No. 1545-0747		2019	IRA Contribution Information
		\$	Form 5498			
		2 Rollover contributions				
TRUSTEE'S or ISSUER'S TIN		PARTICIPANT'S TIN		3 Roth IRA conversion amount	4 Recharacterized contributions	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2019 General Instructions for Certain Information Returns.
				\$	\$	
TRUSTEE'S or ISSUER'S TIN		PARTICIPANT'S TIN		5 FMV of account	6 Life insurance cost included in box 1	
				\$	\$	
PARTICIPANT'S name		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>	8 SEP contributions		9 SIMPLE contributions	
		\$	\$	\$		
Street address (including apt. no.)		10 Roth IRA contributions	11 Check if RMD for 2020		<input type="checkbox"/>	
		\$				
City or town, state or province, country, and ZIP or foreign postal code		12a RMD date	12b RMD amount			
		\$	\$			
		13a Postponed/late contrib.	13b Year	13c Code		
		\$				
		14a Repayments	14b Code			
		\$				
Account number (see instructions)		15a FMV of certain specified assets	15b Code(s)			
		\$				

Form **5498**

Cat. No. 50010C

www.irs.gov/Form5498

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Nondeductible Traditional IRA Assets

$$\frac{\text{Aggregate basis}}{\text{Aggregate IRA balance}} \times \text{Distribution amount} = \text{Amount excluded from income}$$



Assets are distributed pro rata

IRA owner determines

Total nondeductible Traditional IRA contributions
+ After-tax QRP rollover contributions that have not
previously been excluded from income
= **Aggregate Basis**

December 31 balance from prior year
+ Any amounts distributed that year
= **Aggregate IRA Balance**



Pro Rata Example

- \$15,000 nondeductible contributions
- \$10,000 after-tax rollover from QRP
- Converts \$20,000 in 2018
- 12/31/18 balance \$80,000

Kathy's distribution includes \$5,000 of basis. Because Kathy can exclude \$5,000 from income, the taxable amount of her \$20,000 conversion is \$15,000.

$$\frac{\$25,000}{\$100,000} \times \$20,000 = \$5,000$$



Roth IRA Loophole



No income restrictions to convert



Income restrictions to contribute



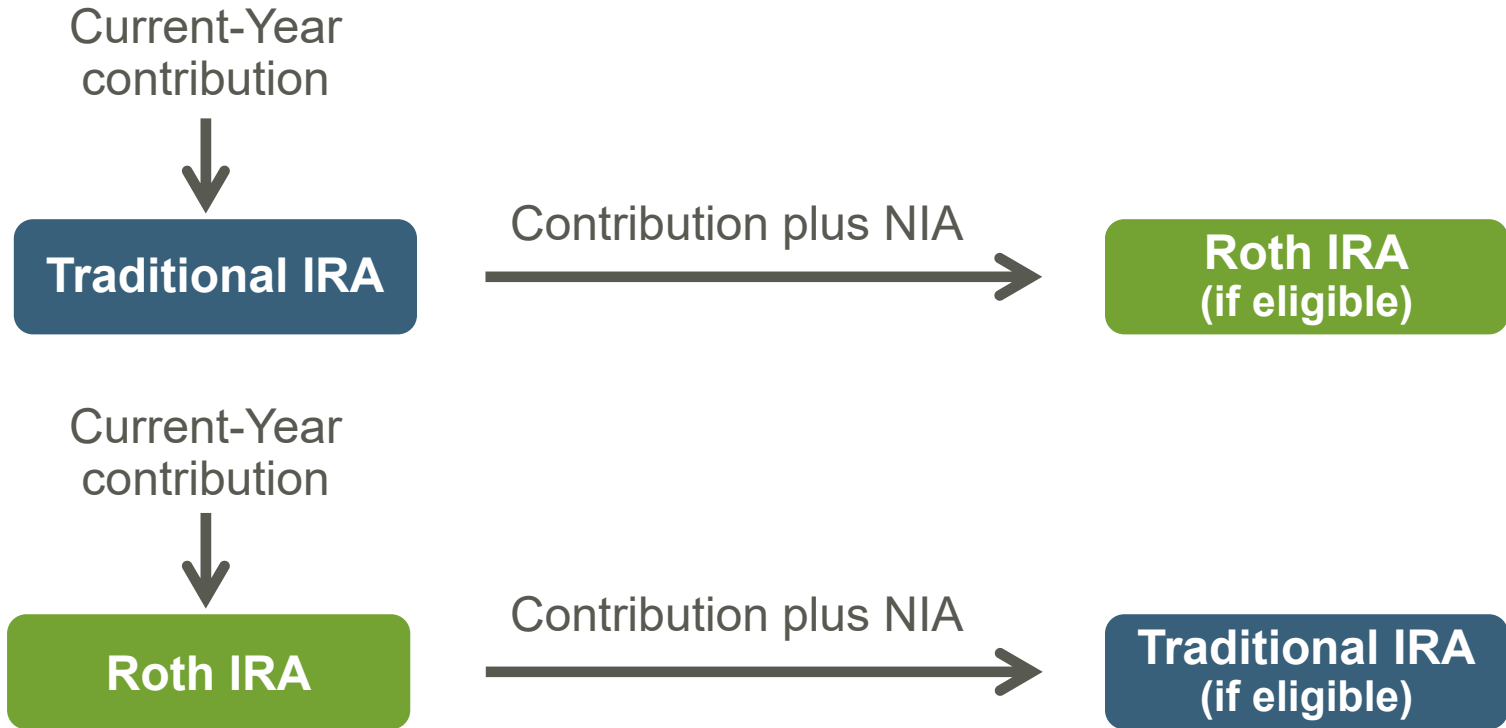
Traditional IRA



Roth IRA

Contribute and convert immediately

Recharacterizations



Recharacterization Guidelines

All or part, plus NIA



Irrevocable election



Tax year does not change

IRA owner must notify financial organizations



No constructive receipt



Original reporting not corrected

Recharacterization Example



Marcia made regular contributions of \$300 on the 15th of each month for 2018, and she is recharacterizing \$600 of these contributions on March 1, 2019.

Marcia chooses which two of the contributions will be recharacterized. If she chooses the November 15 and December 15 contributions, then the computation period starts immediately before the November 15 contribution and ends immediately before the withdrawal on March 1.

Marcia removes \$600 plus the NIA to the contribution.



Notifying Financial Organizations



RECHARACTERIZATION ELECTION

The term IRA will be used below to mean Traditional IRA and Roth IRA, unless otherwise specified. This form is to be used by an IRA owner to document the elections required for a recharacterization.

PART 1. IRA OWNER

Name (First/M/Last) _____
Social Security Number _____
Date of Birth _____ Phone _____
Email Address _____

PART 2. ACCEPTING IRA TRUSTEE OR CUSTODIAN

To be completed by the IRA trustee or custodian receiving the assets

Name _____
Address Line 1 _____
Address Line 2 _____
City/State/ZIP _____

PART 3. ORIGINAL IRA CONTRIBUTION INFORMATION

CURRENT TRUSTEE OR CUSTODIAN

Name _____
Address Line 1 _____
Address Line 2 _____
City/State/ZIP _____
Phone _____

CURRENT ACCOUNT TYPE (Select one)

Traditional IRA Roth IRA

Account Number _____ Suffix _____

To be completed by the current IRA trustee or custodian

ORIGINAL CONTRIBUTION TYPE (Select one)

- Regular Traditional or Roth IRA Contribution for Tax Year _____
- Conversion to a Roth IRA from a Traditional IRA or SIMPLE IRA
- Rollover to a Roth IRA from an eligible employer-sponsored retirement plan, other than a rollover of designated Roth account assets

RECHARACTERIZATION SUMMARY

Original Contribution Amount to be Recharacterized _____
Original Contribution Date _____
Net Income Attributable _____
Total Amount to be Recharacterized _____
Withdrawal Date _____

Notary Public/Signature Guarantee (if required by the trustee or custodian) _____
 Authorizing Signature of Accepting Trustee or Custodian _____

Date (mm/dd/yyyy) _____
Date (mm/dd/yyyy) _____



RECHARACTERIZATION ELECTION

The term IRA will be used below to mean Traditional IRA and Roth IRA, unless otherwise specified. This form is to be used by an IRA owner to document the elections required for a recharacterization.

PART 1. IRA OWNER _____

PART 2. ACCEPTING IRA TRUSTEE OR CUSTODIAN _____

RECHARACTERIZATION SUMMARY

Original Contribution Amount to be Recharacterized _____

Original Contribution Date _____

Net Income Attributable _____

Total Amount to be Recharacterized _____

Withdrawal Date _____

Address Line 1 _____

Address Line 2 _____

RECHARACTERIZATION SUMMARY

Original Contribution Amount to be Recharacterized _____

PART 4. RECHARACTERIZATION INSTRUCTIONS

MAKE PAYABLE TO

_____ as Trustee or Custodian of _____ IRA
Name of Accepting Organization Name of IRA Owner

ASSET HANDLING *(Investments identified below will be liquidated immediately unless otherwise specified in the Special Instructions section.)*

Asset Description	Amount to be Recharacterized	Special Instructions
_____	_____	_____
_____	_____	_____
_____	_____	_____



RECHARACTERIZATION ELECTION

The term IRA will be used below to mean Traditional IRA and Roth IRA, unless otherwise specified. This form is to be used by an IRA owner to document the elections required for a recharacterization.

PART 1. IRA OWNER

Name (First/Mi/Last) _____
Social Security Number _____
Date of Birth _____ Phone _____
Email Address _____
Account Number _____ Suffix _____

ACCEPTING ACCOUNT TYPE (Select one)
 Traditional IRA Roth IRA

PART 3. ORIGINAL IRA CONTRIBUTION INFORMATION

PART 2. ACCEPTING IRA TRUSTEE OR CUSTODIAN

PART 2. ACCEPTING IRA TRUSTEE OR CUSTODIAN

To be completed by the IRA trustee or custodian receiving the assets

Name _____
Address Line 1 _____
Address Line 2 _____
City/State/ZIP _____
Phone _____ Organization Number _____
Contact Name _____

PART 3. ORIGINAL IRA CONTRIBUTION INFORMATION

CURRENT TRUSTEE OR CUSTODIAN

Name _____
Address Line 1 _____
Address Line 2 _____
City/State/ZIP _____
Phone _____

CURRENT ACCOUNT TYPE (Select one)

Traditional IRA Roth IRA

Account Number _____ Suffix _____

Custodian of _____ IRA
Name of IRA Owner

(Immediately unless otherwise specified in the Special Instructions section.)

and _____
Special Instructions

and that all information provided by me is true and accurate. All decisions
te this contribution of the assets indicated above as a recharacterization. I
saction and I agree that the trustee or custodian is not responsible for any
recharacterized.

Date (mm/dd/yyyy)

Date (mm/dd/yyyy)

Date (mm/dd/yyyy)

X
Authorized Signature of Accepting Trustee or Custodian

305 / 2310 (Rev. 10/2018)

Page 1 of 2
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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no.		1 Gross distribution \$		OMB No. 1545-0119		2019 Form 1099-R	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$					
		2b Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>		Copy A For Internal Revenue Service Center File with Form 1096.	
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 \$		For Privacy Act and Paperwork Reduction Act Notice, see the 2019 General Instructions for Certain Information Returns.	
Street address (including apt. no.)		7 Distribution code(s) IRA/SEP/SIMPLE <input type="checkbox"/>		8 Other \$ %			
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.	FATCA filing requirement <input type="checkbox"/>	12 State tax withheld \$		13 State/Payer's state no.		14 State distribution \$
Account number (see instructions)		Date of payment	15 Local tax withheld \$		16 Name of locality		17 Local distribution \$

Form **1099-R** Cat. No. 14436Q

www.irs.gov/Form1099R

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2020

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TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)		OMB No. 1545-0747	
		\$		2019 Form 5498	
		2 Rollover contributions			
TRUSTEE'S or ISSUER'S TIN		3 Roth IRA conversion amount		4 Recharacterized contributions	
		\$		\$	
PARTICIPANT'S TIN		5 FMV of account		6 Life insurance cost included in box 1	
		\$		\$	
PARTICIPANT'S name		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>			
Street address (including apt. no.)		8 SEP contributions		9 SIMPLE contributions	
		\$		\$	
City or town, state or province, country, and ZIP or foreign postal code		10 Roth IRA contributions		11 Check if RMD for 2020 <input type="checkbox"/>	
		\$			
		12a RMD date		12b RMD amount	
				\$	
		13a Postponed/late contrib.		13b Year	
		\$		13c Code	
Account number (see instructions)		14a Repayments		14b Code	
		\$			
		15a FMV of certain specified assets		15b Code(s)	
		\$			

**IRA
Contribution
Information**

Copy A

**For
Internal Revenue
Service Center**

File with Form 1096.

**For Privacy Act
and Paperwork
Reduction Act
Notice, see the
2019 General
Instructions for
Certain
Information
Returns.**

Form 5498

Cat. No. 50010C

www.irs.gov/Form5498

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Conversions and Recharacterizations Exercise

Pages 39-41



Conversions and Recharacterizations Exercise

1. Leticia made a contribution to her Traditional IRA in 2016 that she would now like to move to her Roth IRA. Which type of transaction could she complete? Select all that apply.

Transfer

Rollover

Conversion

Recharacterization

2. Rico made a contribution to his Traditional IRA in 2019 that he would now like to move to his Roth IRA. Which type of transaction could he complete? Select all that apply.

Transfer

Rollover

Conversion

Recharacterization

Conversions and Recharacterizations Exercise

3. Sean Boswell, age 56, directly converted \$67,000 from his Traditional IRA to his Roth IRA on October 17, 2019. He elected to waive withholding and closed his Traditional IRA after the conversion. On December 31, 2019, his Roth IRA balance was \$74,125.68. He has no other activity in his Roth IRA. Complete his tax forms for the conversion.

9898

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no.		1 Gross distribution \$ 67000		OMB No. 1545-0119 2019		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ 67000		Form 1099-R		
		2b Taxable amount not determined <input checked="" type="checkbox"/>		Total distribution <input checked="" type="checkbox"/>		
PAYER'S TIN	RECIPIENT'S TIN	3 Capital gain (included in box 2a) \$		4 Federal income tax withheld \$		Copy A For Internal Revenue Service Center File with Form 1096.
RECIPIENT'S name SEAN BOSWELL		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 2019 General Instructions for Certain Information Returns.
Street address (including apt. no.)		7 Distribution code(s) 2		8 Other \$ %		
		IRA/ SEP/ SIMPLE <input checked="" 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.	FATCA filing requirement <input type="checkbox"/>	12 State tax withheld \$	13 State/Payer's state no.	14 State distribution \$	
Account number (see instructions)	Date of payment		15 Local tax withheld \$	16 Name of locality	17 Local distribution \$	

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2828

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TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)	OMB No. 1545-0747 2019 Form 5498		IRA Contribution Information
		\$			
		2 Rollover contributions			
TRUSTEE'S or ISSUER'S TIN		PARTICIPANT'S TIN		3 Roth IRA conversion amount	4 Recharacterized contributions
				\$ 67000	\$
TRUSTEE'S or ISSUER'S TIN		PARTICIPANT'S TIN		5 FMV of account	6 Life insurance cost included in box 1
				\$ 74125.68	\$
PARTICIPANT'S name		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input checked="" type="checkbox"/>	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2019 General Instructions for Certain Information Returns.		
SEAN BOSWELL		8 SEP contributions			
Street address (including apt. no.)		9 SIMPLE contributions			
City or town, state or province, country, and ZIP or foreign postal code		10 Roth IRA contributions			
City or town, state or province, country, and ZIP or foreign postal code		11 Check if RMD for 2020 <input type="checkbox"/>			
		12a RMD date			
Account number (see instructions)		12b RMD amount	13a Postponed/late contrib.	13b Year	13c Code
		\$	\$	\$	
		14a Repayments	14b Code		
		\$			
		15a FMV of certain specified assets	15b Code(s)		
		\$			

Form **5498**

Cat. No. 50010C

www.irs.gov/Form5498

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Conversions and Recharacterizations Exercise

4. Mia Toretto, age 41, contributed \$5,500 to her Traditional IRA on July 7, 2019. She recharacterized the contribution, along with \$2.50 in NIA, to her Roth IRA on August 9, 2019. The recharacterization did not close her Traditional IRA. On December 31, 2019, her Roth IRA balance was \$12,147.56. She has no other activity in her Roth IRA. Complete her tax forms for the recharacterization.

9898

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no.		1 Gross distribution \$ 5502.50		OMB No. 1545-0119 2019		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ 0		Form 1099-R		
PAYER'S TIN		RECIPIENT'S TIN		2b Taxable amount not determined <input type="checkbox"/>		Copy A For Internal Revenue Service Center File with Form 1096.
				Total distribution <input type="checkbox"/>		
3 Capital gain (included in box 2a) \$		4 Federal income tax withheld \$		5 Employee contributions/ Designated Roth contributions or insurance premiums \$		For Privacy Act and Paperwork Reduction Act Notice, see the 2019 General Instructions for Certain Information Returns.
RECIPIENT'S name MIA TORETTO		6 Net unrealized appreciation in employer's securities \$		7 Distribution code(s) N		
Street address (including apt. no.)		IRA/ SEP/ SIMPLE <input type="checkbox"/>		8 Other \$ %		
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.	FATCA filing requirement <input type="checkbox"/>	12 State tax withheld \$	13 State/Payer's state no.	14 State distribution \$	
Account number (see instructions)	Date of payment		15 Local tax withheld \$	16 Name of locality	17 Local distribution \$	

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TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)	OMB No. 1545-0747 2019 Form 5498		IRA Contribution Information		
		\$					
		2 Rollover contributions					
TRUSTEE'S or ISSUER'S TIN		PARTICIPANT'S TIN		3 Roth IRA conversion amount	4 Recharacterized contributions		
				\$	\$ 5502.50		
TRUSTEE'S or ISSUER'S TIN		PARTICIPANT'S TIN		5 FMV of account	6 Life insurance cost included in box 1		
						\$ 12147.56	\$
PARTICIPANT'S name		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input checked="" type="checkbox"/>	Copy A For Internal Revenue Service Center File with Form 1096. For Privacy Act and Paperwork Reduction Act Notice, see the 2019 General Instructions for Certain Information Returns.				
MIA TORETTA		8 SEP contributions				9 SIMPLE contributions	
Street address (including apt. no.)		10 Roth IRA contributions				11 Check if RMD for 2020 <input type="checkbox"/>	
City or town, state or province, country, and ZIP or foreign postal code		12a RMD date				12b RMD amount	
		13a Postponed/late contrib.				13b Year	13c Code
		\$					
		14a Repayments	14b Code				
		\$					
Account number (see instructions)		15a FMV of certain specified assets	15b Code(s)				
		\$					

Form **5498**

Cat. No. 50010C

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Questions?

Thank you for attending

Advanced IRA and QRP Portability, Conversions, and Recharacterizations

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