

The IRA Authority

IRA & Employer Plan Rules, News & Tips in Plain language

IRA Calendar

Your clients who made IRA contributions for the 2010 calendar year will be receiving IRS Form 5498 from their IRA custodians. The following information should be helpful when responding to questions about the reporting requirements for their IRA contributions.

Types of Contributions Reported

The following contributions are reported on IRS Form 5498:

- **Box 1:** Traditional IRA participant contributions for 2010. This includes contributions made January 1, 2010 to December 31, 2010 for 2010; and January 1, 2011 to April 15, 2011 for 2010.
- **Box 2:** Rollover contributions from IRAs and employer plans received by the IRA custodian during 2010.
- **Box 3:** Roth IRA conversions from non-Roth IRAs, which are credited to the Roth IRAs during 2010.
- **Box 4:** Recharacterized contributions and recharacterized conversions between Roth IRAs and non-Roth IRAs during 2010.
- **Box 8:** SEP IRA contributions received by the IRA custodian during 2010, regardless of the year for which the employer makes the contribution.
- **Box 9:** SIMPLE IRA contributions received by the IRA custodian during 2010, regardless of the year for which the employer makes the contribution.
- **Box 10:** Roth IRA participant contributions for 2010. This includes contributions made January 1, 2010 to December 31 2010 for 2010, and January 1, 2011 to April 15, 2011 for 2010.

Pay special attention to use the words for and during; they are used intentionally for this purpose and could help with explanations to clients.

RMD Indication

The IRA Custodian must indicate if the IRA owner is obligated to take a required minimum distribution (RMD) for the 2011 calendar year. If an RMD is required, Box 11 should be checked.

A complete list of the information reported in each box of Form 5498 is available on Page 16 of the 2010 version of the IRS instructions, which is available here: http://www.irs.gov/pub/irs-pdf/i1099r_10.pdf.



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Clients Responsibility

Your clients should review their forms to determine if their transactions were posted correctly. Common mistakes include:

- IRA contributions made January 1 to April 15 not being applied to the correct tax year.
- Transfers posted as rollover contributions and vice versa. Transfers are not reported, while rollovers contributions must be reported on Form 5498. However, if an error occurs, it could result in a transfer being reported as a rollover and/or rollovers not being reported.
- Requested transactions that are not processed. Unfortunately, paperwork sometimes does fall