

IRS Revises IRA Model Forms - 5305 Series

The IRS has updated their model IRA forms for traditional IRAs, Roth IRAs and SIMPLE IRAs. The IRS issued the revisions in April of 2017. The IRS has not issued any guidance as to when an IRA custodian or IRA trustee must use the April 2017 versions for either new IRA accountholders or existing IRA accountholders.

Traditional IRA Form Changes

The sole change to the traditional IRA Forms 5305 and 5305-A was to change Article I to set forth the 2017 IRA contribution limit so it reads as follows,

Article I

Except in the case of a rollover contribution described in section 402(c), 403(a)(4), 403(b)(8), 408(d)(3), or 457(e)(16), an employer contribution to a simplified employee pension plan as described in section 408(k) or a recharacterized contribution described in section 408A(d)(6), the trustee will accept only cash contributions up to \$5,500 per year for 2013 through 2017. For individuals who have reached the age of 50 by the end of the year, the contribution limit is increased to \$6,500 per year for 2013 through 2017. For years after 2017, these limits will be increased to reflect a cost-of-living adjustment, if any.

Roth IRA Form Changes

There are two changes to the Roth IRA Forms 5305-R and 5305-RA. First, Articles I and II have been changed to set forth the 2017 Roth IRA contribution and income limits. Secondly, prior forms had provisions not allowing a conversion contribution to be made in certain situations. Such laws were repealed effective for tax year 2010. The sentences in Article II discussing the old conversion rules have been deleted.

Article I

Except in the case of a qualified rollover contribution described in section 408A(e), or a recharacterized contribution described in section 408A(d)(6), the custodian will accept only cash contributions up to \$5,500 per year for 2013 through 2017. For individuals who have reached the age of 50 by the end of the year, the contribution limit is increased to \$6,500 per year for 2013 through 2017. For years after 2017, these limits will be increased to reflect a cost-of living adjustment, if any.

Article II

1. The annual contribution limit described in Article I is gradually reduced to \$0 for higher income level. For a grantor who is single or treated as single, the annual contributions is phased out between adjusted gross income (AGI) of \$118,000 and \$133,000; for a married grantor filing jointly, between AGI of \$186,000 and \$196,000; and for a married grantor filing separately, between AGI of \$0 and \$10,000. These phase-out ranges are for 2017. For years after 2017, the phase-out ranges, except for the \$0 to \$10,000 range, will be increased to reflect a cost-of-living adjustment, if any.
2. In the case of a joint return, the AGI limits in the preceding paragraph apply to the combined AGI of the depositor and his or her spouse.

SIMPLE IRA Form Changes

The sole change to the SIMPLE IRA Forms 5305-S and 5305-SA was to change Article I to set forth the new rules allowing rollover contributions to be made with respect to

distributions from other eligible employer plans and other eligible IRAs as long as the 2 year requirement has been met.

Article I

The trustee will accept cash contributions made on behalf of the participant by the participant's employer under the terms of a SIMPLE IRA plan described in section 408(p). In addition, the trustee will accept transfers or rollovers from other SIMPLE IRAs of the participant and, after the 2-year period of participation defined in section 72(t)(6), transfers or rollovers from any eligible retirement plan (as defined in section 402(c)(8)(B)) other than a Roth IRA or a designated Roth account. No other contributions will be accepted by the trustee.

CWF Revisions

CWF will be issuing an IRA Form System update in December and the applicable forms will reflect the IRS versions of April 2017. Print versions shipped on or after October 23, 2017 will reflect these changes