



Contribution Limitations for 2025 & 2026 IRA, Roth IRA or Simple IRA

The following is a summary of recent law changes and an update of certain IRS limitations due to cost-of-living increases.

You are encouraged to consult with a tax advisor with respect to any tax questions to determine how these changes may affect your personal situation.

Contribution Information

Annual IRA and Roth IRA Contribution Limit:

<u>Tax Years</u>	<u>Annual IRA/Roth Contribution Limit</u>	<u>Annual IRA/Roth Catch-Up Contribution for Age 50 or Older</u>	<u>Combined Maximum Annual IRA Contribution for Age 50 or older (Including Catch-Up)</u>
2026	\$7,500*	\$1,100	\$8,600
2025	\$7,000*	\$1,000	\$8,000

*After 2009, the maximum IRA contribution limit will be indexed for cost-of-living in \$500 increments.

Adjusted Grosse Income (AGI) Limits for Deductible Contributions to a Traditional IRA

If you are married to someone who is an active participant in an employer-sponsored retirement plan, but you are not and your tax filing status is married filing jointly, then your Phase-out range is as follow:

<u>Year</u>	<u>Married Taxpayers Filing Joint Returns</u>
2026	\$242,000 - \$252,000
2025	\$236,000 - \$246,000

For "active participants" in an employer-sponsored retirement plan, full deduction is phased out between the following modified AGI limits:

<u>Year</u>	<u>Married Taxpayers Filing Joint Returns</u>	<u>Married Taxpayers Filing Separately</u>	<u>Single Taxpayers</u>
2026	\$129,000 - \$149,000	\$0 - \$10,000	\$81,000 - \$91,000
2025	\$126,000 - \$146,000	\$0 - \$10,000	\$79,000 - \$89,000

AGI Limits for Roth IRA Contributions

Eligibility to make annual Roth IRA contributions is phased out between the following modified AGI limits:

<u>Year</u>	<u>Married Taxpayers Filing Joint Returns</u>	<u>Married Taxpayers Filing Separately</u>	<u>Single Taxpayers</u>
2026	\$242,000 - \$252,000	\$0 - \$10,000	\$153,000 - \$168,000
2025	\$236,000 - \$246,000	\$0 - \$10,000	\$150,000 - \$165,000

Please refer to your IRA Disclosure Statement, or IRS Publication 590, "Individual Retirement Arrangements", to calculate the amount of your contribution if you are subject to the above limits.

Savers Credit for IRA Contributions

This tax credit was originally available for contributions made for taxable years beginning after December 31, 2001, and before January 1, 2007, under EGTRRA. The credit was made permanent under PPA. As a result of PPA, the AGI limits which determine eligibility to receive the tax credit will now be subject to cost-of-living adjustments (COLA).

Adjusted Gross Income for 2026

Credit Rate of <u>Your Contribution</u>	Married Filing <u>Jointly</u>	Head of <u>Household</u>	<u>All Other Filers*</u>
50%	\$1 – \$48,500	\$1 – \$36,375	\$1 – \$24,250
20%	\$48,501 – \$52,500	\$36,376 – \$39,375	\$24,251 – \$26,250
10%	\$52,501 – \$80,500	\$39,376 – \$60,375	\$26,251 – \$40,250
0%	More than \$80,500	More than \$60,375	More than \$40,250

Adjusted Gross Income for 2025

Credit Rate of <u>Your Contribution</u>	Married Filing <u>Jointly</u>	Head of <u>Household</u>	<u>All Other Filers*</u>
50%	\$1 – \$47,500	\$1 – \$35,625	\$1 – \$23,750
20%	\$47,501 – \$51,000	\$35,626 – \$38,250	\$23,751 – \$25,500
10%	\$51,001 – \$79,000	\$38,251 – \$59,250	\$25,501 – \$39,500
0%	More than \$79,000	More than \$59,250	More than \$39,500

*Single, married filing separately, or qualifying widow(er)

Simple Employee Pension (SEP)-IRA Contributions

If you are a participant in a SEP plan offered by your employer, your employer may make annual SEP contributions on your behalf up to the lesser of 25% of compensation or \$72,000 per participant for 2026 (\$70,000 for 2025). The limit is indexed for cost-of-living adjustments in \$1,000 increments in subsequent years. An employee cannot be excluded if his annual compensation is over \$800 for 2026 (\$750 for 2024 and 2025). The maximum compensation on which contributions to SEPs and Salary Reduction Arrangement Simplified Employee Pensions (SARSEPs) can be based is \$360,000 in 2026 (\$350,000 in 2025) and indexed for cost-of-living adjustments in \$5,000 increments in subsequent years. Elective deferrals to SARSEPs are also subject to the limits described below. Additionally, SARSEP participants who reach age 50 by December 31 of the tax year for time corresponding contribution may be able to contribute an additional catch-up contribution, if the plan allows.

<u>Year</u>	<u>Annual Elective Deferral Limit</u>	<u>Catch-up Contributions for Participants at Least Age 50*</u>	<u>Maximum Annual Elective Deferral Limit for Participants at Least Age 50 (Including Catch-Up)</u>
2026	\$24,500	\$8,000	\$32,500
2025	\$23,500	\$7,500	\$31,000

*Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63. For 2026, this higher catch-up contribution limit is \$11,250. The Roth catch-up wage threshold for 2025, which is used to determine whether an individual's catch-up contributions to an applicable employer plan for 2026 must be designated as Roth contributions, increased from \$145,000 to \$150,000.

Simple IRA Salary Deferral limits are \$17,000 and \$16,500 for 2026 and 2025, respectively. Pursuant to a change made in SECURE 2.0, individuals can contribute a higher amount to certain applicable SIMPLE retirement accounts. For 2026, this higher amount is \$18,100 (\$17,600 for 2025). Maximum catch-up contribution is \$4,000 and \$3,500 for 2026 and 2025, respectively. Under a change made in SECURE 2.0, a higher catch-up contribution limit applies for employees aged 60, 61, 62 and 63 who participate in SIMPLE plans. For 2026, this higher catch-up contribution limit is \$5,250 (\$5,250 for 2025).



**Amendments for Disclosure Statements of
Traditional IRA, Roth IRA or Simple IRA Annuities
For Internal Revenue Bulletin No. 2025-2 (issued January 6, 2025)**

Announcement 2025-2 states that on July 19, 2024, the Treasury Department and the IRS published proposed regulations regarding required minimum distributions (RMDs). The proposed regulations were generally proposed to apply for purposes of determining RMDs for calendar years beginning on or after January 1, 2025. The announcement provides that the Treasury Department and the IRS anticipate that certain portions of future regulations finalizing the proposed regulations will apply beginning in the 2026 distribution calendar year.

**Amendments for Disclosure Statements of
Traditional IRA, Roth IRA or Simple IRA Annuities
For IRS Notice 2024-55 (issued June 20, 2024)**

IRS Notice 2024-55 provides guidance on new exceptions for emergency personal expenses and for victims of domestic abuse to the additional 10% tax on early permissible distributions.

An "emergency personal expense distribution" (EPED) is a distribution made to meet "unforeseeable or immediate financial needs relating to necessary personal or family emergency expenses". This is a facts and circumstances determination. Individuals may only receive one EPED per calendar year, and the distribution cannot exceed \$1,000 (not indexed for inflation). Once an EPED is taken, the individual cannot take another EPED during the following three calendar years unless the previous distribution has been repaid.

A "domestic abuse victim distribution" (DAVD) is any distribution from an applicable eligible retirement plan to a domestic abuse victim if made during the one-year period beginning on any date which the individual is a victim of domestic abuse by a spouse or domestic partner. Domestic abuse victims can withdraw up to the lesser of (1) \$10,000 (indexed for inflation) or (2) 50% of their account balance.

**Treasury, IRS Issue Frequently Asked Questions Regarding Disaster Relief Related to Retirement Plans and IRAs
(issued May 3, 2024)**

On May 3, 2024, the Internal Revenue Service issued frequently asked questions (FAQs) in Fact Sheet (FS) 2014-19, relating to rules for distributions from retirement plans and IRAs, for certain individuals impacted by federally declared major disasters. The FAQs are intended to assist individuals, employers, and retirement plan and IRA service providers.

**Amendments for Disclosure Statements of
Traditional IRA, Roth IRA or Simple IRA Annuities
For IRS Notice 2024-35 (issued April 16, 2024)**

IRS Notice 2024-35 states that final required minimum distribution (RMD) regulations, when released, are anticipated to apply no earlier than the 2025 distribution calendar year. Note that the final RMD regulations were issued on July 19, 2024, under Federal Register Vol. 89, No. 139., stating that the RMD regulations apply to distributions made on or after January 1, 2025.

The IRS will not enforce the IRC Sec. 4974 excess accumulation penalty tax for designated beneficiaries who do not take their 2024 life expectancy payments under the 10-year rule. Similar guidance for 2021, 2022, and 2023 was issued in Notice 2022-53 and Notice 2023-54.

This specified relief is limited to distributions required to be made in 2024 under the proposed 10-year rule for a designated beneficiary if: the account owner died on or after their required beginning date in 2020, 2021, 2022, or 2023, and the designated beneficiary is not taking lifetime or life expectancy payments. The 10-year rule relief also applies to successor beneficiaries of an eligible designated beneficiary if: the eligible designated beneficiary died in 2020, 2021, 2022, or 2023, and the eligible designated beneficiary was taking lifetime or life expectancy payments.

**Amendments for Disclosure Statements of
Traditional IRA, Roth IRA or Simple IRA Annuities
For IRS Notice 2023-54 (issued July 14, 2023)**

IRS Notice 2023-54 extended the 60-day rollover period for any distribution taken between January 1, 2023 through July 31, 2023 by an IRA owner born in 1951 that would have been required before SECURE 2.0 was passed. The deadline for the rollover was extended to September 30, 2023. The rollover allows the IRA owner to place the distribution, mischaracterized as a required minimum distribution (RMD), back into an IRA. An eligible rollover of funds from one IRA to another is a non-taxable transaction. Customarily, an IRA owner is only permitted one rollover in the last twelve months; however, the rollover of any mischaracterized RMD taken between January 1, 2023 through July 31, 2023 by an IRA owner born in 1951 will be permitted even if a prior rollover was taken within the last twelve months. Electing to rollover a mischaracterized RMD, however, will bar any IRA rollovers in the subsequent twelve months.

IRS Notice 2023-54 also extended the relief for penalties for missed RMDs from inherited IRAs. The IRS will waive penalties for RMDs missed in 2023 from IRAs inherited in 2022, where the deceased owner was already subject to RMDs.

**Amendments for Disclosure Statements of
Traditional IRA, Roth IRA or Simple IRA Annuities
For the SECURE Act 2.0 of 2022**

Increase in Age for Required Beginning Date for Mandatory Distributions

The SECURE Act of 2019 increased the required minimum distribution (RMD) rules to April 1 immediately following the year in which age 72 was attained (previously the RMD age was 70 ½). The SECURE Act 2.0 of 2022 (passed in December 2022) increases the RMD age even further. Depending on your birth date, the RMD age is increasing as follows, if you are born:

- Before January 1, 1951, your RMDs have already started, and nothing changes
- Between January 1, 1951 and December 31, 1959, then your RMDs must start following attainment of age 73
- After January 1, 1960, then your RMDs must start following attainment of age 75.

Qualified Charitable Distributions (QCDs)

Beginning in 2023, people who are age 70 ½ and older may elect as part of their QCD limit a one-time gift up to \$100,000, adjusted annually for inflation, to a charitable remainder unitrust, a charitable remainder annuity trust, or a charitable gift annuity. This is an expansion of the type of charity, or charities, that can receive a QCD. This amount counts toward the annual RMD, if applicable. Note, for gifts to count, they must come directly from an IRA by the end of the calendar year. QCDs cannot be made to all charities.

529 Plans

After 15 years, 529 plan assets can be rolled over to a Roth IRA for the beneficiary, subject to annual Roth contribution limits and an aggregate lifetime limit of \$35,000. Rollovers cannot exceed the aggregate before the 5-year period ending on the date of the distribution. The rollover is treated as a contribution towards the annual Roth IRA contribution limit.

Penalty-Free Early Withdrawal

The SECURE Act 2.0 makes permanent the ability of a taxpayer to make an early withdrawal without incurring a 10% penalty as a result of a federally declared disaster. Such a withdrawal will be allowed if made within 180 days of the disaster if the taxpayer's principal place of abode is within the declared disaster area and if the taxpayer has sustained an economic loss as a result of the disaster.

The SECURE Act 2.0 also allows penalty-free early withdrawals, after 2023, by a victim of domestic abuse, up to the lesser of \$10,000 or 50 percent of the present value of the account. After 2023, a penalty-free withdrawal of up to \$1,000 is also allowed due to a personal financial emergency. Effective immediately, a penalty-free early withdrawal may also be made by an individual diagnosed with a terminal illness, within a period of 84 months after a physician certifies the diagnosis.

The SECURE Act 2.0 also limits the amount of time during which a penalty-free distribution to a participant in the event of a birth or adoption may be repaid. Under the current law, there is no limit. Under this new law, the amount must be repaid within three years. This new law is generally effective for distributions made after December 29, 2022.

Reduced Excise Taxes for RMD Failures

Under SECURE Act 2.0, the penalty for a required minimum distribution (RMD) that has been missed or not fully taken is reduced from 50% to 25% starting with the 2023 taxable year. The excise tax can be further reduced to 10% if the RMD is timely corrected within two years.

**Amendments for Disclosure Statements of
Traditional IRA, Roth IRA or Simple IRA Annuities
For IRS Notice 2022-53 (issued October 7, 2022)**

IRS Notice 2022-53 provides relief for penalties for missed RMDs from inherited IRAs. The IRS will waive penalties for RMDs missed in 2022 and 2021 from IRAs inherited in 2021 and 2020, where the deceased owner was already subject to RMDs.

**Amendments for Disclosure Statements of
Traditional IRA, Roth IRA or Simple IRA Annuities
For the Consolidated Appropriations Act of 2021**

Non-COVID-19 Related Disaster Relief for Retirement Plans.

The Consolidated Appropriations Act of 2021 allows participants in eligible retirement plans to take qualified disaster distributions of up to \$100,000 without implication of the 10% additional tax on early distributions. For these purposes, an eligible retirement plan includes IRAs, 401(k) plans, 403(b) plans, and 457(b) plans, among others. A "qualified disaster distribution" is any distribution from an eligible retirement plan made (i) on or after the first day of the incident period (as determined by FEMA) of a qualified disaster and prior to June 25, 2021 (the date which is 180 days after the date of the Act's enactment), and (ii) to an individual whose principal place of abode is located in the qualified disaster area and who has sustained an economic loss by reason of the qualified disaster (a "qualified individual"). "Qualified disaster areas" are those areas with respect to which a qualified disaster was declared. However, a qualified disaster area *does not* include any area with respect to which such major disaster has been declared only by reason of COVID-19.

Qualified disaster distributions are taxed ratably over a three-year period, though a participant can elect to be taxed immediately. The distribution may also be repaid within three years, with repayments treated as eligible rollover distributions transferred back to the plan on a tax-free basis.

Repayment of Certain Hardship Distributions. Participants can also repay hardship distributions taken with the intention to purchase or construct a principal residence in a qualified disaster area, but which were used for a different purpose due to the qualified disaster. The hardship distribution must have been received 180 days before and up to 30 days after the qualified disaster incident. The repayment period ends June 25, 2021, 180 days after enactment of the Act.

**Amendments for Disclosure Statements of
Traditional IRA, Roth IRA or Simple IRA Annuities
For the CARES Act of 2020 & the SECURE Act of 2019**

Waiver of Required Minimum Distributions for 2020. Extension of Rollovers.

The CARES Act waives required minimum distributions (RMDs) during 2020 for IRAs and retirement plans, including for beneficiaries with inherited IRAs and accounts inherited in a retirement plan. This waiver also includes RMDs if you turned age 70 ½ in 2019 and took your first RMD in 2020. You're not required to have been affected by the coronavirus to waive your RMD for 2020. Distributions of an amount that would have been an RMD in 2020 can generally be rolled over to another workplace retirement plan or IRA within 60 days of the distribution. However, an account holder in a workplace retirement plan or IRA who received a distribution before July 2, 2020 of an amount that would have been an RMD in 2020 could have rolled over the distribution by August 31, 2020. If a distribution from an IRA of an amount that would have been an RMD in 2020 was repaid to the distributing IRA by August 31, 2020, then the repayment is not subject to the one rollover per 12-month period limitation and the restriction on rollovers for inherited IRAs. Distributions from inherited IRAs are not required in 2020. If you were required to take a distribution within 5 years following the year of the account holder's death, 2020 does not count toward the 5 years. So, you would essentially have six years, instead of five, to distribute the inherited IRA. Also, if the account holder died in 2019, you would normally be required to begin taking distributions by the end of 2020 to be able to take distributions over your lifetime. Since 2020 does not count, you have until the end of 2021 to begin taking distributions over your lifetime. IRAs inherited after 2019 are subject to the SECURE ACT of 10-year distribution rule unless one of the exception rules is met so it can be distributed over 10 years.

Individuals Affected by COVID-19 May be Qualified to Withdraw Up to \$100,000 in 2020 Without Early Withdrawal Penalty

A **qualified individual** is anyone who has been diagnosed with COVID-19 by a test approved by the Centers for Disease Control and Prevention or has experienced adverse financial consequences due to being quarantined, furloughed, or laid off; having work hours or pay reduced; having been unable to work due to a lack of childcare; having owned or operated a business that has been closed; having a reduction in self-employment income; or having a job offer rescinded or a start date delayed. An individual also qualifies if his or her spouse or a member of his or her direct household has experienced any of the above. Additionally, a qualified individual is not required to demonstrate a true need for the funds in order to take advantage of this provision. The aggregate distributions eligible for COVID-19 relief are not to exceed \$100,000 per individual. The eligible distributions must be reported as income and are subject to

income tax, but without additional tax or penalty for early distribution. A qualified individual may elect out of the three-year ratable income inclusion and instead include the entire amount in the year of the withdrawal. Any part of a COVID-19-related distribution is eligible for tax-free rollover treatment to be recontributed to a qualified plan or IRA within three years of receipt and therefore excluded from income.

Treat Certain Taxable Non-Tuition Fellowship and Stipend Payments as Compensation for IRA Purposes

Historically, stipends and non-tuition fellowship payments received by graduate and postdoctoral students are not treated as compensation and cannot be used as the basis for IRA contributions. The SECURE Act changed this law and, for tax years beginning after December 31, 2019, these payments are considered compensation for the purpose of contributing to an IRA.

Repeal of Maximum Age for Traditional IRA Contributions

The SECURE Act repeals the prohibition on contributions to a traditional IRA by an individual who has attained age 70½.

Penalty-free Withdrawals from Retirement Plans, including IRA for Individuals in Case of Birth or Adoption

This provision of the SECURE Act provides a new exemption from the 10% early withdrawal penalty for retirement plan distributions taken prior to age 59 ½ to cover the cost of childbirth or adoption expenses up to \$5,000 **from each parent's retirement account [and for each child (i.e., twins)]** if made during the 1-year period beginning on the date on which a child of the individual is born or on which the legal adoption is finalized. The SECURE Act also allows the repayment of such expenses to the retirement account detail pending on regulations.

Increase in Age for Required Beginning Date for Mandatory Distributions

Under current law, IRA owners are generally required to begin taking minimum distributions from their retirement plan no later than April 1 immediately following the year in which age 70½ was attained. The SECURE Act adjusts the required minimum distribution age from 70½ to 72. This provision applies only to individuals who attain age 70½ after Dec. 31, 2019. Thus, individuals who were age 70½ or older already in 2019 do not benefit from this change.

Treating Excluded Difficulty of Care Payments as Compensation for Determining Retirement Contribution Limitations

Many home healthcare workers do not have a taxable income because their only compensation comes from "difficulty of care" payments exempt from taxation under Code section 131. Because such workers do not have taxable income, they cannot save for retirement in a defined contribution plan or IRA. The SECURE Act provides that home healthcare workers can contribute to a defined contribution plan or IRA. The difficulty of care payments are treated as compensation for purposes of calculating the contribution limits to defined contribution plans and IRAs.

Modifications to Required Minimum Distribution Rules

The SECURE Act modifies the required minimum distribution rules with respect to defined contribution plan and IRA balances upon the death of the account owner. Under the SECURE Act, distributions to individuals other than the surviving spouse of the employee (or IRA owner), disabled or chronically ill individuals, individuals who are not more than 10 years younger than the employee (or IRA owner), or child of the employee (or IRA owner) who has not reached the age of majority are generally required to be distributed by the end of the tenth calendar year following the year of the employee or IRA owner's death.

Applies to individuals who suffered losses in a qualified disaster area beginning after 2017 and ending 60 days after December 20, 2019.

This provision creates a waiver from the 10% early withdrawal penalty for qualified disaster distributions from retirement plans, including IRAs, up to \$100,000. Individuals can spread income tax payment on the qualified disaster distribution ratably over a three-year period. Individuals are permitted three years to repay the distribution back into the retirement plan. Individuals who took a hardship distribution from a retirement plan for a first-time home purchase in the disaster area may recontribute the amount into the retirement plan without tax penalty.

Declared disaster areas eligible for the waiver from the 10% early withdrawal penalty:

- Harvey, after August 22, 2017, and before January 1, 2019;
- Irma, after September 3, 2017, and before January 1, 2019;
- Maria, after September 15, 2017, and before January 1, 2019;
- The 2016 disasters, in either 2016 or 2017; and
- California wildfires, after October 7, 2017, and before January 1, 2019.

**Amendments for Disclosure Statements of
Traditional IRA, Roth IRA or Simple IRA Annuities
For the Bipartisan Budget Act of 2018 & the Tax Cuts and Jobs Act of 2017**

Unwinding of conversion (Recharacterization) from Qualified Retirement Plans including IRA to Roth IRA was Repealed. Distributions from Qualified Retirement Plans, including Traditional IRA, or from SEP or Simple IRA account money that have been held for two or more years can be converted into a Roth account or annuity and be treated as Roth contributions by paying income tax on the amount being converted. However, before January 1, 2018, if it was found later such conversion was not desirable, he/she might unwind or undo such conversion by putting back the converted amount, together with any gains or losses attributable to the conversion, back to the previous account or to a traditional IRA as long as this unwinding or "Recharacterization" was done before the due date of tax filing, including extension for the tax year the conversion had occurred. However, for tax year beginning after December 31, 2017, unwinding or recharacterization of Roth conversion will not be permitted.

Rollover of IRS Refund of Improper Levy from Qualified Retirement Plans. Beginning in year 2018 and after, if IRS make a refund due to wrongful levy on your qualified plan, including IRA, Simple IRA or Roth IRA, you may deposit the refund into a qualified retirement plan including IRA, Simple IRA or Roth IRA as a direct rollover on or before the tax filing due date without an extension for the year you received the refund. This refund of levy rollover is also applicable to beneficiaries of a deceased owner of a qualified plan, including IRA, Simple IRA or Roth IRA. This kind of rollover does not count toward the one rollover per year limit.

Qualified 2016 Disaster Distributions. A "qualified 2016 disaster distribution" is a distribution from an eligible retirement plan such as an IRA or Simple IRA made on or after January 1, 2016, and before January 1, 2019, to an individual whose principal place of abode at any time during calendar year 2016 was located in a 2016 disaster area according to FEMA and who has sustained an economic loss by reason of the events giving rise to the Presidential disaster declaration. The total amount of the 2016 disaster distribution cannot exceed \$100,000. Income attributable to a qualified 2016 disaster distribution may be included in income ratably over three years, unless the individual elects not to have ratable inclusion apply. Any portion of a qualified 2016 disaster distribution may, at any time during the three-year period beginning the day after the date on which the distribution was received, be re-contributed. Any amount re-contributed within the three-year period is treated as a rollover and, therefore, is not includible in income.

A qualified 2016 disaster distribution is subject to income tax withholding unless the recipient elects otherwise. The mandatory 20-percent withholding does not apply. If the amount of the qualified disaster distribution is re-contributed to an eligible retirement plan such as an IRA, the individual may file an amended return to claim a refund of the tax attributable to the amount previously included in income. In addition, if a portion of the distribution has not yet been included in income at the time of the contribution, the remaining amount is not includible in income.

Individuals who took a hardship distribution from a retirement plan for a first-time home purchase in the disaster area may recontribute the amount into the retirement plan without tax penalty.

Qualified 2016 disaster distributions not subject to 10% early withdrawal penalty. In general, unless an exception applies, withdrawals from qualified plans and IRAs before age 59 1/2 are subject to a 10% penalty in addition to regular taxation. Under the new law, a "qualified 2016 disaster distribution," defined above, will not be subject to the 10% penalty on early withdrawals from qualified plans and IRAs.

Early Distribution Penalty Exception for Deductible Medical Expense. The Tax Cuts and Jobs Act reduced the threshold for eligible medical expenses that must be exceeded in order to be deductible from 10% of AGI to 7.5% for years 2017 and 2018. Congress extended the 7.5% threshold for years 2019 and 2020. The 10% threshold returned for year 2021 and all future years. If you are under age 59 1/2, the amount withdrawn from your qualified retirement account, including IRA, Roth or Simple IRA up to the tax-deductible amount is not subject to the 10% early distribution penalty whether or not you itemize it as a deduction in your tax return.

Extension to Allow Loan Offset from a Qualified Plan as a Rollover to an IRA or to a Roth or Simple IRA. An employee may take out a participant loan as a function of the value of his/her accrued benefit or account balance in the Plan and is repaid according to a loan schedule deducting from each paycheck until it is paid off. If a plan termination or severance of the employee occurred, the unpaid amount of the loan will be treated as an offset distribution with the tax consequences as an actual distribution. Before the Tax Cuts and Jobs Act, the employee had 60 days to make a contribution equal to the un-repaid amount of the loan into an IRA, or a Simple IRA or a Roth IRA so the unpaid amount could be treated as a roll over. Effective for tax years beginning after December 31, 2017, the 60 days period for the "loan offset" rollover contribution is extended to the Federal Tax filing deadline including extension after the year in which the loan offset occurred.

Other Amendments for Disclosure Statements

Before a U.S. Tax court ruling in January 2014, for each Traditional IRA or Roth IRA Account, an owner can do one rollover into another IRA for each IRA in a 12-month period as long as the rollover is done within 60 days after receiving the check.

IRA One-Per-Year Limit Rollover Rule. After a U.S. Tax Court Ruling, beginning on January 1, 2015, only one rollover is allowed within a 12-month period no matter how many IRA or Roth accounts you may have. Another rollover from any of your IRA accounts within 12 months will be treated as a distribution and will be subject to income tax or penalty, if any. However, IRS considers that direct IRA to IRA rollovers in a year, if they are done directly between trustee or custodian on a trustee to trustee or custodian to custodian direct transfer basis, are not treated as distributions regardless of how many times they are done within one year. IRA trustees or custodians, however, may have their own company rules to restrict the number of rollovers you can have in a year. For example, if you want to move some money from an IRA with Bank A to your other IRA with Insurance Company B you can either: a) ask Bank A to send your IRA check directly to Insurance Company B and credit it into your IRA account, or b) ask Bank A to make the check payable to Insurance Company B for the benefit of your IRA and you send the check to Insurance Company B to credit it to your IRA. This is called direct rollover and will not trigger a taxable event no matter how many times this is done within a year.

Inherited/Beneficiary Rollover IRA. Beginning in 2007, if you are an eligible non-spouse beneficiary who inherited a distribution from a qualified retirement plan, you may directly rollover the inherited assets into an inherited IRA subject to the rules applying to an inherited account and subject to the beneficiary distribution requirements.

Rollovers from Employer-Sponsored Retirement Plans. Distributions taken from your qualified retirement plan, 403(a) annuity, 403(b) tax-sheltered annuity, or 457(b) governmental deferred compensation plan after December 31, 2007 may be rolled over to your Roth IRA.

Direct Contribution of tax refunds to IRAs. The Pension Protection Act of 2006 (PPA) allows taxpayers to direct that a portion of his or her federal income tax refund may be directly deposited into the taxpayer's IRA as a contribution. This contribution is subject to the annual contribution limits. In certain cases, taxpayers must complete IRS Form 8888.

Designated Roth Account Rollovers and the 5-Taxable-Year Period of Participation. If there is a rollover of designated Roth account assets from an employer-sponsored plan to a Roth IRA, the period that the rolled-over funds were in the employer-sponsored plan do not count toward the determination of the 5-year period in the Roth IRA. However, if an individual had established a Roth IRA in a year prior to the rollover, the 5-year period for determining qualified distributions from the Roth IRA, which began with the first contribution to that Roth IRA, would also apply to any funds subsequently rolled over from an employer-sponsored plan.

Health Savings Account Transfer. Beginning in 2007 you will be allowed a one-time, tax-free transfer from an IRA to use toward your annual Health Savings Account contribution. Eligible individuals may make an irrevocable one-time, tax-free "qualified Health Savings Account funding distribution" from an IRA and move it directly into a Health Savings Account, subject to strict requirements. The Health Savings Account funding distribution must be directly transferred from the IRA custodian or trustee to the Health Savings Account custodian or trustee. The amount of the transfer cannot exceed the maximum Health Savings Account contribution limit for the year that the amount is transferred. The deposited amount is counted toward the individual's total Health Savings Account annual contribution limit.

Qualified Reservist Distribution Relief. If you are a qualified reservist called to active duty after September 11, 2001 for more than 179 days or an indefinite period, you may be qualified to take an early withdrawal distribution from your IRA penalty free. You can recontribute the same amount to an IRA within two years after your active-duty period ends. You cannot claim a tax deduction for the repayments. Please check IRS Publication 590 for more information.