Laws and Regulations

Laws, Regulations and Other References

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| **Internal Revenue Code** | **Topic** |
| Section 72(t) | Early distribution penalty exceptions |
| Section 408A | Roth IRAs |
| Section 3405(e)(1)(B) | Federal income tax requirements on Roth IRA distributions. |
| **Treasury Regulations** | **Topic** |
| TD 8816 | This document contains final regulations relating to Roth IRAs. |
| TD 8987 | These final and temporary regulations relate to required minimum distributions from individual retirement plans and certain employer retirement plans. These regulations affect beneficiaries under Roth IRAs. |
| TD 9056 | Earnings calculation for excess or recharacterized IRA contributions |
| TD 9237 | These regulations provide guidance concerning designated Roth 401(k) contributions. |
| TD 9324 | These final regulations provide guidance concerning distributions from designated Roth 401(k) accounts. |
| TD 9418 | These final regulations provide guidance  concerning the tax consequences of converting a non-Roth IRA annuity to a Roth IRA. |
| **IRS Publication** | **Title** |
| Publication 590 *Individual Retirement Arrangements (2008)* | Individual Retirement Arrangements (IRAs) |
| **Revenue Procedures** | **Topic** |
| Revenue Procedure 98-59 | This revenue procedure provides guidance on obtaining opinion letters to drafters of prototype Roth IRA and combination Traditional/Roth IRA documents. |
| Revenue Procedure 2006-13 | This revenue procedure provides safe harbor methods that are permitted to be used in determining the fair market value of an annuity contract for purposes of determining the amount includible in gross income as a result of the a Roth IRA conversion. |
| **Revenue Rulings** | **Topic** |
| Revenue Ruling 2002-62 | The purpose of this revenue ruling is to provide guidance on what constitutes a series of substantially equal periodic payments within the meaning of Section 72(t)(2)(A)(iv) of the Internal Revenue Code from certain retirement plans including Roth IRAs. |
| **IRS Notices** | **Topic** |
| Notice 2007-7, Section V | This section of the notice provides guidance on employer plan to IRA rollovers by nonspouse beneficiaries. |
| Notice 2007-7, Section IX (this provision has been extended through December 31, 2009 by the Emergency Economic Stabilization Act of 2008 (EESA 2008)) | This notice provides guidance with respect to distributions from IRAs to charitable organizations. |
| Notice 2008-30, Section II | This notice provides guidance on rollovers from eligible retirement plans to Roth IRAs. |
| Notice 2009-75 | This notice describes the federal income tax consequences of rollovers from eligible retirement plans to Roth IRAs. This notice serves as a timely reminder of not only the tax consequences of such a rollover, but also the eligibility changes effective January 1, 2010. |
| Notice 2009-82 | This notice provides guidance relating to the waiver of 2009 required minimum distributions (RMDs). Specific to Roth IRAs, this notice provides guidance on beneficiary elections and options with regard to the waiver of 2009 RMDs. |
| **IRS Announcements** | **Topic** |
| Announcement 2001-106 (This provision was made permanent by the Pension Protection Act of 2006. Also, The income associated with eligibility has been adjusted for cost-of-living (see *COLA Quick Reference* for updated figures). | This announcement describes the “saver’s credit,” an income tax credit that is available to eligible taxpayers who contribute to a retirement plan or IRA. |
| **Recent Legislative Changes** | **Topic** |
| Worker, Retiree, and Employer Recovery Act of 2008 | This legislation provides relief from the 2009 required minimum distribution (RMD) rules applicable to certain IRA owners/plan participants as well the relief also applies to beneficiaries of retirement accounts (including Roth IRAs). |
| **IRS Documents and Forms** | **Purpose** |
| Form 5305-R, *Roth Individual Retirement Trust Account* | Form 5305-R is a model trust account agreement that meets the requirements of section 408A and has been pre-approved by the IRS as a Roth IRA plan agreement. |
| Form 5305-RA, *Roth Individual Retirement Custodial Account* | Form 5305-RA is a model custodial account agreement that meets the requirements of section 408A and has been pre-approved by the IRS as a Roth IRA plan agreement. |
| Form 5305-RB, *Roth Individual Retirement Annuity Endorsement* | Form 5305-RB is a model annuity endorsement that meets the requirements of section 408A and has been pre-approved by the IRS as a Roth IRA plan agreement. |
| Form 5498, *IRA Contribution Information* | Form 5498 is used by IRA custodians/issuers/trustees of IRAs (including Roth IRAs) to primarily report an IRA’s fair market value as well as any contribution activity to both the IRA Owner (or beneficiary following the death of the IRA Owner) and the IRS. |
| Form 1099-R, *Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.* | Form 1099-R is filed by IRA custodians/issuers/trustees with the IRS to report distributions from IRAs (including Roth IRAs). Recipients of the IRA distributions (IRA Owners or beneficiaries) also receive copies of the form filed with the IRS. |
| *Instructions for Forms 1099-R and 5498* | *Instructions for Forms 1099-R and 5498* provide IRA custodians/issuers/trustees with specific instructions on how the forms should be completed for various transactions. |
| Form 8606, *Nondeductible IRAs* | Form 8606 is used by taxpayers to report basis (in and out) of Traditional IRAs, distributions from Roth IRAs and conversions to Roth IRAs. |
| *Instructions for Form 8606* | *Instructions for Form 8606* provide taxpayers with line by line instructions for completing Form 8606. |
| Form 8880, *Credit for Qualified Retirement Savings Contributions* | Form 8880 is used by taxpayers to figure the amount, if any, of a retirement savings contributions credit (also known as the saver’s credit). |
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| ***Other Resources*** | **Topic** |
| Federal Deposit Insurance Act, Section 11 | Federal Deposit Insurance Corporation (FDIC) insurance coverage limits for Roth IRAs  <http://www.fdic.gov/regulations/laws/rules/1000-1200.html#1000sec.11a> |
| Section 522(n) of title 11, United States Code | Bankruptcy protection of IRAs (including Roth IRAs) and other employer sponsored retirement plans.  <http://uscode.law.cornell.edu/uscode/html/uscode11/usc_sec_11_00000522----000-.html> |

**COLA Quick Reference**

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| **Traditional and Roth IRA Contribution Limits** |  |
| 2008 | $5,000 ($6,000 if eligible for catch-up contribution.) |
| 2009 | $5,000 ($6,000 if eligible for catch-up contribution.) |
| **IRC 402(g) Deferral Limit** |  |
| 2008 | $15,500 ($20,500 if eligible for a catch-up contribution) |
| 2009 | $16,500 ($22,000 if eligible for a catch-up contribution) |

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| **Roth IRA Contribution Eligibility Modified Adjusted Gross Income (MAGI) Phase-Out Ranges** |  |
| Single Individuals | $101,000 - $116,000 (2008)  $105,000 - $120,000 (2009) |
| Married, Filing a Joint Federal Income Tax Return | $159,000 - $169,000 (2008)  $166,000 - $176,000 (2009) |
| Married, Filing a Separate Income Tax Return | $0 - $10,000 (2008 and 2009) |

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| **Saver’s Tax Credit Modified Adjusted Gross Income (2008)** | | | | | | |
| Joint Return | | Head of Household | | All Other Cases | |  |
| Over | Not Over | Over | Not Over | Over | Not Over | Applicable Percentage |
| $0 | $32,000 | $0 | $24,000 | $0 | $16,000 | 50% |
| $32,000 | $34,500 | $24,000 | $25,875 | $16,000 | $17,250 | 20% |
| $34,500 | $53,000 | $25,875 | $39,750 | $17,250 | $26,500 | 10% |
| $53,000 |  | $39,750 |  | $26,500 |  | 0% |

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| **Saver’s Tax Credit Modified Adjusted Gross Income (2009)** | | | | | | |
| Joint Return | | Head of Household | | All Other Cases | |  |
| Over | Not Over | Over | Not Over | Over | Not Over | Applicable Percentage |
| $0 | $33,000 | $0 | $24,750 | $0 | $16,500 | 50% |
| $33,000 | $36,000 | $24,750 | $27,000 | $16,500 | $18,000 | 20% |
| $36,000 | $55,500 | $27,000 | $41,625 | $18,000 | $27,750 | 10% |
| $55,500 |  | $41,625 |  | $27,750 |  | 0% |