

# **Individual Retirement Accounts**

---

3<sup>rd</sup> Edition

By Tax CE Publishing

# Table of Contents

---

<b>Chapter 1 – Traditional IRAs</b> .....	<b>1</b>
Learning Objectives .....	1
Retirement Planning.....	1
Starting Retirement Planning.....	2
Retirement Investment Tools.....	2
IRAs Defined.....	3
Individual Retirement Account.....	4
Individual Retirement Annuity.....	4
Roth IRA.....	5
SIMPLE IRA.....	5
Simplified Employee Pension (SEP) IRA.....	5
Tax Advantages of a Traditional IRA .....	7
Who Can Open a Traditional IRA .....	7
Compensation.....	7
Fully Vested.....	9
Shareholder Status .....	10
Qualified Contributions .....	10
Contribution Limits .....	10
Multiple IRA Accounts .....	11
Less Than Maximum Contributions .....	11
More Than Maximum Contributions.....	12
Inherited IRAs.....	12
Inherited From a Spouse.....	12
Spousal IRA Limit .....	14
Participation in an Employer Retirement Plan.....	15
Deductible Contributions .....	15
Active Participant Defined .....	16
Deductible Contributions to a Traditional IRA.....	17
MAGI Phaseout Amounts.....	19
Form 8606 .....	20
Modified AGI Worksheet .....	22
Rollovers.....	23
Time Limit for Making a Rollover Contribution.....	24
Rollovers Not Completed Within the 60-Day Period.....	24
Obtaining a Waiver.....	25
Automatic Waiver.....	25
Waiting Period Between Rollovers.....	25
Rollover From Employer’s Plan Into an IRA.....	26
Eligible Rollover Distribution.....	26
Nonspouse Beneficiary Rollover.....	27
Withholding Requirement.....	27
Other Withholding Rules .....	28
Same Property Rollover .....	28

## Table of Contents

Sale of Property at a Gain or Loss .....	28
Transfers Incident to Divorce.....	29
Changing the Name on the IRA.....	30
Direct Transfer .....	30
Converting From Any Traditional IRA Into a Roth IRA.....	30
Required Distributions.....	31
Income.....	31
Recharacterizations .....	31
Conversions Made in 2018 or Later.....	31
Conversion by Rollover From Traditional to Roth IRA.....	32
Repeal of Special Rule Permitting Recharacterization of IRA Contributions.....	32
Recharacterizing Excess Contributions .....	32
Reconversions.....	33
Distributions.....	33
Uniform Lifetime Table .....	33
Distributions During a Taxpayer’s Lifetime.....	34
Sole Beneficiary Spouse Who Is More Than 10 Years Younger....	34
Collectibles .....	35
Prohibited Transactions.....	38
Basis in a Traditional IRA (Form 8606).....	38
Penalties.....	39
Excess Contributions .....	39
Premature Distributions.....	41
Excess Accumulations .....	45
Review Questions .....	47
Review Questions .....	47
Review Answers .....	49
Review Answers .....	49
<b>Chapter 2 – Roth IRA, SIMPLE IRA, and SEP IRAs .....</b>	<b>53</b>
Learning Objectives .....	53
Roth IRAs .....	53
Income Limits.....	55
Contribution Limit.....	56
Withdrawal of Excess Contributions .....	56
Losses in Roth IRAs.....	57
No Age Limit.....	57
Qualified Distributions .....	58
Nonqualified Distributions.....	59
Rollovers and Conversions.....	61
Rollovers From Roth IRAs.....	61
Conversions of Traditional IRAs .....	61
Rollovers From Qualified Plans .....	62
Recharacterization of IRA contributions.....	63
SIMPLE IRA Plans and SEPs.....	64

## Table of Contents

SIMPLE IRA Plans .....	64
Establishing SIMPLE IRAs .....	68
SIMPLE IRAs – Employee and Employer Contributions.....	68
Employee Contributions .....	70
Matching Employer Contributions .....	70
Nonelective Contributions .....	71
SIMPLE Plans – Eligible Employers and Employees .....	71
Simplified Employee Pensions (SEPs) .....	74
Establishing a SEP-IRA.....	77
Top-Heavy SEP .....	78
SARSEPs .....	79
Review Questions .....	81
Review Questions .....	81
Review Answers .....	82
Review Answers .....	82
<b>Glossary .....</b>	<b>85</b>
<b>Index.....</b>	<b>101</b>