

Requesting waiver to penalty for failure to take distributions from Retirement Plans

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Minimum distributions are required from the following Qualified Retirement Plans:

- a) After age 72 for IRAs and Pretax 401K plans*
- b) After age 72 for Designated Roth Account (Roth 401K plan)
- c) Beneficiary in the same year a non-spousal IRA is inherited if the deceased owner reached was over age 72 and had not already taken the RMD,
- d) Beneficiary in the year following the year a non-spousal IRA or Roth IRA is inherited if the deceased owner was over age 72 if the deceased owner had already taken the RMD from an IRA.

* 401K plans may be converted to an IRA after employee retirement. All or a portion of IRAs may be converted to Roth Account after employee retirement if the taxpayer is willing to pay the tax due at the time of conversion

Designated Roth Accounts may be converted to Roth IRA accounts after employee retirement. Roth IRAs are not required to be taken out at age > 72

Note 1: Employer match contributions for designated Roth accounts are classified as pre-tax 401K contributions and are not part of the designated Roth account.

Note 2: If a taxpayer has more than one IRA or 401K plan, the TP has the option of taking the total RMD from a single IRA or some combination of all of the IRAs. If the TP has an IRA and a designated Roth, they must take the correct RMD from the IRA and a separate RMD from the designated Roth account.

If the TP fails to take RMDs as described above there is a 50% penalty for excess accumulations in the retirement account and the TP is obligated to appeal to the IRS for leniency in the form of a one-time waiver. The waiver is requested by filling out the 5329 form Part IX - Additional Tax on Excess Accumulation in Qualified Retirement Plans (Including IRAs). The TP must (a) take two distributions in the current year to make up for failure to take the RMD in the prior year, (b) take steps to avoid a 2nd recurrence in future years, (c) explain why the RMD was not taken during the prior year, and (d) request the entire 50% penalty be waived by checking the TaxSlayer waiver box and entering the amount of the RMD not taken in the prior year.