



# Mark Your Calendars: What IRA Holders Should Know About 2022





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# Agenda




- 1 About Entrust
- 2 2022 Dates & Deadlines IRA Holders Should Know
- 3 New Limits, Ranges & Cost-of-Living Adjustments
- 4 Tips for the Upcoming Tax Season
- 5 Monitoring Legislation in 2022
- 6 Q&A Time

# Meet Your Presenter

John Paul Ruiz

Director of Professional Development at The Entrust Group



-  27 Years of retirement education development
-  Educating investors and professionals on tax-preferred retirement accounts
-  CISP & QKA certified

# About Entrust



**\$4B**

Assets Under  
Administration



**22k**

Active  
Accounts



**40**

Years of  
Service



**1**

Point of  
Contact

# About Entrust



- Self-Directed IRA administrators
- Knowledgeable staff with CISP designations
- Nationwide offices
- In-person events and virtual webinars

# About Entrust



- Education program for other credentials
- Bi-annual IRA Academy



# What is a Self-Directed IRA?



A retirement account in which the individual investor is in charge of making all investment decisions



Greater opportunity for asset diversification outside of traditional stocks, bonds, and mutual funds



All securities and investments are held in a retirement account administered by a regulated custodian or trustee



# 2022 Dates & Deadlines IRA Holders Should Know

# January 31

- Fair Market Valuation (FMV) Statement
- Required Minimum Distribution (RMD) Statement
- IRS Form 1099-R

☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution		OMB No. 1545-0119		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>	
		\$		2021			
		2a Taxable amount		Form 1099-R			
		\$		2b Taxable amount not determined <input type="checkbox"/>		Total distribution <input type="checkbox"/>	<b>Copy 1</b> For State, City, or Local Tax Department
PAYER'S TIN	RECIPIENT'S TIN	3 Capital gain (included in box 2a)		4 Federal income tax withheld			
		\$		\$			
RECIPIENT'S name		5 Employee contributions/ Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities			
		\$		\$			
Street address (including apt. no.)		7 Distribution code(s)		8 Other			
		IRA/ SEP/ SIMPLE <input type="checkbox"/>		\$ %			
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution %		9b Total employee contributions \$			
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 FATCA filing requirement <input type="checkbox"/>	14 State tax withheld	15 State/Payer's state no.	16 State distribution		
\$			\$		\$		
Account number (see instructions)	13 Date of payment		17 Local tax withheld	18 Name of locality	19 Local distribution		
			\$		\$		

Form 1099-R [www.irs.gov/Form1099R](http://www.irs.gov/Form1099R) Department of the Treasury - Internal Revenue Service

# Fair Market Valuation (FMV) Statement

- IRA custodians and trustees are regulated to provide FMVs to IRA holders by January 31 of the following year
- Reports the December 31 balance of an individual's IRA
- Used for RMD calculation
- Amount may come from the IRA holder
  - Custodians may use alternatives besides an appraisal
  - Some values may be difficult to acquire promptly
    - Partnerships
    - LLCs

# Required Minimum Distribution (RMD) Statement

- Required for custodians under IRS notice 2002-27
- IRA custodians and trustees must provide RMD statements to IRA holders by January 31 of the year an RMD is due
- Assists in notifying IRA holders that they have an RMD due that year



# What is IRS Form 1099-R?

- IRS Form 1099 Series: Reports distributions and other taxable events from retirement plans
- Sent out by IRA custodians and trustees by January 31 of the following year
- Not all reportable distributions are taxable
  - Recharacterizations
  - Direct rollovers
- Does not need to be filed with the tax return unless there's an amount on **Box 4** "Federal Income Tax Withheld"

OMB No. 1545-0119		<b>Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.</b>
<b>2021</b>		
Form <b>1099-R</b>		<b>Copy 1 For State, City, or Local Tax Department</b>
Total distribution <input type="checkbox"/>		
<b>4</b> Federal income tax withheld		
\$		

## March 15

- Tax deadline for S-corporations and Partnerships (*see IRS Publications 4951 & 541*)
- SEP and Individual 401(k) Plan establishment and contribution deadline for S-corps and partnerships (*see IRS Publication 560*)

# April

- **April 1**

- Deadline for Traditional IRA, SEP, SIMPLE and Individual 401(k) Plan participants, who turned 72 in 2021 and delayed the distribution of their first RMD, to take their first RMD

- **April 15**

- Individual tax return due date
- Deadline to make an IRA contribution—**does not** include extensions
- Deadline to establish and contribute to SEP or Individual 401(k) Plans for sole proprietors or C-corporations (*see IRS Publication 560*)
- Same deadline to recharacterize a current year contribution, as well as execute a corrective distribution of an ineligible IRA contribution



# May 31

- IRA custodians and trustees must mail IRS Forms 5498 and 5498-SA to IRA holders by May 31
  - While IRS Form 5498-SA covers HSA plans, the 5498 reports IRA contributions, rollovers, Roth IRA conversions, and required minimum distributions (RMDs) to the IRS

☐ CORRECTED (if checked)

TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a) \$	OMB No. 1545-0747 <b>2021</b> Form 5498	<b>IRA Contribution Information</b>
		2 Rollover contributions \$		
TRUSTEE'S or ISSUER'S TIN		3 Roth IRA conversion amount \$	4 Recharacterized contributions \$	<b>Copy B</b>  <b>For Participant</b>
PARTICIPANT'S TIN		5 FMV of account \$	6 Life insurance cost included in box 1 \$	
PARTICIPANT'S name		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>	8 SEP contributions \$	This information is being furnished to the IRS.
Street address (including apt. no.)		9 SIMPLE contributions \$	10 Roth IRA contributions \$	
City or town, state or province, country, and ZIP or foreign postal code		11 If checked, required minimum distribution for 2020 <input type="checkbox"/>	12a RMD date \$	
		12b RMD amount \$	13a Postponed/late contrib. \$	
		13b Year \$	13c Code \$	
Account number (see instructions)		14a Repayments \$	14b Code \$	
		15a FMV of certain specified assets \$	15b Code(s) \$	

Form 5498 (keep for your records) www.irs.gov/Form5498 Department of the Treasury - Internal Revenue Service

2727 ☐ VOID ☐ CORRECTED

TRUSTEE'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone number		1 Employee or self-employed person's Archer MSA contributions made in 2021 and 2022 for 2021 \$	OMB No. 1545-1518 <b>2021</b> Form 5498-SA	<b>HSA, Archer MSA, or Medicare Advantage MSA Information</b>
		2 Total contributions made in 2021 \$		
TRUSTEE'S TIN	PARTICIPANT'S TIN	3 Total HSA or Archer MSA contributions made in 2022 for 2021 \$		<b>Copy A</b>  <b>For Internal Revenue Service Center</b> <b>File with Form 1096.</b> For Privacy Act and Paperwork Reduction Act Notice, see the 2021 General Instructions for Certain Information Returns.
PARTICIPANT'S name		4 Rollover contributions \$	5 Fair market value of HSA, Archer MSA, or MA MSA \$	
Street address (including apt. no.)		6 HSA <input type="checkbox"/>		
City or town, state or province, country, and ZIP or foreign postal code		Archer MSA <input type="checkbox"/>		
Account number (see instructions)		MA MSA <input type="checkbox"/>		

Form 5498-SA Cat. No. 38467V www.irs.gov/Form5498SA Department of the Treasury - Internal Revenue Service  
Do Not Cut or Separate Forms on This Page — Do Not Cut or Separate Forms on This Page

## June 1

- Deadline for IRA holders to remove excess ESA contributions and earnings for 2021
- To remove excess contributions, request a withdrawal by contacting your financial institution



# September

- **September 15**

- Deadline for S-corporations and partnerships (that filed for a tax return extension for 2021) to make contributions
- The same deadline applies to employers (that filed for a tax return extension) establishing SEP and Individual 401(k) Plans for tax year 2021
- Deadline for S-corporations and partnerships (that filed for a tax return extension for 2021) to make SIMPLE Plan employer contributions

- **September 30**

- Deadline for existing businesses to establish a new SIMPLE Plan for tax year 2022

# October

- **October 17**

- Deadline for C-corporations and sole proprietors (who filed for a tax extension) to establish and contribute to SEP and Individual 401(k) Plans for tax year 2021
- Taxpayers who filed a tax extension, or filed their taxes timely, must remove or recharacterize a 2021 contribution by this date
- Deadline for C-corporations and sole proprietors (who filed for an extension) to make SIMPLE Plan employer contributions for tax year 2021

- **October 31**

- IRA custodians and trustees must send out the document required to satisfy the SIMPLE Plan notice requirements by this date

# November

- **November 2**

- 60 days before the following plan year, businesses must provide notices to their employees about the type of contribution they will be making for tax year 2022

- **November 11**

- IRA custodians and trustees must send Fair Market Valuation notifications to all clients by the end of the 2<sup>nd</sup> week in November to update their asset's FMV (except publicly-traded assets with openly available market prices)

# December 30

- Traditional IRA, SEP, SIMPLE and Individual 401(k) Plan participants (who are older than 72) must distribute their RMD by this date
- Separate accounts/inherited IRAs must be established by this date for each beneficiary of IRA holders who died in 2021

# New Contribution Limits, Ranges & Cost-of-Living Adjustments



# Traditional & Roth IRA Contribution Limits

Contribution Categories	2021	2022
Up to age 50	\$6,000	\$6,000
Catch-up contributions age 50+	\$1,000	\$1,000
Total contribution if over the age 50+	\$7,000	\$7,000

# Traditional IRA Modified Adjusted Gross Income Limits

Participant Status	2021	2022
Single individuals	\$66,000 – \$76,000	\$68,000 – \$78,000
Married, filing a joint tax return	\$105,000 – \$125,000	\$109,000 – \$129,000
Married, filing separate tax returns	\$0 – \$10,000	\$0 – \$10,000
Spouse of an active participant	\$198,000 – \$208,000	\$204,000 – \$214,000

# Roth IRA Contribution Limits MAGI Phase-Out Ranges

Participant Status	2021	2022
Single individuals	\$125,000 – \$140,000	\$129,000 – \$144,000
Married, filing a joint tax return	\$198,000 – \$208,000	\$204,000 – \$214,000
Married, filing separate tax returns	\$0 – \$10,000	\$0 – \$10,000

# Employer-Sponsored Plan Contribution Limits

<b>SIMPLE IRA</b>	<b>2021</b>	<b>2022</b>
Deferrals	\$13,500	\$14,000
Catch-up contributions age 50+	\$3,000	\$3,000
Total contribution if over the age 50+	\$16,500	\$17,000

# Employer-Sponsored Plan Contribution Limits

SEP IRA	2021	2022
Less of 25% of compensation or:	\$58,000	\$61,000
Compensation limits	\$650	\$650
Maximum compensation cap	\$290,000	\$305,000

# Employer-Sponsored Plan Contribution Limits

Individual 401(k)	2021	2022
Employer contributions	\$58,000	\$61,000
Employee deferral	\$19,500	\$20,500
Catch-up contributions age 50+	\$6,500	\$6,500

# Health Savings Account Contribution Limits

HSA	2021	2022
Single Coverage	\$3,600	\$3,650
Family Coverage	\$7,200	\$7,300
Catch-up contributions age 55+	\$1,000	\$1,000



# Education Savings Account Contribution Limits

ESA	2021	2022
Limits per year until child is 18	\$2,000	\$2,000

# Tips for the Upcoming Tax Season

# Traditional IRA Reporting and Taxation

- Distributions are generally taxable
- Nondeductible contributions (basis) nontaxable
- Proration determined by IRA holder at the end of the year using IRS Form 8606
- IRS Form 1099-R reporting codes 1, 4, & 7



# Roth IRA Reporting and Taxation

- Qualified distribution
  - IRS code Q on IRS Form 1099-R
  - Tax-free
- Nonqualified distribution
  - Ordering rules
  - IRA holder files IRS Form 8606 part III
  - IRS codes J or T on IRS Form 1099-R

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no.		1 Gross distribution	2021		Form 1099-R
		2a Taxable amount			
		2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>		Copy 1 For State, City, or Local Tax Department
PAYER'S TIN	RECIPIENT'S TIN	3 Capital gain (included in box 2a)	4 Federal income tax withheld		
RECIPIENT'S name		5 Employee contributions/ Designated Roth contributions or insurance premiums	6 Net unrealized appreciation in employer's securities		
Street address (including apt. no.)		7 Distribution code(s)	IRA/ SEP/ SIMPLE <input type="checkbox"/>	8 Other	
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution %	9b Total employee contributions		
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 FATCA filing requirement <input type="checkbox"/>	14 State tax withheld	15 State/Payer's state no.	16 State distribution
\$			\$		\$
Account number (see instructions)		13 Date of payment	17 Local tax withheld	18 Name of locality	19 Local distribution
			\$		\$

Form 1099-R www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

# Qualified Distribution

**5-Year Period**

**AND**

**1** of the **4** qualifying events:

1. Death
2. Disability
3. Turning 59 ½
4. First time home buyer (\$10,000)

IRS distribution code Q on IRS Form 1099-R

# Additional Tax Reporting

- IRS Form 990-T Exempt Organization Business Income Tax Return
  - Unrelated Business Income Tax (UBIT)
  - Applies to income that exceeds \$1,000
  - IRA will need to acquire its own EIN
  - May be required for the following types of investments:
    - Partnerships
    - LLCs
  - Must be filed electronically

The image shows the top portion of IRS Form 990-T for the year 2021. The form is titled "Form 990-T Exempt Organization Business Income Tax Return (and proxy tax under section 6033(e))". It includes the OMB No. 1545-0047 and the year 2021. The form is for the calendar year 2021 or other tax year beginning in 2021 and ending in 2021. It includes instructions to go to [www.irs.gov/Form990T](http://www.irs.gov/Form990T) for instructions and the latest information, and to not enter SSN numbers on this form as it may be made public if the organization is a 501(c)(3). The form is open to public inspection for 501(c)(3) organizations only. The form is issued by the Department of the Treasury, Internal Revenue Service. The form includes a checkbox for "Check box if" and a field for "Name of organization (Check box if name changed and see instructions.)". It also includes a field for "Employer identification number".

# Additional Tax Reporting

- Leveraged investments under an IRA may also be subject to Unrelated Debt-Financed Income (UDFI) taxes
  - Filed with IRS Form 990-T
  - Leveraged portion of asset income is subject to trust tax rates





# Investments Not Subject to UBIT

- **Examples:** (*IRS Publication 598, Tax on Unrelated Business Income*)
  - Corporations
  - Stocks (dividends)
  - Rental property (rents)
  - Rights (royalties)
  - Disposition of property (gains)
- Leveraged investments may be subject to UDFI
  - Such as a single-family property purchased using a nonrecourse loan

# Unrelated Debt-Financed Income Tax

- Any property held to produce income (including gains from its disposition), for which there is an acquisition indebtedness at any time during the tax year
- **Example:**
  - Ernie purchased an income property using his IRA to fund 50% of the purchase price, and funding the other 50% from a non-recourse loan lender
  - The monthly income of the property is \$2,000
  - Assuming the payments towards the loan go only towards the interest accrued, 50% of the monthly income will be taxed
  - The income will be taxed at trust tax rates

# IRS Form 990-T

Form **990-T** **Exempt Organization Business Income Tax Return**  
(and proxy tax under section 6033(e))

OMB No. 1545-0047

For calendar year 2021 or other tax year beginning \_\_\_\_\_, 2021, and ending \_\_\_\_\_, 20\_\_\_\_

2021

Department of the Treasury  
Internal Revenue Service

Go to [www.irs.gov/Form990T](https://www.irs.gov/Form990T) for instructions and the latest information.

Open to Public Inspection

A ☐ Check box if:

Part I Unrelated Trade or Business Income		(A) Income	(B) Expenses	(C) Net
1a	Gross receipts or sales			
b	Less returns and allowances			
c Balance ▶		1c		
2	Cost of goods sold (Part III, line 8)	2		
3	Gross profit. Subtract line 2 from line 1c	3		
4a	Capital gain net income (attach Sch D (Form 1041 or Form 1120)) (see instructions)	4a		
b	Net gain (loss) (Form 4797) (attach Form 4797) (see instructions)	4b		
c	Capital loss deduction for trusts	4c		
5	Income (loss) from a partnership or an S corporation (attach statement)	5		
6	Rent income (Part IV)	6		
7	Unrelated debt-financed income (Part V)	7		
8	Interest, annuities, royalties, and rents from a controlled	8		

# Stay Updated on IRA Laws

# Monitor IRA Legislation

While 'Build Back Better' did not pass, stay informed on new (or pending) legislation that may impact your investments



Let's Summarize

# Preparing For Success in 2022

## **Mark your calendars**

Organize your calendars with important dates

## **Know your limits**

Remember your contribution and phase-out limits

## **Take your time with taxes**

Prepare taxes carefully to maximize your earnings

## **Stay updated on laws**

Stay informed because laws are subject to change

# What's Next?



## **Upcoming Webinar - Evaluating Early Stage Startups: An Investor's Introduction**

➡ Register today & join us February 16!



## **Want to learn something new?**

➡ Let us know in the survey as you leave



## **Need more information on SDIRAs?**

➡ Visit our website and Learning Center



## **Follow us on social media for updates**





# Time for Questions



# Stay Connected



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“

**Education** is the passport  
to the future, for tomorrow  
belongs to those who  
prepare for it today.

- *Malcolm X*

