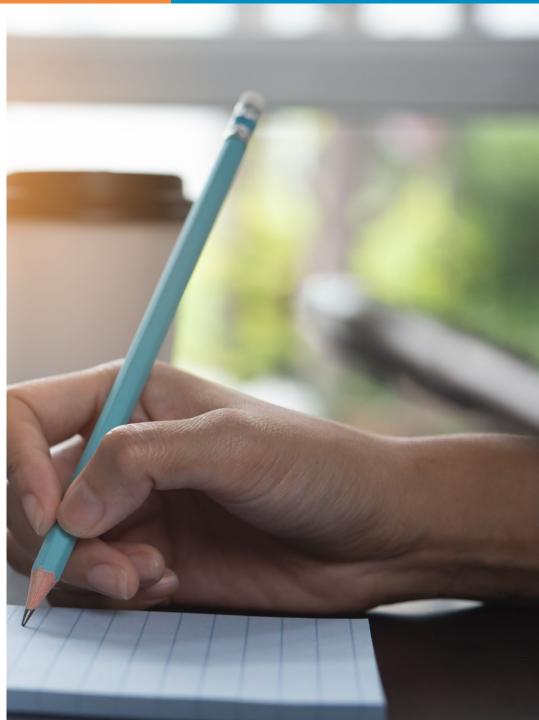
Mark Your Calendars: What IRA Holders Should Know About 2022





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Agenda





2022 Dates & Deadlines IRA Holders Should Know



New Limits, Ranges & Cost-of-Living Adjustments



Tips for the Upcoming Tax Season



Monitoring Legislation in 2022



800.392.9653

Meet Your Presenter

John Paul Ruiz

Director of Professional Development at The Entrust Group





Years of retirement education development



Educating investors and professionals on tax-preferred retirement accounts

CISP & QKA certified



About Entrust





About Entrust



E[™]**trust**Group

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

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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



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January 31

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

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.			1 Gross distribution			Cumb Lan, 10and-0110		Distributions From Pensions, Annuities,	
			\$			2021		Retirement or	
			2a Taxabi	e amount				ofit-Sharing Plans, IRAs, Insurance Contracts, etc.	
			\$			Form 1099-F	1	o on a const o con	
			2b Taxabl not det	e amount ermined		Total distribution		Copy 1	
PAYER'S TIN RECIPIENT'S TI		4	3 Capital gain (included in 4 box 2a)		4 Federal income tax withheld		For State, City, or Local Tax Department		
			\$			\$		Tax Department	
ECIPIENT'S name			5 Employe Designat contribut insurance	ed Roth		6 Net unrealized appreciation is employer's se	1		
itreet address (including apt.	no.)		7 Distribut code(s)	ion	IRA/ SEP/ SIMPLE				
						S	%		
ity or town, state or province, o	country, and ZIP or for	eign postal code	9a Your pe distribu		of total %	9b Total employee \$	contributions		
0 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 FATCA filing requirement	14 State ta \$	ix withhek	1	15 State/Payer's	state no.	16 State distribution \$	
			\$					S	
Account number (see instructions) 13 Date of payment		17 Local tax withheld \$		18 Name of locality		19 Local distribution \$			

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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

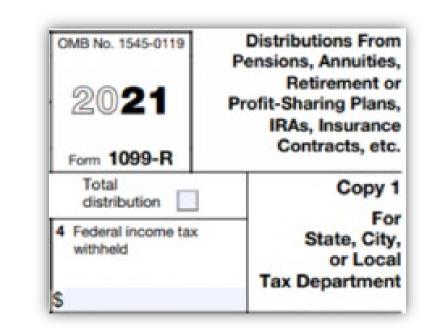
- Required for custodians under IRS notice 2002-27
- IRA custodians and trustees must provide RMD statements to IRA holders by January 31 of the year an RMD is due
- Assists in notifying IRA holders that they have an RMD due that year





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"





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—<u>does not</u> 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

IRA Contribution Information	1545-0747 21	омв №. 20	IRA contributions (other than amounts in boxes 2–4, 8–10, 13a, and 14a)	\$	TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		
	5498	Form		s			
Copy B	racterized	4 Rechar contrib	Roth IRA conversion amount	-			
		\$	\$	\$	PARTICIPANT'S TIN	TRUSTEE'S or ISSUER'S TIN	
For Participant	urance cost included in	6 Life insu box 1	FMV of account	5			
		\$	\$	\$			
This information	Roth IRA	SIMPLE	IRA SEP	7	PARTICIPANT'S name		
is being furnished to	E contributions	9 SIMPL \$	SEP contributions	8			
the IRS.	ed, required minimum tion for 2020		Roth IRA contributions	10		no.)	reet address (including apt. n
	amount	12b RMD a	a RMD date	12a			
		\$			ntry, and ZIP or foreign postal code	te or province, country, and ZIP or foreign postal code	
	13c Code	13b Year	a Postponed/late contrib.	13a \$			
		14b Code	a Repayments	14a			
			\$	\$			
	s)	15b Code(s	a FMV of certain specified assets	15a	Account number (see instructions)		
			5	\$			

TRUSTEE'S name, street address, city or town, state or province, count ZIP or foreign postal code, and telephone number	I Employee or self-employed person's Archer MSA contributions made in 2021 and 2022 for 2021 S Z Total contributions made in 2021 S	OMB No. 1545-1518	HSA, Archer MSA, or Medicare Advantage MSA Information
TRUSTEE'S TIN PARTICIPANT'S TIN	3 Total HSA or Archer MSA co \$	ntributions made in 2022	for 2021 Copy A
PARTICIPANT'S name	4 Rollover contributions	5 Fair market value of Archer MSA, or MA	
Street address (including apt. no.)	6 HSA Archer MSA	\$	File with Form 1096. For Privacy Act and Paperwork Beduction Act
City or town, state or province, country, and ZIP or foreign postal code	MA MSA		Notice, see the 2021 General
Account number (see instructions)			Instructions for Certain Information Returns.



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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 2nd 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

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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	\$68,00 - \$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



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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

SIMPLE IRA	2021	2022
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

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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





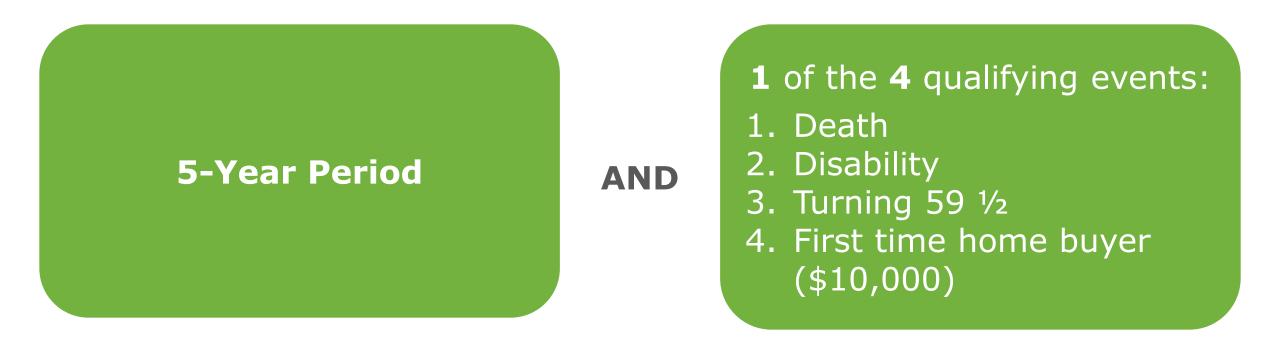
Roth IRA Reporting and Taxation

- 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

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no.			\$	Gross distribution Taxable amount	n	20 21	P	Distributions From ensions, Annuities Retirement o rofit-Sharing Plans IRAs, Insurance
			\$	Taxable amount		Form 1099-R		Contracts, etc
			20	not determined		distribution]	Copy 1
PAYER'S TIN	RECIPIENT'S TH	N	3	Capital gain (inclu in box 2a)	uded	4 Federal income ta withheld	1X	State, City or Loca Tax Departmen
			\$			\$		Tax Department
RECIPIENT'S name			5	Employee contribution Designated Roth contributions or insurance premium		 Net unrealized appreciation in employer's security 	rities	
0			\$	Distribution	IRA/	\$ Other		-
Street address (including apt. I	10.)		ľ	code(s)	SEP/			
City or town, state or province, o	country, and ZIP or for	eign postal code	9a	Your percentage of distribution	f total %	\$ 9b Total employee contr \$	% ibutions	
10 Amount allocable to IRR within 5 years	11 1st year of desig. Roth contrib.	12 FATCA filing requirement		State tax withheld		15 State/Payer's sta	ate no.	16 State distribution \$
\$			\$					\$
Account number (see instruction	s)	13 Date of payment	17 \$	Local tax withheid		18 Name of locality		19 Local distribution \$



Qualified Distribution

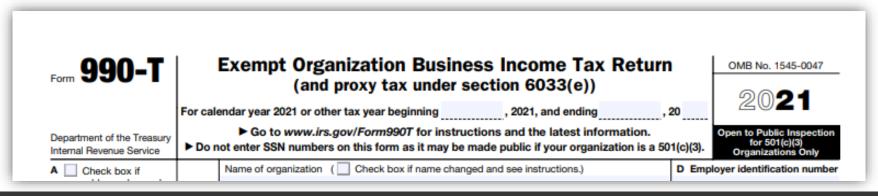


IRS distribution code Q on IRS Form 1099-R



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





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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:

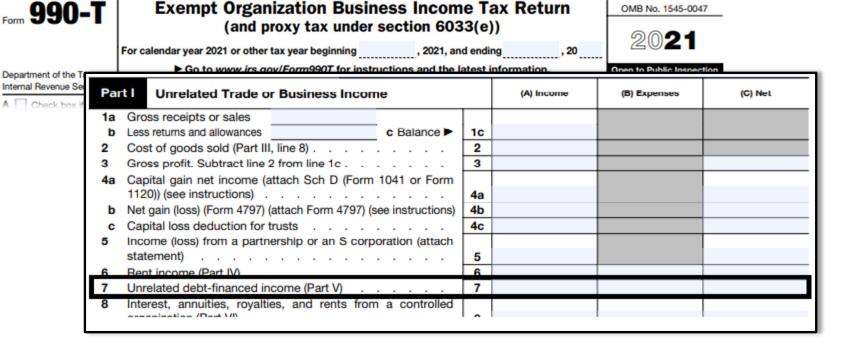
- Ernie purchased an income property using his IRA to fund 50% of the purchase price, and funding the other 50% from a non-recourse loan lender
- The monthly income of the property is \$2,000
- Assuming the payments towards the loan go only towards the interest accrued, 50% of the monthly income will be taxed
- The income will be taxed at trust tax rates



IRS Form 990-T

Exempt Organization Business Income Tax Return

OMB No. 1545-0047







Stay Updated on IRA Laws



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Monitor IRA Legislation

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





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Let's Summarize

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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?



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Time for Questions



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

- Malcolm X





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