TRADITIONAL IRA

EXCESS REMOVAL WORKSHEET

This form is used to assist the trustee or custodian in removing an excess contribution. This form should not be used to remove excess SEP contributions.

PART 1. IRA OWNER

Name *(First/MI/Last)* _____

Social Security Number _____

Date of Birth _____ Phone _____

Account Number_____ Suffix_____

PART 2. IRA TRUSTEE OR CUSTODIAN

Name _____

Address Line 1 _____

Address Line 2 _____

City/State/ZIP _____

PART 3. EXCESS CONTRIBUTION INFORMATION

1. Excess Contribution Amount _____

2. Contribution Date _____

3. Contribution for Tax Year _____

4. Excess Contribution Reason *(Select one)*

☐ a. **True Excess** *(IRA owner's contribution exceeded the annual limit or earned income, or the contribution was made for the IRA owner's 70½ year or later.)*

☐ b. **Deemed Excess** *(IRA owner was eligible to make the contribution but is removing the contribution as an excess before the deadline.)*

PART 4. CORRECTION PROCEDURES

The correction procedure used depends on the timing of the removal. The deadline to remove an excess and avoid the excess contribution penalty tax is the IRA owner's federal income tax filing deadline, including extensions (generally no later than October 15) of the year for which the contribution was made.

EXCESS REMOVED BEFORE DEADLINE

Refer to page 2 for calculation instructions.

1. Calculate the net income attributable (NIA) to the excess

2. Remove the excess contribution amount and NIA *(Total withdrawal amount from page 2)* _____

3. Use the following distribution codes when completing IRS Form 1099-R

☐ Excess contribution made during the prior year, use code P

☐ Excess contribution made during the current year, use code 8

    If the IRA owner is deceased, use code 4 in addition to code 8 or P as indicated above

    If the IRA owner is under age 59½, use code 1 in addition to code 8 or P as indicated above

EXCESS REMOVED AFTER DEADLINE

Only true excess contributions may be removed as an excess after the deadline.

1. Remove the excess contribution amount *(Do not calculate or remove the net income attributable)*

2. Use the following distribution codes when completing IRS Form 1099-R

☐ IRA owner is under age 59½, use code 1

☐ IRA owner is age 59½ or older, use code 7

Name of IRA Owner _____ , Account Number _____

DETERMINING NET INCOME ATTRIBUTABLE

When removing an excess contribution before the deadline, the net income attributable to the excess contribution must also be removed.

$$\text{Net Income Attributable} = \frac{\text{Contribution x Total Earnings}}{\text{Adjusted Opening Balance}}$$

CONTRIBUTION
The amount of the excess contribution to be removed $_____

TOTAL EARNINGS
The total earnings on the IRA are determined in the following manner.

1. Determine the IRA balance as of the date of withdrawal $\quad$ \$ _____

2. Add the amount of any withdrawals taken after the excess contribution was made and before the excess removal $\quad$ + \$ _____

3. Subtract the balance of the IRA immediately before the excess contribution was made $\quad$ - \$ _____

4. Subtract the excess contribution and all subsequent contributions made before the excess removal $\quad$ - \$ _____

5. Subtract any time deposit (or other investment) penalties that will be applied due to the excess removal $\quad$ - \$ _____

$\qquad$ **TOTAL EARNINGS:** $\quad$ \$ _____

ADJUSTED OPENING BALANCE
The adjusted opening balance is the balance of the IRA immediately before the excess contribution was made plus the excess contribution and all subsequent contributions made before the excess removal. $_____

NET INCOME ATTRIBUTABLE

$$\frac{\$ \text{_____ (Contribution) x \$ _____ (Total Earnings)}}{\$ \text{_____ (Adjusted Opening Balance)}} = \$ \text{_____}$$

(Net Income Attributable)

TOTAL WITHDRAWAL AMOUNT
The total amount to be removed equals the contribution amount to be removed plus the net income attributable. $_____

Note: *If the net income attributable is negative, reduce the amount of the excess contribution by the net income attributable.*