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# IRA Recharacterization or Removal of Excess Contribution

TradePMR

| Sub Firm # | BR Code | FA Code | Account Number |
|---|---|---|---|
| | | | |

*(Office Use Only)*

Complete this form to request the removal of an excess contribution from your IRA or to recharacterize a contribution. For more information regarding an excess contribution or a recharacterization, see the definitions included on page 2. **In order to process, all items must be completed on page 1. Returning page 2 is optional and is not required for processing.**

| IRA Holder Name | SSN (last 5 digits) |
|---|---|
| | |

## Contribution Information and Transaction Instructions

### A. Contribution Information

Type of Transaction being requested: *(One selection is required)*

Recharacterization: *Must be done prior to tax filing deadline, including extensions for tax year applied.*

☐ Annual IRA Contribution (Traditional or Roth) ☐ Mistaken Rollover or Transfer from Traditional IRA to SIMPLE IRA

Removal of Excess Contribution:

☐ Annual Contribution ☐ Rollover

Contribution Information: Tax Year Applied ______

Contribution Date ______ Use one form for each calendar year contributions were made into the account.

### B. Calculate Amount to Remove

*If it is after the tax filing deadline, including extensions, only the principal will be removed.*

Enter the contribution amount to be removed: $ ______

Select who will calculate the attributable Earnings/Loss:

☐ I elect to calculate the attributable earnings/loss on my own behalf.
*This selection is required for a Recharacterization.*
*(If needed, refer to Earnings Calculation Worksheet on page 2.)*

☐ I am requesting that the attributable earnings/loss for my excess contribution be calculated on my behalf.

Enter Attributable Earnings/Loss +/- $ ______

Total Amount to be Removed = $ ______

*If a calculation method is not selected, it is assumed that the calculation has been completed by the IRA holder. If no earnings/loss amount is provided, the amount is assumed to be zero.*

### C. Assets to Move

Indicate assets you wish moved from this account. Value must equal "Total Amount to be Removed" above. *(check all that apply)*

☐ All Assets

☐ Cash/Money Market: Amount: $ ______

☐ Securities: Specify Assets: Symbol or CUSIP: ______ Number of Shares: ______

Symbol or CUSIP: ______ Number of Shares: ______

☐ Separately signed page attached for additional assets.

*If the value of the listed securities does not equal the amount to be removed, the funds available will be used for the difference.*

### D. Distribution Method

*Reallocation/ Redeposit note: Select an additional method to receive earnings if principal + earnings exceed current year contribution limits.*

Recharacterization: Journal to IRA Brokerage Account Number: ______

*(The only option for Recharacterization is a journal entry.)*

Excess: *(Choose One)*

☐ Reallocation/Redeposit to Current Tax Year:

☐ Principal and/or ☐ Earnings

☐ Journal to Non-IRA Account Number: ______

☐ Check: ☐ Mail to above IRA Holder

☐ Mail to: ______

☐ Deposit electronically via ACH/Money Transfer Information:

*This method requires completion of bank information to the right.*

**ACH/Money Transfer Information:**

Name on Account ______

Type of Account ☐ Checking ☐ Savings

Name of Bank ______

| Bank City | Bank State |
|---|---|
| | |

ABA/Routing Number ______

Account Number to Credit ______

## Client Signature and Acknowledgement

I, the undersigned IRA Holder, hereby irrevocably elect to transfer or receive payment of the Individual Retirement Account contribution and the attributable earnings or minus the attributable losses described above under the Internal Revenue Code and in accordance with IRS Regulations and other IRS guidance. Due to the importance of this election, I have been advised to consult with tax and legal professional advisors and have not received nor relied on tax or legal advice from the IRA Custodian, its affiliates, or subsidiaries. I hereby direct the IRA Custodian to take all actions necessary with respect to this transaction. I represent and warrant to the IRA Custodian that this election meets all applicable Internal Revenue Service requirements, including that the removal of the excess or recharacterization and are being corrected in a timely manner pursuant to IRS guidelines. I expressly assume the responsibility for any tax implications and any adverse consequences which may result from this transaction.

| Signature of IRA Holder | Printed Name | Date |
|---|---|---|
| X | | |

For more information about the IRA Custodian and the terms and conditions of the IRA account, please carefully review the WFCS IRA Disclosure Statement and Custodial Agreement.

Account(s) carried by First Clearing. First Clearing is a trade name used by Wells Fargo Clearing Services, LLC, a registered broker-dealer and non-bank affiliate of Wells Fargo & Company.

# Earnings Calculation Worksheet

**(Returning this worksheet is optional and is not required for processing.)**

Consult your tax advisor for a detailed explanation of the tax ramification(s) associated with the removal of a contribution. This information is being offered as a guideline; please defer to competent counsel for final tax and legal advice. **If you are removing the entire IRA, do not complete this earnings worksheet.** To remove an IRA contribution, the earnings (or loss) attributable to the original contribution must also be removed. Determine the amount with your tax advisor using the following formula from Treasury Regulation Section 1.408-11 for the removal of an excess contribution or 1.408A-5 Q&A2 for recharacterization. For more information, see IRS Publication 590.

## ATTRIBUTABLE EARNINGS OR LOSS

**Attributable Earnings/Loss Calculation**

| | | |
|---|---|---|
| Step 1 | Enter Contribution Amount to Remove | $ |
| **Establish Date Range for Calculation** | | |
| Step 2 | Enter date over-contribution occurred (date used in section A on page 1): | |
| Step 3 | Enter date used for current IRA valuation: | |
| **Calculate Account Earnings/Losses for the Effective Valuation Period** | | |
| Step 4 | Current IRA Account Value | $ |
| Step 5 | All Distributions since month in Step 2 including consolidations and transfers out | + $ |
| Step 6 | All Contributions since month in Step 2, including amount in Step 1, consolidations and transfers in | – $ |
| Step 7 | IRA month end Account Value immediately prior to date in Step 2 above (can use prior month end) | – $ |
| Step 8 | Calculate Account Earnings/Loss for the date range above | = $ |
| **Calculate Account Balance Less Contributions** | | |
| Step 9 | Enter amount from Step 6 above | $ |
| Step 10 | Enter amount from Step 7 above | + $ |
| Step 11 | Calculate Account Value | = $ |
| Step 12 | Determine Attributable Earnings/Loss $\frac{\text{(Step 1 Amount) X (Step 8 Amount)}}{\text{(Step 11 Result)}}$ | = $ (Enter this amount into Section B on page 1) |

**IRA Removal Of Excess Contributions and Recharacterizations: Additional Information**

Removal of Excess Contribution. An excess contribution could be the result of your own contribution, your spouse's contribution, your employer's contribution, or an ineligible rollover contribution. Traditional contributions for the year you reach age 70½ and any later year are also excess contributions. The IRS 6% penalty tax assessed on excess contributions may be avoided if, for the year in which the contribution was deposited, you (1) withdraw before your tax return is due the excess contributions and attributable earnings; (2) timely file your tax return and withdraw the excess contribution and the attributable earnings within 6 months after the tax return due date (which is October 15 if your tax return due date is April 15), and file an amended tax return; or (3) you filed for an extension to file your tax return and you withdraw the excess contribution and the attributable earnings prior to your tax filing due date, including extensions. The distributed earnings may be subject to a 10% (or 25%) penalty tax. Please note that the earnings are taxable in the year the contribution is deposited, which is not necessarily the year the earnings are distributed from the IRA. If the excess contribution for a year is not withdrawn by the dates outlined in (1), (2), or (3), you may be subject to additional taxes, including a 6% IRS penalty tax. You must pay the 6% tax for each year the excess amount remains in your IRA account. Please contact your tax advisor, as there may be additional taxes and/or penalties. For more information, see IRS Publication 590.

Reallocation/Redeposit. If electing to redeposit, you must have cash in the account. If you remove the excess **before** the contribution deadline, your principal and earnings amount cannot exceed the current year contribution limits or they will not be redeposited. If the distribution is removed **after** the tax filing deadline, no earnings or loss are calculated and you will owe a 6% excise tax on the excess. Additionally, if your aggregate contribution limit for the year exceeds the annual amount, then the excess may be taxable at ordinary income rates and subject to the 10% IRS penalty if you are under age 59½. If you would owe tax and the 10% penalty, you may choose the carryover method. Please speak to your tax preparer about this option.

Recharacterization. You may be eligible to irrevocably elect to recharacterize a contribution that has been made to one IRA as having been originally made to a second IRA. To recharacterize, the amount to be recharacterized must be transferred from the first IRA (the one to which it was originally made) to the second IRA. The amount to be recharacterized, as well as any net income (or loss) attributable, must be completed by your tax filing due date (including extensions) for the year during which the contribution was made to the first IRA. A Roth IRA contribution can be recharacterized to a Traditional IRA, a mistaken rollover (or transfer) from a Traditional IRA to a SIMPLE IRA can be recharacterized back to a Traditional IRA. Employer contributions under a SEP or SIMPLE IRA plan (including elective deferrals) cannot be recharacterized. The recharacterization of a contribution is not treated as a rollover for the purposes of the 1-year waiting period for rollovers. If you elect to recharacterize a contribution to one IRA as a contribution to another IRA, you must report the recharacterization on your tax return as directed by IRS Form 8606 and its instructions. For more information, see IRS Publication 590.