IRA accounts and IRA plans

At Ameriprise Financial, an IRA account is a specific product with a unique account number held in an IRA plan. Accounts are established to separate and record money and activity within each specific product or investment type.

Understanding the difference between IRA accounts, IRA plans and multiple IRA plans is important because of the impacts on certain processes such as custodial fees, Required Minimum Distributions (RMDs), tax reporting and calculations related to Substantially Equal Periodic Payments (SEPPs).

IRA plan types

You can own a variety of IRA plan types, and you can own multiple annuity or custodial IRA plans of the same IRA plan type (i.e., two Traditional IRA plans). The following plan types are available.

- Traditional IRA
- Rollover IRA
- Roth IRA (Contributory or Conversion)
- SEP IRA
- SIMPLE IRA
- Inherited IRA or Inherited Roth IRA for different decedents
  - If a client is the beneficial owner for Inherited IRA accounts for different deceased persons, they must be held in separate Inherited IRA plans in order that the correct RMD amount can be calculated on each one.

Ameriprise is required to provide separate tax reporting for each inherited IRA plan

RiverSource® annuity IRA accounts

Each annuity IRA account issued by RiverSource Life Insurance Company or RiverSource Life Insurance Co. of New York is a separate IRA plan[1]. Tax reporting for annuity IRA plans is issued by RiverSource Life Insurance Company or RiverSource Life Insurance Co. of New York as follows:

Form 5498, IRA Contribution Information

New beginning in December 2024:

- The Fair Market Value (FMV) for each annuity IRA plan you own is available on your December month-end and annual statements.
  - If your annuity IRA has FMV only, you will not receive Form 5498 in your year-end tax package.
  - If you have reportable contributions, RMD requirements, and/or other tax documents you will receive Form 5498 in your year-end tax package.

Form 1099-R, distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRA, Insurance Contracts, etc.

- Distributions from each annuity IRA account that have the same distribution code are reported on one form 1099-R.
- You will receive a separate Form 1099-R for each different distribution code that was within your annuity IRA account during the year.
- You will receive a separate Form 1099-R if some of your distributions had state income tax withheld and other distributions did not.
- You will receive a separate Form 1099-R for each state if you had state income tax withheld for more than one state.

RMD calculations and distributions

- An RMD calculation is provided separately for each annuity IRA.
- Once calculated, however, the total RMD amount may be aggregated and then distributed from any one or more of your IRA plans held at Ameriprise Financial or at other institutions (excluding inherited IRA, Roth IRA and annuitized IRA plans).
- Distributions from an inherited plan won't satisfy the RMD requirement for a non-inherited plan. If you have inherited plans from multiple decedents, the RMD must be calculated and withdrawn separately from each plan.

SEPP arrangements

- If you own multiple annuity IRAs, you can establish Substantially Equal Periodic Payments (SEPP) arrangements on one or more of the accounts. You are not required to have a SEPP arrangement on each annuity IRA account you own.

Custodial IRA plans

Custodial IRA plans are established, with Ameriprise Trust Company (ATC) as custodian, to hold IRA accounts invested in certificates from Ameriprise Certificate Company, brokerage accounts or Ameriprise advisory (managed) accounts. You can choose to hold these multiple IRA accounts of the same type within one IRA plan or within multiple IRA plans. IRA custodial fees are assessed at the plan level for each custodial IRA plan that does not qualify for a waiver.

Ameriprise Trust Company issues the tax statements for custodial IRA plans at a plan level as follows:

Form 5498, IRA Contribution Information

<u>New beginning in December, 2024:</u>

- The Fair Market Value (FMV) for each custodial IRA plan you own is available on your December month-end and annual statements.
  - If your custodial IRA plan has FMV only, you will not receive Form 5498 in your year-end tax package.
  - If you have reportable contributions, RMD requirements, and/or other tax documents you will receive Form 5498 in your year-end tax package.

- The account number on Form 5498 is the lowest account number within the plan that had a Dec. 31 FMV or reportable contributions for that tax year.
- If you have multiple plans, you will receive a separate Form 5498 for each plan.

Form 1099-R, Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRA, Insurance Contracts, etc.

- You will receive one Form 1099-R reporting aggregate distribution information for all the accounts within the custodial IRA plan with the same distribution code in a single tax year.
  - The distribution code(s) is found on Line 7a of form 1099-R.
  - The account number listed on form 1099-R is the lowest account number within the plan that had a distribution in that tax year for the reported distribution code.
- You will receive a separate Form 1099-R for each distribution code that was within your plan during the year.
- You will receive a separate Form 1099-R if some of your distributions had state income tax withheld and others did not.
- You will receive a separate Form 1099-R for each state if you had state income tax withheld for more than one state.
- You will receive a separate Form 1099-R for each annuity account you own within an IRA or other retirement plan. Each annuity account is a separate individual retirement plan.

RMD calculations and distributions

- An RMD calculation is provided separately for each custodial IRA plan.
- Once calculated, however, the total RMD amount may be aggregated and distributed from any one or more of your IRA plans held at Ameriprise Financial or at other institutions (excluding inherited IRAs and Roth IRAs).
- Distributions from an inherited plan won't satisfy the RMD requirement for a non-inherited plan. If you have inherited plans from multiple decedents, the RMD must be calculated and withdrawn separately from each plan.

SEPP arrangements

- If you want to establish Substantially Equal Periodic Payments (SEPP) arrangements, every account within the same custodial IRA plan must be included in the calculation.

Multiple IRAs

- Your financial advisor or a qualified tax professional can help you determine if multiple custodial IRA plans are appropriate for your specific situation. You may choose to establish multiple custodial IRA plans for the following reasons:
  - Roth conversion strategy to separate investments
  - Establishing SEPP arrangements
  - Estate planning purposes
- Ameriprise Trust Company does not allow multiple IRA plans for the following:
  - SIMPLE IRA
  - IRA for minors

- Roth IRA for minors
- Inherited IRA with the same decedents
- Inherited Roth IRA (contributory or conversion) with the same decedents
    - Examples

        Below are examples of accounts that may be combined into one IRA plan and those that require separate plans.

        Example 1

        A client owns twelve IRA accounts that make up the following six IRA plans:

        1. Custodial Traditional IRA plan holds
            - Three Traditional IRA brokerage accounts
            - Two Traditional IRA certificate accounts

        2. Custodial SEP IRA Plan holds
            - One SEP IRA brokerage account

        3. Custodial Rollover IRA plan holds
            - One Rollover IRA brokerage account
            - Two Rollover IRA certificate accounts

        4. Traditional IRA annuity plan holds
            - RiverSource Traditional IRA annuity

        5. Traditional IRA annuity plan holds
            - Third-party Traditional IRA annuity

        6. Roth IRA annuity plan holds
            - RiverSource Roth IRA annuity

        Example 2

        A client established four Roth IRA brokerage accounts in her name because she has four children and wants each child to inherit his or her own Roth IRA. Each account will be held in its own plan and will be subject to its own fees.

Additional resources

Visit the irs.gov website for more information:

Individual Retirement Arrangements (IRAs)

IRA FAQs

Substantially Equal Periodic Payments (SEPPs)

Form 5498, IRA Contribution Information

Form 1099-R, IRA Distributions

[1] The value of an annuity linked to an Ameriprise Brokerage Platform account does not roll up and is not included in the tax reporting or RMD reporting for the custodial IRA plan that holds the Ameriprise Brokerage Platform account the annuity is linked to. The third-party carrier (i.e. RiverSource, AXA, Lincoln, ect.) is responsible for the tax reporting and RMD reporting for the annuity. *RiverSource*® Innovations Select or RAVA5 annuities are ported separately and can be viewed on www.riversource.com .

[2] Separate Inherited IRA or Inherited Roth IRA plans are required for different decedents. For example, a son has an Inherited IRA plan from his deceased father's IRA, and a separate Inherited IRA plan from his deceased mother's IRA.

Ameriprise Financial, Ameriprise Certificate Company and their affiliates do not offer tax or legal advice. Consult your tax advisor or attorney regarding your specific tax situation.

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