

## 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 (RMD), tax reporting, and calculations related to substantially equal periodic payments (SEPP).

### 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
- Inherited Roth IRA (Contributory or Conversion)

### **RiverSource<sup>®</sup> annuity IRA accounts**

Each annuity IRA account issued by RiverSource Life Insurance Company, RiverSource Life Insurance Co. of New York is a separate IRA plan<sup>1</sup>. 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**

A separate Form 5498 will be issued for each annuity account you own, reporting the Fair Market Value (FMV) on Dec. 31, any contributions during the year and your RMD amount for the following year, if applicable.

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

- Distributions from each annuity IRA account that have the same distribution code are reported on one Form 1099-R

- If there are multiple distribution codes within the annuity IRA account, a separate Form 1099-R will be issued for each distribution code
- You will receive a separate Form 1099-R if some of your distributions had state income tax withheld and other distributions did not.
- Additionally, you will also 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 Period Payments (SEPP) arrangements on one or more of the accounts. You are not required to have an 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, brokerage accounts or Managed Accounts investments. You can choose to hold these multiple IRA accounts of the same plan 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**

- You will receive one Form 5498, reporting the aggregate FMV, any contributions made during the years and RMD, if applicable, for all the accounts within one custodial IRA plan.
- The account number on Form 5498 is the lowest account number within the plan that had a Dec. 31 Fair Market Value 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, IRAs, 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 7 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 different 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 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.
- 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**

- A Required Minimum Distribution (RMD) amount is calculated separately for each custodial IRA plan.
- 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 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 Period Payments (SEPP) arrangements, every account within the same custodial IRA plan must be included in the calculation.
- If you wish to only have certain account(s) you own be included in a SEPP calculation, the account(s) must be moved to separate plan(s) prior to the SEPP calculation and distributions.

## **Multiple IRAs**

You may choose to establish multiple custodial IRA plans for the following reasons:

- Roth conversion strategy to separate investments
- Establishing Substantially Equal Period Payments (SEPP) arrangements
- Estate planning purposes
- Your financial advisor or a qualified tax professional can help you determine if multiple custodial IRA plans are appropriate for your specific situation.

Ameriprise Trust Company does not allow multiple IRA plans for:

- SIMPLE IRA
- IRA for minors
- Roth IRA for minors
- Inherited IRA with the same decedent<sup>2</sup>
- Inherited Roth IRA (Contributory or Conversion) with the same decedent<sup>2</sup>

## **Examples**

Below are examples of accounts that may be combined into one IRA plan and which would remain separate plans.

### *Example 1*

A client owns 12 IRA accounts that make up the following six IRA plans:

1. Custodial Traditional IRA plan:
  - Three Traditional IRA brokerage
  - Two Traditional IRA certificates
2. Custodial SEP IRA plan
  - SEP IRA brokerage account
3. Custodial Rollover IRA plan
  - Two Rollover IRA certificate accounts
  - One Rollover IRA brokerage account
4. Traditional IRA annuity plan
5. Traditional IRA annuity plan
6. Roth IRA annuity plan

### Example 2

- A client establishes four Roth IRA brokerage accounts in her name.
- She has four children and wants each child to inherit their own Roth IRA.
- Instead of holding all four accounts within one Roth IRA plan, she chooses to have four Roth IRA plans, each holding one Roth IRA account, and names a separate child as beneficiary for each Roth IRA plan.
- Because she holds multiple plans, each plan is subject to its own fees.

### Additional Resources

Review the following information on [irs.gov](https://www.irs.gov) for more information:

- [Individual Retirement Arrangements \(IRAs\)](#)
- [IRS Publication 590-B, Distributions from Individual Retirement Arrangements \(IRAs\)](#)
- [Retirement Plans FAQs regarding Substantially Equal Periodic Payments](#)
- [Form 5498](#)
- [Form 1099-R](#)

<sup>1</sup>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, etc.) is responsible for the tax reporting and RMD reporting for the annuity. *RiverSource*® Innovations Select or RAVA5 annuities are reported separately and can be viewed on [www.riversource.com](http://www.riversource.com).

<sup>2</sup>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 Service, Inc. and its affiliates do not offer tax or legal advice. Consumers should consult with their tax advisor or attorney regarding their specific situation.

Annuity and insurance products are issued by RiverSource Life Insurance Company, Minneapolis, Ameriprise Financial Services, Inc. offers financial planning services, investments, insurance and annuity products. *RiverSource*® products are offered by affiliates of Ameriprise Financial Services, Inc., Member FINRA and SIPC. CA License #0684538.

© 2014-2019 Ameriprise Financial, Inc. All rights reserved.