Banking Compliance

A compliance health check on your Traditional SIMPLE IRA documents

Traditional SIMPLE IRA historical updates

Custodial-includes Self-Directed, and Trust

This document provides a summary of compliance changes to Wolters Kluwer Traditional SIMPLE IRA documents

Detailed changes from 2025 to 2020

2025
(2026 COLA updates)

Form 5305-S and 5305-SA (for custodial and self-directed accounts)

- Amended section 8.01, *Your Traditional SIMPLE IRA Documents*: references to "Traditional SIMPLE IRA" were added to the heading and the paragraph to distinguish between traditional SIMPLE IRAs and Roth SIMPLE IRAs
- Amended section 8.02, *Definitions*: references to "traditional SIMPLE IRA" were added throughout to distinguish between traditional SIMPLE IRAs and Roth SIMPLE IRAs, and to indicate that hereafter in the document a "SIMPLE IRA" will mean a "traditional SIMPLE IRA"; and removed the duplicative sentence saying "you" and "your" will apply to you
- Amended section 8.15, *Cash or In-Kind Contributions*: added eligible retirement plans (ERPs) from which cash or in-kind transactions may be accepted

Traditional SIMPLE IRA Disclosure Statement

- Amended the *Definitions* section: noted that references to a "SIMPLE IRA" will mean a "traditional SIMPLE IRA" hereafter in the document; and removed the duplicative sentence saying "you" and "your" will apply to you
- Amended the *State Laws* subsection of the *Traditional SIMPLE IRA Restrictions and Approval* section: added declaimers to the list of state laws that may affect SIMPLE IRAs
- Amended two subsections of the *Moving Assets To and From SIMPLE IRAs* section:
  - In the *Repayment of a Qualified Birth or Adoption Distribution* subsection, removed obsolete reference to a temporary time period for repayments; and
  - In the *Repayment of Withdrawals for Domestic Abuse* subsection, updated the distribution limit to the 2026 COLA amount
- Amended two subsections of the *Traditional SIMPLE IRA Distributions* section:
  - In the *Qualified Charitable Distributions (QCDs)* subsection, updated the annual QCD and split-interest entity QCD limits to the 2026 COLA amounts; and
  - In the *Withdrawals for Individuals in Case of Domestic Abuse* subsection, updated the annual limit to the 2026 COLA amount
- Amended the *Distribution Calculations* subsection of the *Required Minimum Distributions (RMDs) For You* section: removed reference to not changing your beneficiaries after a divorce, as it is no longer a requirement
- Amended several subsections of the *RMDs For Your Beneficiaries* section:
  - Removed references to prior rule makings;
  - In the *Ten-year rule* subsection, added clarifications that for the ten-year rule beneficiaries must generally empty the account no later than the end of the 10th year following the date of the IRA owner's death;
  - In the *Life expectancy methods* subsection, clarified that beneficiaries subject to the single life expectancy method use the Single Life Table for calculating their RMDs and spouse beneficiaries may instead elect to use the Uniform Lifetime Table for calculating their RMDs;
  - In the *Designated Beneficiary* subsection, revised the explanation of the single life expectancy method and made other clarifying edits;

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2025
(2026 COLA updates), continued

- In the *Eligible Designated Beneficiary* subsection, two parts were amended:
  - → In the *Spouse Beneficiary* part, it was clarified that spouse beneficiaries may have multiple life expectancy options available to them; and
  - → In the *Eligible Designated Beneficiary (Other than a Surviving Spouse or Minor Child)* part, a clarifying edit was made by adding "single" in front of "life expectancy" in one location; and
- In the *Successor Beneficiaries* subsection, added language clarifying that state law and financial institution policy may limit the ability to name successor beneficiaries

- Amended the *Estate and Gift Tax* subsection of the *Federal Income Tax Status of Distributions* section: added cautionary language for beneficiaries who may want to disclaim all, or a portion, of a beneficiary IRA
- Amended the *Disaster Tax Relief and Repayment of a Qualified Disaster Recovery Distribution* section: removed "by the President" as the Filing Relief for Natural Disasters Act amended Internal Revenue Code Section 7508A to allow the IRS to grant tax filing and payment relief for state-declared disasters, not just federally declared ones

Financial Disclosure

- References to "Traditional SIMPLE IRA" were added throughout to distinguish between traditional SIMPLE IRAs and Roth SIMPLE IRAs

2024
(November; 2025 COLA updates; final Internal Revenue Service (IRS) required minimum distribution (RMD) regulation updates)

Form 5305-S and Form 5305-SA (for self-directed accounts only)

- Amended section 8.12(e), *Qualifying Longevity Annuity Contract (QLAC)*; updated the dollar limitation on premiums paid with respect to QLACs to the 2025 cost-of-living-adjustments (COLA) amount

Form 5305-S and Form 5305-SA (for custodial and self-directed accounts)

- Amended section 8.01, *Your SIMPLE IRA Documents*; clarified that this document cannot be used to establish a Roth Savings Incentive Match Plan for Employees (SIMPLE) Individual Retirement Account (IRA)
- Amended section 8.02, *Definitions*; clarified that references to "IRA" and "traditional IRA" include an IRA indicated to be a Simplified Employee Pension (SEP) IRA, and that references to "SIMPLE IRA" do not indicate a Roth SIMPLE IRA unless specifically stated
- Amended section 8.13, *Distributions*; added a NOTE advising IRA owners to seek the guidance of a tax or legal professional surrounding the taking of RMDs
- Added new section 8.14, *Beneficiary Default Election*; this new section defines the default election in the event an eligible designated beneficiary does not elect an RMD method

SIMPLE IRA Disclosure Statement

- Throughout the Disclosure Statement, changed the 10 percent early distribution from a "penalty tax" to an "additional tax" to conform with IRS terminology; and clarified that "qualifying trusts" are also known as "see-through trusts" for the purposes of defining IRA beneficiaries
- Amended the *Definitions* section; noted that references to "SIMPLE IRA" do not indicate a Roth SIMPLE IRA unless specifically stated, and that references to "IRA" and "traditional IRA" include an IRA indicated to be a SEP IRA
- Amended two subsections of the *SIMPLE IRA Restrictions and Approval* section:
  - In the *Collectibles* subsection, added references to nonfungible tokens (NFTs) and a reference to IRS Notice 2023-27
  - Amended the *No Prohibited Transactions* subsection by noting that any deemed distribution resulting from a prohibited transaction will not count toward any RMDs
- Amended the *Employer Contributions* subsection of the *SIMPLE IRA Eligibility and Contributions* section; clarified that SIMPLE IRAs cannot accept Roth regular contributions
- Amended three subsections of the *Moving Assets To and From SIMPLE IRAs* section:
  - Amended the *SIMPLE IRA-to-SIMPLE IRA Rollovers* subsection by clarifying that references to Roth IRA include Roth SEP and Roth SIMPLE IRAs
  - Amended the *Repayment of Withdrawals for Certain Emergency Expenses* by updating for clarity
  - Amended the *Repayment of Withdrawals for Domestic Abuse* subsection by updating the distribution limit to the 2025 COLA amount
- Amended the SIMPLE IRA to Roth IRA Conversions subsection of the Movement of Assets Between SIMPLE and Roth IRAs section; added a statement that any aggregate RMDs not taken for the year cannot be converted

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2024
(November; 2025 COLA updates; final Internal Revenue Service (IRS) required minimum distribution (RMD) regulation updates), continued

- Amended three subsections and added one new subsection in the *SIMPLE IRA Distributions* section:
  - Amended the *Qualified Charitable Distributions (QCD)* subsection by updating the QCD limits to the 2025 COLA amounts and noting that the once in a lifetime QCD limit for a split-interest entity is also subject to an annual COLA
  - Amended the *Withdrawals for Certain Emergency Expenses* subsection by adding a statement that you must provide written certification to your trustee/custodian
  - Amended the *Withdrawals for Individuals in Case of Domestic Abuse* subsection by noting that the total withdrawal limit is subject to annual COLAs and updating it to the 2025 COLA amount; and by adding a statement that you must provide written certification to your trustee/custodian
  - Added new subsection *Withdrawals for Individuals with a Terminal Illness* to summarize the rules related to taking withdrawals for individuals with a terminal illness
- Amended three subsections of the *RMDs for You* section:
  - Amended the *After Age 73* subsection by describing which IRA owners must take RMDs beginning at age 73 and which must begin taking RMDs at age 75
  - Amended the *No Rollovers or Repayments of RMDs* subsection by clarifying that before you can roll over or repay any portion of your IRA account balance, all RMDs for all of your IRAs must be satisfied
  - For trust and self-directed accounts only, amended the *Qualifying Longevity Annuity Contract (QLAC)* subsection by updating it to the 2025 COLA amount
- Amended seven subsections of the *RMDs For Your Beneficiaries* section:
  - Updated the introductory language to provide an expanded overview of the final beneficiary rules issued by the IRS in July 2024 and effective January 1, 2025, including descriptions of the RMD options beneficiaries may have
  - Amended the *Types of Beneficiaries* subsection by noting that, generally, designated and eligible designated beneficiaries can name successor beneficiaries
  - Amended the *Designated Beneficiary* subsection by adding a description of when a designated beneficiary has to take an annual RMD under the ten-year rule
  - Amended the *Eligible Designated Beneficiaries* subsection by adding a reference to a disabled or chronically ill minor child, adding a description of the RMD options available for an eligible designated beneficiary, and amending three parts:
    - → Amended Part 3.a, *Spouse Beneficiary*, by adding an explanation of when a spouse may have to take an RMD prior to treating the IRA as his or her own; adding a reference to age 75 for those born in 1960 or later; and adding that a spouse beneficiary may also rollover all or part of his/her share of the SIMPLE IRA to another beneficiary IRA
    - → Amended Part 3.b, *Eligible Designated Beneficiary Who is Your Minor Child*, by adding a description of who qualifies to be a minor child and summarized a minor child's RMD options
    - → Amended Part 3.c., *Eligible Designated Beneficiary (Other than a Surviving or Minor Child)*, by clarifying the use of the ten-year rule for this type of beneficiary
  - Amended the *Qualifying Trusts* subsection by removing the statement regarding a qualifying trust providing documentation of its beneficiaries to the trustee
  - Amended the *Successor Beneficiaries* subsection by adding a statement that a successor beneficiary may be required to take annual RMDs
  - For trust and self-directed accounts only, amended the *Qualifying Longevity Annuity Contract (QLAC)* subsection by removing the statement regarding return of a premium death benefit when death occurs before the RMD required beginning date (RBD)
- Amended the *Federal Income Tax Withholding* section; added that QCDs are not subject to federal tax withholding, and added the title of IRS Form W-4R
- Amended the *Early-Distribution Additional Tax* subsection of the *Federal Tax Penalties and IRS Form 5329* section; by adding to the list of exceptions to the additional tax
- Amended the *Disaster Tax Relief and Repayment of a Qualified Disaster Recovery Distribution* section; added specifics relating to what constitutes a qualified disaster area and the rules relating to a first-time principal home buyer

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2023
(November; 2024 COLA updates; New SECURE 2.0 Act updates),

SIMPLE IRA Disclosure Statement

- Modified the *Moving Assets To and From SIMPLE IRAs* section by amending three subsections and adding two new subsections:
  - Added "less any RMD for that year" to the second sentence of the *SIMPLE IRA-to-SIMPLE IRA Rollovers* subsection
  - Amended the *Two-Year Holding Period* subsection by changing "You" to "Generally, you" in the first sentence
  - Amended the *SIMPLE IRA to Employer-Sponsored Eligible Retirement Plans* subsection by changing "If" to "Generally, if" in the first sentence
  - Added a new subsection titled *Repayment of Withdrawals for Certain Emergency Expenses* to address new SECURE 2.0 Act rules effective January 1, 2024
  - Added a new subsection titled *Repayment of Withdrawals for Domestic Abuse* to address new SECURE 2.0 Act rules effective January 1, 2024
- Modified the *SIMPLE IRA Distributions* section by amending one subsection and adding two new subsections:
  - Amended the dollar amounts in the *Qualified Charitable Distributions (QCD)* subsection to reflect the current year's limit
  - Added a new subsection titled *Withdrawals for Certain Emergency Expenses* to address new SECURE 2.0 Act rules that are effective January 1, 2024
  - Added a new subsection titled *Withdrawals for Individuals in Case of Domestic Abuse* to address new SECURE 2.0 Act rules that are effective January 1, 2024
- Amended the *RMDs For You* section; retitled the *No Rollovers of RMDs* subsection to *No Rollovers or Repayments of RMDs*; updated the explanation to include the words "or repay" or "or repaid," as appropriate; and clarified the last sentence to better explain how an RMD that gets rolled over is treated for tax purposes

2023
(January; SECURE 2.0 Act)

Form 5305-S and Form 5305-SA

- Amended section 8.12(e), *Qualifying Longevity Annuity Contract (QLAC)*; updated the dollar limitation on premiums paid with respect to QLACs to the newly amended amount and removed the 25 percent aggregated limit

SIMPLE IRA Disclosure Statement

- Amended the *SIMPLE IRA Restrictions and Approval* section; updated the *No Prohibited Transactions* subsection to clarify that the consequences of a prohibited transaction only apply to this SIMPLE IRA
- Amended one subsection in the *Moving Assets To and From SIMPLE IRAs* section and added another:
  - In the *Repayment of a Qualified Birth or Adoption Distribution* subsection, added the newly enacted repayment period and language addressing the transition rules for individuals who may have previously taken a qualified birth or adoption distribution
  - Added a new subsection titled *Repayment of a Distribution for Terminal Illness* to address a newly enacted law
- Amended the *Movement of Assets Between SIMPLE and Roth IRAs* section; due to a recent law change, added a statement to the *SIMPLE IRA to Roth IRA Conversions* subsection stating that SIMPLE IRA assets may be converted to a SEP Roth or SIMPLE Roth IRA
- Amended the *SIMPLE IRA Distributions* section; updated the *Qualified Charitable Distributions (QCD)* subsection to reflect that the distribution limit is now subject to annual COLAs as well as to add information about being able to elect to take a once in a lifetime QCD of up to $50,000 to a split-interest entity

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2023
(January; SECURE 2.0 Act), continued

- Amended several subsections of the *RMDs For You* section:
  - In the *After Age 73* subsection, changed the age in the heading and in the body from 72 to 73
  - Amended the *Failure to Withdraw an RMD* subsection to reflect a recent law change reducing the excess accumulation penalty tax from 50 percent to 25 percent
  - Amended the *Qualifying Longevity Annuity Contract (QLAC)* subsection; updated the dollar limitation on premiums paid with respect to QLACs to the newly amended amount
- Amended the *RMDs For Your Beneficiaries* section:
  - Amended one part of the *Eligible Designated Beneficiary* subsection:
    - → Amended Part 3.a., *Spouse Beneficiary*; changed age 72 to 73
- Amended two subsections of the *Federal Tax Penalties and IRS Form 5329* section:
  - Amended the *Early-Distribution Penalty Tax* subsection; added qualified disaster recovery distributions and distributions taken for a certified terminal illness to the list of exceptions to the 10 percent early-distribution penalty tax
  - Updated the *Excess Accumulation Penalty Tax* subsection to reflect a recent law change reducing the excess accumulation penalty tax from 50 percent to 25 percent and noting that the penalty may be reduced to 10 percent if corrected within the correction window
- Amended the *Disaster Tax Relief and Repayment of Qualified Disaster Recovery Distribution* section; updated the section to reflect the rules as modified by a recent law change

2022
(2023 COLA updates)

Form 5305-S and Form 5305-SA

- Amended section 8.12(e), *Qualifying Longevity Annuity Contract (QLAC)*; updated the dollar limitation on premiums paid with respect to QLACs to the current amount

SIMPLE IRA Disclosure Statement

- Amended the *SIMPLE IRA Distributions* section; updated the *Qualified Charitable Distributions* subsection to add "annually" to the $100,000 amount of tax-free distributions
- Amended two subsections of the *RMDs For You* section:
  - Replaced "will owe" the penalty with "are subject to" the penalty in the *Failure to Withdraw an RMD* subsection
  - Amended the *Qualifying Longevity Annuity Contract (QLAC)* subsection; updated the dollar limitation on premiums paid with respect to QLACs to the current amount
- Amended the *RMDs For Your Beneficiaries* section:
  - Added information regarding the 2022 Proposed RMD Rule to the opening paragraph
  - Amended two parts of the *Eligible Designated Beneficiary* subsection:
    - → Amended Part 3.a., *Spouse Beneficiary*; addressed that a spouse beneficiary must take any required RMD when rolling over shares to their own IRA
    - → Amended Part 3.b., *Eligible Designated Beneficiary Who is Your Minor Child*; removed reference to state law when defining age of majority
  - Amended the *Successor Beneficiaries* subsection; added reference to taking remainder of the Original Beneficiary's ten-year period
- Amended the *Federal Income Tax Status of Distributions* section; updated the *Federal Income Tax Withholding* subsection by replacing reference to IRS Form W-4P with reference to IRS Form W-4R
- Amended the *Disaster Tax Relief and Repayment of Qualified Disaster Distribution* section; updated the citation for the IRS' Disaster Tax Relief website

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2021
(2022 COLA and IRS Publication 590-B Guidance updates)

Form 5305-S and Form 5305-SA

- Amended section 8.12(e), *Qualifying Longevity Annuity Contract (QLAC)*; updated the dollar limitation on premiums paid with respect to QLACs

SIMPLE IRA Disclosure Statement

- Amended two subsections of the *RMDs For You* section:
  - Removed obsolete information about the first RMD deadline for tax years 2019 and earlier from the *After Age 72* subsection
  - Amended the *Qualifying Longevity Annuity Contract (QLAC)* subsection; updated the dollar limitation on premiums paid with respect to QLACs
- Amended several parts of the *Eligible Designated Beneficiary* subsection of the *RMDs For Your Beneficiaries* section:
  - Amended Part 3.a., *Spouse Beneficiary*, to address IRA options and clarify the ten-year rule for surviving spouse beneficiaries
  - Amended Part 3.b., *Eligible Designated Beneficiary Who is Your Minor Child*, to address new IRA rule for eligible designated beneficiaries who are surviving minor children of the SIMPLE IRA account owner, that they must remove all assets from the SIMPLE IRA by the tenth anniversary of the date they attain the age of majority
  - Amended Part 3.c., *Eligible Designated Beneficiary (Other than a Surviving Spouse or Minor Child)*, to address IRA options and clarify the ten-year rule for eligible designated beneficiaries who are not a surviving spouse or a minor child of the IRA account owner; added the requirement that qualifying trusts choosing the single life expectancy option must use the age of the oldest trust beneficiary when calculating the RMD

2020
(SECURE Act updates)

SIMPLE IRA Disclosure Statement

- Amended the *State Law* subsection in the *SIMPLE IRA Restrictions and Approval* section; updated the list of state laws that may affect an IRA
- Amended a number of subsections in the *Moving Assets To and From SIMPLE IRAs* section:
  - Amended the *Waiver of the 60-Day Period* subsection by changing "waive" to "extend" and "waiver" to "extension" throughout the subsection, including in the subsection heading. Amended text to reflect the concept of a late rollover
  - Renamed the *Qualified Reservist Contributions* subsection as *Repayment of a Qualified Reservist Distribution*
  - Added a subsection titled *Repayment of a Qualified Birth or Adoption Distribution* to address new rules and permit such a repayment
- Amended the *After Age 70½* subsection in the *RMDs For You* section; changed age 70½ to age 72 throughout the subsection, including in the subsection heading. Added a sentence explaining the age requirement to begin taking RMDs was previously age 70½
- Amended the section *RMDs For Your Beneficiaries*; the entire section has been revised to address new rules for beneficiaries of an IRA owner who dies in the year 2020 or later
- Amended the *Early-Distribution Penalty Tax* subsection in the *Federal Tax Penalties and IRS Form 5329* section; added "qualified birth or adoption distributions" to the list of early-distribution 10 percent penalty tax exceptions
- Renamed *Disaster Tax Relief* section as *Disaster Tax Relief and Repayment of a Qualified Disaster Distribution*; removed the sentence saying disaster distributions may be subject to a lifetime aggregate; removed reference to IRS Publication 976; and updated the URL where disaster relief information can be found on the IRS website

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