Banking Compliance

A compliance health check on your Roth IRA documents

Roth IRA historical updates

Custodial, Self-Directed, and Trust

This document provides a detailed summary of compliance changes to Wolters Kluwer Roth IRA documents

Detailed changes from 2026 to 2021

2026
(2027 COLA updates)

Roth IRA Disclosure Statement

- Amended the *Roth IRA Eligibility and Contributions* section. Updated the charts in subsections 3, *Limitations on Contributions*, and 5, *Maximum Contribution Limits*, to reflect the 2027 COLA limits
- Removed the *Nonrefundable Tax Credit*; it is obsolete. The Saver's Credit program no longer applies to IRAs
- Amended the *Moving Assets To and From Roth IRAs* section. Revised the distribution limit in the *Repayment of Withdrawals for Domestic Abuse* subsection to reflect the 2027 COLA amount
- Amended two subsections in the *Roth IRA Distributions* section:
  - Revised the annual QCD limit and the limit for a once-in-a-lifetime QCD for a split-interest entity in the *Qualified Charitable Distributions (QCD)* subsection to reflect the 2027 COLA amounts; and
  - Revised the withdrawal limit in the *Withdrawals for Individuals in Case of Domestic Abuse* subsection to reflect the 2027 COLA amount
- Amended three subsections in the *RMDs For Your Beneficiaries* section:
  - Edited subpart a, the *Ten-year rule* for clarity;
  - Revised the *Eligible Designated Beneficiary* subsection to clarify that spouse beneficiaries may instead elect to use a uniform lifetime divisor to calculate their beneficiary RMD; and
  - Revised the *Successor Beneficiaries* subsection to note that state law or the financial institution's policy could limit the ability to name successor beneficiaries

2025
(November 2025, COLA updates, IRS Ann. 2025-2, and U.S. H.R. 517)

Form 5305-RA and Form 5305-R

- Amended section 9.02, *Definitions*, to clarify how the phrase "SIMPLE IRA" is used throughout the document

Roth IRA Disclosure Statement

- Amended the *Definitions* section to reflect the same changes made to section 9.02 above
- Amended the *No Pledging* subsection in the *Roth IRA Restrictions* and *Approval* section to clarify how the portion pledged may be treated for tax purposes
- Amended the State Laws subsection in the Roth IRA Restrictions and Approval section to add "disclaimers" to the list of state laws that could impact a Roth IRA
- Amended the *Roth IRA Eligibility* and *Contributions* section:
  - Updated the charts in the *Limitations on Contributions* and *Maximum Contribution Limits* subsections
  - Revised the *Roth SEP* and *Roth SIMPLE IRA Contributions* subsection to clarify that the plans referred to are Roth plans
- Amended several subsections of the *Moving Assets To and From Roth IRAs* section:
  - Revised the *Roth IRA-to-Roth IRA Rollovers* subsection to clarify that the penalty tax is an "additional" tax under current IRS terminology
  - In the *Repayment of a Qualified Birth or Adoption Distribution* subsection, removed the reference to an obsolete deadline
  - In the subsection *Repayment of Withdrawals for Domestic Abuse*, revised the withdrawal limit to reflect this year's limit
- In the section *Movement of Other Assets to Roth IRAs*, added the word "Traditional" to the header of the subsection *Conversions from Traditional SIMPLE IRAs* for clarity

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2025
(November 2025, COLA updates, IRS Ann. 2025-2, and U.S. H.R. 517) continued

- Amended the *Qualified Charitable Distributions (QCD)* subsection and the subsection *Withdrawals for Individuals in Case of Domestic Abuse* of the *Roth IRA Distributions* section to reflect this year's limits
- Revised the *RMDs For Your Beneficiaries* section to remove information regarding the proposed rules, and, among other minor changes, to clarify when certain life expectancy tables can be used:
  - In the subsection *Eligible Designated Beneficiary*, revised the sub-subsection *Spouse Beneficiary* to better explain the single life expectancy method and clarify that spouse beneficiaries may have multiple life expectancy options
  - Revised the subsection *Successor Beneficiaries* to clarify that state law and the financial institution's policy may limit the ability to name successor beneficiaries
- Amended the *Estate and Gift Tax* section to add cautionary language for beneficiaries who may want to disclaim all, or a portion, of a Roth IRA
- Amended the *Disaster Tax Relief and Repayment of a Qualified Disaster Recovery Distribution* section to accommodate the expansion allowing disasters to be declared not only by the President, but also by state officials

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

Form 5305-R and Form 5305-RA

- Amended section 9.01, *Your Roth IRA Documents*, to clarify that the document may be used to establish a Roth Simplified Employee Pension Individual Retirement Account (SEP IRA)
- Amended section 9.02, *Definitions*; clarified that references to "Roth IRA" do not include Roth Savings Incentive Match Plan for Employees (SIMPLE) or Roth SEP IRAs unless specifically stated, that "traditional" and "traditional IRA" include a SEP IRA, and that references to "SIMPLE" or "SEP" IRAs do not include Roth SIMPLE or Roth SEP IRAs unless specifically stated
- Amended section 9.12, *Distributions*; added a NOTE advising IRA owners to seek the guidance of a tax or legal professional surrounding the taking of RMDs
- Added section 9.14, *Beneficiary Default Election*; this new section explains the default election in the event an eligible designated beneficiary does not elect an RMD method

Roth IRA Disclosure Statement

- Throughout the Disclosure Statement, changed the 10% 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; corresponding changes were made to the text throughout the Disclosure Statement
- Amended the *For Additional Guidance* section to direct the owner to refer to their employer's SEP plan documents for additional information, if applicable
- Amended two subsections of the *Roth IRA Restrictions and Approval* section:
  - In the *Collectibles* subsection, added references to nonfungible tokens (NFTs) and to IRS Notice 2023-27
  - Amended the *No Prohibited Transactions* subsection to note that any distribution deemed to have resulted from a prohibited transaction will not count toward any RMDs
- Amended the *Roth IRA Eligibility and Contributions* section; updated the charts in the *Limitations on Contributions* and *Maximum Contribution Limits* subsections to reflect the 2025 COLA limits
- Amended the *Traditional IRA to Roth IRA Conversions* subsection of the *Movement of Assets Between Traditional and Roth IRAs* section; added a statement that any aggregate RMDs not taken for the year cannot be converted
- Amended the *Conversions from SIMPLE IRAs* subsection in the *Movement of Other Assets to Roth IRAs* section; clarified that conversions from a SIMPLE IRA cannot be made within the initial two-year period; and provided additional information regarding factors applicable to conversions

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

- Amended multiple subsections under the *Roth IRA Distributions* section:
  - Amended the *Qualified Charitable Distributions (QCD)* subsection to reflect 2025 COLA limits and that the once-in-a-lifetime QCD limit for a split-interest entity is subject to annual COLAs
  - Amended the *Withdrawals for Certain Emergency Expenses* subsection by adding a statement that written certification must be provided to the custodian/trustee
  - Amended the *Withdrawals for Individuals in Case of Domestic Abuse* subsection to reflect the 2025 COLA limit, note that the total withdrawal limit is subject to annual COLAs, and by adding a statement that written certification must be provided to the custodian/trustee
  - Added the new *Withdrawals for Individuals with a Terminal Illness* subsection to summarize the rules related to taking withdrawals for individuals with a terminal illness
- Amended the title of the *RMDs After Age 73* section to *RMDs for You*
- Amended the *RMDs For Your Beneficiaries* section; modified 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. Multiple subsections were also amended:
  - In the *Types of Beneficiaries* subsection, noted that, in general, designated and eligible designated beneficiaries can name successor beneficiaries
  - Amended the *Eligible Designated Beneficiaries* subsection by adding a description of the RMD options for an eligible designated beneficiary and references to a disabled or chronically ill minor child; this subsection was also amended to:
    - → Add an explanation to the *Spouse Beneficiary* area for when a spouse may have to take an RMD prior to treating the IRA as his or her own as well as to include a reference to age 75 for those born in 1960 or later
    - → Add a description to the *Eligible Designated Beneficiary Who is Your Minor Child* subsection of who qualifies to be a minor child and summarize a minor child's RMD options
    - → Simplify the *Eligible Designated Beneficiary (Other than a Surviving or Minor Child)* subsection by clarifying the use of the single life expectancy 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 to add a statement that a successor beneficiary may be required to take annual RMDs
- Amended the *Federal Income Tax Status of Your Roth IRA* section; added a statement to the subsection *Taxation of Distributions* to clarify that QCDs are not subject to federal tax withholding
- Amended the *Federal Tax Penalties and IRS Form 5329* section; in the *Early-Distribution Additional Tax* subsection, listed additional 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)

Roth IRA Disclosure Statement

- Amended the *Roth IRA Eligibility and Contributions* section:
  - Updated the chart in the *Limitation on Contributions* subsection to reflect the 2024 cost-of-living (COLA) limits
  - Updated the chart in the *Maximum Contribution Limits* subsection to add the 2024 COLA limits
- Modified the *Moving Assets To and From Roth IRAs* section by adding two new subsections:
  - 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
- Amended the *Movement of Other Assets to Roth IRAs* section; added a new subsection titled *Direct Rollover from a Qualified Tuition Plan* to address new SECURE 2.0 Act rules effective January 1, 2024
- Modified the *Roth 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 limits
  - 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

2023
(January; SECURE 2.0 Act)

Roth IRA Disclosure Statement

- Amended the *IRA Restrictions and Approval* section; updated the *No Prohibited Transactions* subsection to clarify that the consequences of a prohibited transaction only apply to this Roth IRA
- Amended two subsections of the *Roth IRA Eligibility and Contributions* section:
  - In the *Maximum Contribution Limits* subsection, modified the table and the note that follows to indicate that the catch-up contribution limit is now subject to annual COLA
  - Modified the *SEP and SIMPLE IRA Contributions* subsection to reflect a recent law change permitting a SEP Roth contribution to be made to this Roth IRA
- Amended the *Moving Assets To and From Roth IRAs* section:
  - Added the *Rollovers and Transfers from SIMPLE Roth IRAs* subsection due to a recent law change authorizing SIMPLE Roth IRAs
  - Added the *Rollovers to SIMPLE Roth IRAs* subsection due to a recent law change authorizing SIMPLE Roth IRAs
  - 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 Other Assets to Roth IRAs* section:
  - Amended one part of the *Rollovers or Direct Rollovers from Eligible Retirement Plans* subsection:
    - → Amended Part 2.b., *Designated Roth Account*; made slight modifications to the description of a Designated Roth Account

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2023 (January; SECURE 2.0 Act), continued

- Amended the *Roth IRA Distributions* section:
  - In the Removal of *Excess Contributions* subsection, removed text stating the 10% early distribution penalty tax might apply to the attributable earnings on a contribution when removing an excess contribution
  - In the *Distributions of Unwanted IRA Contributions by Tax-Filing Date* subsection, removed text stating the 10% early distribution penalty tax might apply to the attributable earnings on a contribution when removing an unwanted contribution
  - Updated the *Qualified Charitable Distributions (QCD)* subsection to reflect that the distribution limit is now subject to annual COLA 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
- Amended several subsections of the *RMDs After Age 73* section; changed the age in the heading and in the body from 72 to 73
- 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, distributions taken for a certified terminal illness, and earnings attributable to an excess or unwanted regular contribution to the list of exceptions to the 10% early distribution penalty tax
  - Updated the *Excess Accumulation Penalty Tax* subsection; reflected a recent law change reducing the excess accumulation penalty tax from 50% to 25% and noted that the penalty may be reduced to 10% 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)

Roth IRA Disclosure Statement

- Amended the *Roth IRA Eligibility and Contributions* section:
  - Updated the chart in the *Limitation on Contributions* subsection to reflect the 2023 COLA limits
  - Updated the chart in the *Maximum Contribution Limits* subsection to add the 2023 COLA limits
- Amended the *Roth IRA Distributions* section; updated the *Qualified Charitable Distributions (QCD)* subsection to add "annually" to the $100,000 amount of tax-free distributions
- Amended the *RMDs For Your Beneficiaries* section:
  - 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 *Disaster Tax Relief and Repayment of Qualified Disaster Distribution* section; updated the citation for the IRS Disaster Tax Relief website

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

Roth IRA Disclosure Statement

- Amended the *Roth IRA Eligibility and Contributions* section; updated the *Limitations on Contributions* and the *Maximum Contribution Limits* subsections to reflect the current year's limits
- Amended two parts of the *Eligible Designated Beneficiary* subsection of the *RMDs For Your Beneficiaries* section:
  - Amended Part 3.b., *Eligible Designated Beneficiary Who is Your Minor Child*, to address the new IRA rule for eligible designated beneficiaries who are surviving minor children of the Roth IRA account owner, that they must remove all assets from the Roth IRA by the 10th 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*); 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

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