Report Purpose
The December *Periodic Payment Distribution Report* is the “all payments” version and provides your financial organization with the periodic payment calculations for all Traditional and SIMPLE IRA owners and beneficiaries scheduled to receive payments during 2019. The report does not include withdrawals taken by IRA owners that were in addition to their scheduled payments.

Your Tasks
Take the following steps.
1. Print the distribution report for your records.
2. Print the report instructions.
3. Make all December payments as scheduled.
4. Compare your records with the annual payment amount listed on the report for each IRA owner or beneficiary.
5. Distribute any remaining payments by December 31, 2019.

Overview
This final distribution report for the year provides the payment instructions for IRA owners and beneficiaries who had payment elections established in IRAdirect® for 2019 as of the end of business on November 18, 2019, which is when the report was produced for your financial organization.

If you have added or changed payment elections since November 18, 2019, we recommend that you create a *Periodic Payment List* report to reflect the new or changed payment information for those IRA owners.

Here are the steps in that process.

1. Click the *Reports* link in the Reports and Queues section of the IRAdirect homepage.
2. Click the *Periodic Payment List* link on the Reports page.
3. Make the following selections from the menu.
   - Owner/Beneficiary = All
   - Primary Periodic Payment Type = All
   - Beginning Month (Current Year) = January (or a beginning month of your choice)
   - Ending Month (Current Year) = December
   - Changes Only or All Payments
     - Select Changes Only (to see only new elections and changes).
     - Select All Payments (to see all payments for the period selected)
   - Exclude Closed Accounts = Yes
4. Click the *Generate Report* button to produce the report as a PDF, or click the *Output to Excel* button to create the report in a spreadsheet format.
Reading the Report
IRA owners and beneficiaries appear in the order you requested for your reports: alphabetical order by last name, Social Security number order, or account number order. To change the order in which information is displayed on your reports, take these steps.

1. Click your organization’s name in the upper right corner of the IRAdirect homepage.
2. Click the Reporting tab.
3. Select a new order from the Account Owner Order on Reports menu and click the Save button.

Asterisks
An asterisk (*) next to a name means that the IRA owner’s or beneficiary’s election or calculation has been updated as the result of a change. Changes that would update an election or calculation include:

- any change to a dollar amount (FMV, RMD, federal withholding, state withholding);
- a change to the payment frequency;
- a beneficiary designation change that alters the life expectancy used to calculate payments; or
- a change from payment by check to payment by direct deposit, or vice versa.

When you see an asterisk, make the payment to the IRA owner or beneficiary exactly as outlined on the report because the information reflects the requested change(s). An asterisk may also indicate that an IRA owner has been defaulted to a payment election. Refer to the Defaulted IRA Owners section of these instructions for details.

The exact amount that must be distributed to each IRA owner or beneficiary (after any federal or state taxes have been withheld) appears in the Net Payment Amount column, and is followed by the Pymt Method information—CHECK or DIRECT DEPOSIT.

Confirm that the annual amount we instructed you to pay each individual listed has been distributed, and if not, make the remaining payment no later than December 31, 2019.

Example: You distributed $1,500 to Jack Abbott to date, but the December report indicates that he is to receive $1,800 in 2019. Therefore, you will distribute an additional $300 to Jack by December 31, 2019.

Beneficiaries
Beneficiaries scheduled to receive a payment in 2019 are identified on the report with a (B) in front of the account number and a Payment Type of Beneficiary.

Federal Withholding
The total amount to withhold for federal or state withholding will appear under the Federal W/H State W/H & State column. The percentage that the IRA owner elected to withhold, if applicable, will be listed in parentheses next to the total amount to withhold.

If the IRA owner elected to withhold an additional amount of federal withholding, a plus sign (+) will appear next to the percentage. The additional amount that the IRA owner elected to withhold will not be displayed, but the additional amount will be included in the total amount of federal withholding that is listed in the column.
**Example:** An owner elected to withhold 15% ($75.00) in federal withholding and 1% ($5.00) in California state withholding per payment. He also elected to withhold an additional federal withholding amount of $25 per payment. On the report, his withholding elections display as follows.

<table>
<thead>
<tr>
<th>Amt Each Pymt</th>
<th>Federal W/H State W/H &amp; State</th>
<th>Net Payment Amount Pymt Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>$500.00</td>
<td>$100.00 (15%)</td>
<td>$395.00 CHECK</td>
</tr>
<tr>
<td>ANNUALLY NOV</td>
<td>$6.00 (1%)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>CA</td>
<td></td>
</tr>
</tbody>
</table>

If you see a plus sign (+) on your report, indicating that an additional federal withholding amount was selected, and want to determine the amount in additional federal withholding that the IRA owner elected to withhold, take the following steps.

1. Multiply the gross distribution amount listed in the **Amt Each Pymt** column by the federal withholding percentage listed in the **Federal W/H State W/H & State** column.
2. Divide the product by 100 to determine the percentage amount the owner elected to withhold.
3. Subtract the amount of the percentage, determined in the second step, from the total federal withholding amount listed in the **Federal W/H State W/H & State** column. This gives you the amount of additional federal withholding that the owner elected to withhold per payment.

**Example:** The figures provided in the screenshot above were used to determine the amount of additional federal withholding elected by the IRA owner.

Gross distribution = $500.00
Total federal withholding amount = $100.00
Federal withholding percentage = 15%
Amount of additional federal withholding = $25.00

\[
\begin{align*}
$500.00 \times 15 &= $7,500.00 \\
$7,500.00 \div 100 &= $75.00 \\
$100.00 - $75.00 &= $25.00
\end{align*}
\]
Defaulted IRA Owners

Traditional IRA owners age 71½ or older, who moved their accounts to your organization in 2018, were required to begin receiving payments from those accounts in 2019. The assumption is that the required minimum distribution (RMD) for 2018 was satisfied by the IRA owner before the IRA was moved to your organization.

During the first quarter of 2019, IRA owners in this group who did not yet have a payment election established on IRAdirect received an RMD notification mailing requesting that they complete and return to your organization the enclosed Traditional IRA Post-70½ Periodic Payment Election (Form 2318).

After business hours on November 15, 2019, the RMD notification mailing recipients who had not yet responded were defaulted to the RMD calculated using the Uniform Lifetime Table.

These defaulted IRA owners appear on the distribution report with an asterisk (*) next to the listing. To help the IRA owner or beneficiary avoid the IRS 50 percent excess accumulation penalty tax, payments must be made to defaulted owners by December 31, 2019.

NOTE: If applicable, IRA owners age 71½ or older who opened their accounts at your financial organization in 2019 with a multi-year contribution were also included in the default.

Before Distributing Defaulted Payments

Before making payments to defaulted IRA owners, determine if your organization received a Traditional IRA Post 70½ Payment Election from a Traditional IRA owner since the payment default occurred.

If the form was received, once a Traditional IRA owner age 71½ or older is defaulted, a Traditional IRA Post 70½ Payment Election cannot be processed for that IRA owner in IRAdirect. Instead, take the actions listed below.

1. Complete the Traditional IRA Periodic Payment Change Wizard to enter the information on the IRA owner’s completed Traditional IRA Post 70 ½ Payment Election form in IRAdirect. By doing this, you are changing the payment set-up created by the default job to reflect what the IRA owner actually requested on the completed election form.
2. When the 2019 RMD is calculated in IRAdirect, distribute that amount to the IRA owner by December 31, 2019.

If the form was not received, before distributing the defaulted payment amount, contact the IRA owner to confirm that the RMD has not already been satisfied by taking it from another IRA at your organization or elsewhere, because the distribution report does not reflect withdrawals that were entered in the IRA owner’s tree.

Default Delay Message

Because the December report displays all periodic payments for the entire year, you may see IRA owners with a DEFAULT DELAY message. These were IRA owners that attained age 70½ in 2018 and did not complete and submit a Traditional IRA Post-70½ Payment Election to your organization by February 16, 2019, so they were defaulted to appear on your March report. They should have received their RMD no later than April 1, 2019. If they did not receive their RMD amount by April 1, they are now subject to a 50 percent excess accumulation penalty tax on the amount that was required to be distributed but was not.
IRA Owners on Pre-70½ Payments

Traditional IRA owners taking pre-70½ payments during 2019, who will attain age 70½ in 2020, appear on your December report, but this is the final year they will be listed until new elections are made.

Effective with the 70½ year, IRA owners may be required to take distribution amounts greater than the pre-70½ payments they are currently receiving (their RMDs). Because the pre-70½ elections made by IRA owners cannot carry over for their 70½ year, they must make new elections by completing a Traditional IRA Post-70½ Periodic Payment Election, and they will not appear on future distribution reports until they do so. We recommend that you contact those IRA owners now to confirm they understand that attaining age 70½ means they must make new elections for their RMDs.

During February 2020, we will send these IRA owners a cover letter (written as though it came from your financial organization), a Traditional IRA Post-70½ Periodic Payment Election, and a booklet that explains the RMD payment options. An IRA State Income Tax Withholding Election (Form 80024/2312) will be included if applicable.

- As you apply the incoming RMD elections for these IRA owners to IRAdirect at your organization, they will appear on future distribution reports.
- Traditional IRA owners who do not make a 70½ payment election in 2020 by completing a Traditional IRA Post-70½ Periodic Payment Election form will be automatically defaulted to the RMD in February 2021.

Process Reminders

Scheduled Payments
Do not add the scheduled payments on your report to IRAdirect. Our expectation is that the amount we instruct you to pay each IRA owner in 2019 will be distributed, so we automatically add the owner’s withdrawal total to the Withdrawal Details link in IRAdirect on the last day of every month. If you distribute more or less to an IRA owner during a particular month, you will be able to correct the monthly withdrawal total under the Withdrawal Details link in IRAdirect after the scheduled payment amount is added for that month.

If you forget to correct a monthly withdrawal total, do not fret. You can make corrections to 2019 scheduled payments anytime in IRAdirect, as long as the corrections are made before IRS Forms 1099-R are produced in January 2020.

Changing an IRA Owner’s Address
If an IRA owner receiving scheduled payments moves to a different state, in addition to changing the address information in the tree or through the Change Notice Wizard, you must also submit the Traditional IRA Periodic Payment Change Wizard to change the state withholding state. The address change made cannot automatically transfer to the IRA owner’s periodic payment screen, because the owner must make a new election for state withholding that reflects the changed address.

Changing Payment Information
If changes are needed for any of the payment information appearing on the report for an IRA owner, submit the change by completing the Traditional IRA Periodic Payment Change Wizard.
You may continue to enter new 2019 periodic payments or make changes to existing 2019 payments in IRAdirect until 5:00 p.m. Central Time, December 31, 2019.

Any new elections or changes you enter will not be reflected on your December Periodic Payment Distribution Report, but you can see that information by generating a Periodic Payment List report. To do that, take the following steps after making your periodic payment entries in IRAdirect.

1. Select November for the Beginning Month and December for the Ending Month on the parameters screen for the Periodic Payment List report.
2. Create the report by
   - clicking the Generate Report button to produce the report as a PDF, or
   - clicking the Output to Excel button to generate the report in a spreadsheet format.
3. Print the report for your records.

Withholding Notices and Elections
The IRS requires financial organizations to notify account owners and beneficiaries of their right to waive withholding on IRA distributions. The distribution method determines when the notification must be provided.

<table>
<thead>
<tr>
<th>Distribution Method</th>
<th>Timing of Notification</th>
<th>Notification Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual or semi-annual periodic payments</td>
<td>Before each payment</td>
<td>Withholding Notice and Election—Stock #317/2317</td>
</tr>
<tr>
<td>Monthly or quarterly periodic payments</td>
<td>Before the first payment each year</td>
<td>Withholding Notice and Election—Stock #317/2317</td>
</tr>
</tbody>
</table>

Notification can be no earlier than six months before the payment, and must be provided early enough for the IRA owner to make a change to the existing withholding election.

If your organization is currently enrolled in our IRA Withholding Notice Mailing Service, we take care of mailing the required withholding notices every June and December to your IRA owners and beneficiaries receiving scheduled payments.

If your organization is not enrolled in Ascensus’ IRA Withholding Notice Mailing Service, your organization is required to send these withholding notices to your IRA owners and beneficiaries. To access and print withholding notices and elections, click the Blank Forms link in the Forms section of the IRAdirect homepage. You will find the applicable Withholding Notice and Election form listed under the Multiple Account Types section.

If your organization is interested in enrolling in our IRA Withholding Notice Mailing Service, an Advanced User may click the IRA Withholding Notice Mailing link in the Maintenance Tools section of the IRAdirect homepage for more information about enrollment and the additional fees associated with this service.
Report Messages
Refer to the Guide to the Report Messages section that follows for detailed information and instruction about the messages that may appear on your report.

Questions
If you have questions about your report, please contact our IRA Call Center at 800-356-9140.
Guide to the Report Messages

Account opened this year. Payment calculations will begin next year. If any withdrawals have been made this year, include them on your Pre-1099 Report.

This account was opened on IRAdirect in the current year (2019), so we do not have the fair market value (FMV) for the previous year (2018). We will begin calculating payments for the account next year (2020). If the IRA owner takes a withdrawal in 2019, complete the Withdrawal Wizard to document the distribution.

Annual payment amount is for information only. Owner/Beneficiary is responsible for taking payments.

No RMD or withholding information is available on the report because the IRA owner or beneficiary has accepted responsibility for taking the RMD by removing money from an IRA at your financial organization or elsewhere. Any payments you distribute will be at the request of the IRA owner or beneficiary.

- If you make any payments to the IRA owner during 2019, complete the Withdrawal Wizard for the total amount distributed.
- If you make any payments to the IRA beneficiary during 2019, complete the Withdrawal Wizard for the total amount distributed. Print a copy of the form, and fax it to us at 215-648-1585. You cannot save a Withdrawal Wizard completed for an IRA beneficiary.

Beneficiary information is incomplete. Please submit a Beneficiary Designation/Change Form (2303) (including beneficiary’s birth date and relationship). Payments will be calculated using the Uniform Lifetime Table in the future if a beneficiary is not provided.

The IRA owner has elected periodic payments over Joint Life Expectancy. Because we do not have information on the beneficiary to be used for this calculation, we cannot calculate the payments. To add the IRA owner’s beneficiary information to IRAdirect, complete the Beneficiary Designation/Change Wizard.

Earnings Only

This message in the Payment Election column means the IRA owner is removing only the earnings from the account. Distribute the earnings according to the frequency indicated. Because we do not have information on the dividends or interest earned by the account, we cannot provide you with a net payment amount. When the earnings are distributed, complete the Withdrawal Wizard for the total amount paid to the IRA owner.
FMV is missing so we cannot calculate payments.
We have not received the December 31, 2018, FMV for this IRA owner or beneficiary. To calculate the 2019 payment, an Advanced User should take the following steps.

1. Enter the account’s December 31, 2018, ending balance in the 12/31/2018 FMV field under the IRA owner’s account in the tree.
2. Click the Save button.
3. Click the PPE Post 70.5 Current link in the IRA owner’s tree to display the Periodic Payments screen.
4. Click the PP Calculation tab to obtain the net payment amount.

Last payment was to be taken in prior year. Please send copy of final Withdrawal Instruction Form (2306) to close account.
According to our records, all assets were to be removed from this IRA last year (2018). Confirm that the amount we instructed you to distribute to the IRA owner has been paid. Based on your findings, an Advanced User should take the applicable action below.

1. If the withdrawal is correct, and there are no assets remaining in the IRA, close the account.
2. If the withdrawal amount is not correct, and assets remain in the IRA, complete the Withdrawal Wizard for the remaining distribution (including posted dividends or interest), and indicate that the withdrawal will close the IRA.
3. If, instead of closing the account, the IRA owner decided to continue taking payments, document the change by completing the Traditional IRA Periodic Payment Change Wizard.

Last year of payments. Please submit a Withdrawal Instruction Form (2306) for any remaining amount to close this IRA.
This is the last year of payments for this IRA owner (2019). Distribute all remaining assets in the IRA when requested. After the last payment has been made, complete the Withdrawal Wizard for the final payment and indicate that the withdrawal will close the IRA.

Please submit Withdrawal Instruction Form (2306) for the entire Lump Sum distribution to close account.
The IRA owner has requested a total lump-sum payment. Complete the Withdrawal Wizard to document the payment and indicate that the withdrawal will close the IRA.

The Specific Amount or Term election made did not meet the Required Minimum Distribution (RMD). Therefore, the distribution amounts indicated will be based on the RMD calculation.
The election made by this IRA owner does not satisfy the RMD. We have recalculated the payment, and the amount that appears on the report is based on the RMD. In compliance with IRS regulations, it’s the minimum amount that must be distributed to the IRA owner by the IRS deadline.

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