

Filing your taxes and your 2020 Required Minimum Distribution (RMD)

While Lincoln is not able to provide tax advice, the following is a compilation of information that may address some of the questions that may arise when filing individual tax returns after taking an RMD in 2020. Note that an RMD paid in 2020 was eligible to be rolled over because of the CARES Act. The deadline to have made the rollover is the later of August 31, 2020 or 60 days from the date of distribution.



From IRS Form 1040 Instructions

Generally, a rollover is a tax-free distribution of cash or other assets from one retirement plan that is contributed to another plan within 60 days of receiving the distribution. However, a rollover to a Roth IRA or a designated Roth account is generally not a tax-free distribution. Use lines 5a and 5b to report a rollover, including a direct rollover, from one qualified employer's plan to another or to an IRA or SEP.

Enter on line 5a the distribution from Form 1099-R, box 1. From this amount, subtract any contributions (usually shown in box 5) that were taxable to you when made. From that result, subtract the amount of the rollover. Enter the remaining amount on line 5b. If the remaining amount is zero and you have no other distribution to report on line 5b, enter -0- on line 5b. Also enter "Rollover" next to line 5b.

See Pub. 575 for more details on rollovers, including special rules that apply to rollovers from designated Roth accounts, partial rollovers of property, and distributions under qualified domestic relations orders.

here ▶

Attach Sch. B if required.

Standard Deduction for—

- Single or Married filing separately, \$12,400
- Married filing jointly or Qualifying widow(er), \$24,800
- Head of household, \$18,650
- If you checked any box under Standard Deduction, see instructions.

1	Wages, salaries, tips, etc. Attach Form(s) W-2	1	
2a	Tax-exempt interest	2a	
3a	Qualified dividends	3a	
4a	IRA distributions	4a	
5a	Pensions and annuities	5a	
6a	Social security benefits	6a	
7	Capital gain or (loss). Attach Schedule D if required. If not required, check here	7	
8	Other income from Schedule 1, line 9	8	
9	Add lines 1, 2b, 3b, 4b, 5b, 6b, 7, and 8. This is your total income	9	
10	Adjustments to income:		
a	From Schedule 1, line 22	10a	
b	Charitable contributions if you take the standard deduction. See instructions	10b	
c	Add lines 10a and 10b. These are your total adjustments to income	10c	
11	Subtract line 10c from line 9. This is your adjusted gross income	11	
12	Standard deduction or itemized deductions (from Schedule A)	12	
13	Qualified business income deduction. Attach Form 8995 or Form 8995-A	13	
14	Add lines 12 and 13	14	
15	Taxable income. Subtract line 14 from line 11. If zero or less, enter -0-	15	

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see separate instructions. Cat. No. 11320B Form **1040** (2020)

Examples

You receive an eligible rollover distribution of \$10,000 from your employer's qualified employee plan. The payer withheld \$2,000, so you actually receive \$8,000. If you want to roll over the entire \$10,000 to postpone including that amount in your income, you will have to get \$2,000 from some other source to add to the \$8,000 you actually received. If you roll over only \$8,000, you must include the \$2,000 not rolled over in your income for the distribution year.

Example 1: Gross RMD Amount is \$10,000. Participant makes timely rollover of the full \$10,000.

Entry for Line 5a of Form 1040	Distribution Amount from Form 1099-R, box 1	\$10,000
Subtract the Amount of distribution that is not taxable due to after-tax amounts or Roth contributions	Employee contributions / Designated Roth contributions or insurance premiums from Form 1099-R box 5	\$0
Subtract the amount of rollover contributions made	In general this is the amount paid to a 403(b), 401(a), 401(k), 457(b) governmental plan or IRA within the applicable deadline For 2020 RMDs that were distributed, that deadline is the later of August 31, 2020 or 60 days from the date of distribution	\$10,000
Entry for Line 5b of Form 1040	Determine the Net Amount Taxable to be entered on Line 5b of Form 1040	\$ 0 Rollover

Example 2: Gross RMD Amount is \$10,000. Participant makes timely rollover of the \$8,000 net distribution amount.

Entry for Line 5a of Form 1040	Distribution Amount from Form 1099-R, box 1	\$10,000
Subtract the Amount of distribution that is not taxable due to after-tax amounts or Roth contributions	Employee contributions / Designated Roth contributions or insurance premiums from Form 1099-R box 5	\$0
Subtract the amount of rollover contributions made	In general this is the amount paid to a 403(b), 401(a), 401(k), 457(b) governmental plan or IRA within the applicable deadline. For 2020 RMDs that were distributed, that deadline is the later of August 31, 2020 or 60 days from the date of distribution	\$8,000
Entry for Line 5b of Form 1040	Determine the Net Amount Taxable to be entered on Line 5b of Form 1040	\$ 2,000 Rollover

These examples are for demonstration purposes, and only in reference to a Required Minimum Distribution that was paid in 2020 and otherwise eligible to be repaid by rollover pursuant to IRS Notice 2020-51.

These examples are not intended as legal or tax advice. For additional information see:

<https://www.irs.gov/pub/irs-pdf/f1040.pdf>

<https://www.irs.gov/pub/irs-pdf/i1040gi.pdf>

<https://www.irs.gov/pub/irs-drop/n-20-51.pdf>

Not a deposit
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PAD-3447902-021021
POD 2/21



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