Vermont Saves

Excess Removal Worksheet

Important information about excess removals

If your contributions exceed the annual IRS limit for Roth IRAs, the excess must be removed in order to avoid IRS excess contribution penalties. This form will document the excess, help you determine what amount to withdraw, and allow you to request the removal of the excess contribution. You may also request a withdrawal of an excess by phone.

Contact us:
9am to 6pm Eastern Time, M-F

Employer assistance:
1-844-599-4911

Employee assistance:
1-833-575-0672

Completed forms should be mailed to:
Vermont Saves
PO Box 534497
Pittsburgh, PA 15253-4497

Overnight address:
Vermont Saves
500 Ross Street, 154-0520
Pittsburgh, PA 15262

VTSaves.Vermont.gov

1 Roth IRA owner information (All fields required)

__ __ __ __ __ __ __ __ __ __
Account number

__ __ __ – __ __ – __ __ __ __
Social Security or taxpayer identification number

______________________________ ____
IRA owner legal name (First) (M.I.)

____
IRA owner legal name (Last)

__ __ __ – __ __ __ – __ __ __ __
Telephone number (In case we have a question about your account)

2 Excess contribution information (choose one)

○ **Excess contribution amount** $ __ , __ __ __ , __ __ __ . __ __

○ **Contribution date** (Date of first contribution that resulted in the excess.)

__ __ – __ __ – __ __ __ __

○ **Contribution for tax year** __ __ __ __

○ **Excess contribution reason** (Select one)

- ○ **True excess** (Roth IRA owner's contribution exceeded the annual limit or earned income, or Roth IRA owner exceeded modified adjusted gross income limits.)
- ○ **Deemed excess** (Roth IRA owner was eligible to make the contribution but is removing the contribution as an excess before the deadline.)

3 Correction procedures

The correction procedure used depends on the timing of the removal. The deadline to remove an excess and avoid the excess contribution penalty tax is the Roth IRA owner's federal income tax filing deadline, including extensions (generally no later than October 15) of the year following the year for which the contribution was made.

Excess removed before deadline (Both true and deemed excess contributions may be removed as an excess before the deadline.)

Refer to pages 5 and 6 for information on how to calculate the net income attributable.

1. **Calculate the net income attributable (NIA) to the excess**
2. **Remove the excess contribution amount and NIA** (Total withdrawal amount from page 5)

   $ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___

3. **This excess was removed before the deadline** (select one)

   ◯ **The excess was contributed and removed in the same year**

   ◯ **The excess was contributed in one year and removed in the following year**

Excess removed after deadline

Only true excess contributions may be removed as an excess after the deadline.

Remove only the excess contribution amount (Do not calculate or remove the net income attributable)

4 Distribution amount (choose one)

Indicate the amount of the distribution you are requesting. Funds must be held in your IRA for 7 business days before they may be distributed.

◯ **Full balance.** The entire amount in the Account is an excess contribution. Liquidate and distribute the entire amount held in all of the Investment Options in my Account.

◯ **Partial amount.** $ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___

Liquidate and distribute the amount proportionately from my current Investment Options. If the amount indicated exceeds the amount available, the entire balance will be liquidated.

◯ **Partial amount as follows.**

Liquidate and distribute amounts from my current Investment Options as indicated below. Important: If the dollar amount indicated for a particular Investment Option exceeds the amount available, the entire balance of that Investment Option will be liquidated.

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Name of investment option	Dollar amount (For partial amounts)	OR	Total balance (Check if applicable)
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯
____________________	$___ , ___ ___ ___ , ___ ___ ___ . ___ ___		◯

5 Withholding election (Form W-4P/OMB No. 1545-0074)

You are responsible for paying any applicable federal and state income taxes on the taxable amount of a distribution. You may elect to have a percentage of your distribution put toward the applicable federal and state taxes, or you may choose not to have federal and state income tax withheld from your distribution. Your withholding election will remain in effect for any subsequent distribution unless you change or revoke it. You should consult a qualified tax adviser if you have any questions about tax withholding.

Federal withholding (Select one)

Note: If no option is selected, 10% will be withheld from the distribution.

◯ **Withhold** ___ ___ ___ % (Must be 10% or greater)

◯ **Do not withhold federal income tax**

State withholding (You are responsible for determining if and how much state tax withholding is applicable. If applicable, select one. Certain states may require a minimum percentage to be withheld if withholding is requested.

Name of withholding state ___ ___

◯ **Withhold** ___ ___ %

◯ **Do not withhold federal income tax**

6 Delivery method (Select one)

Note: If the address to which you've requested the withdrawal be sent has changed or if you have changed your financial information in the last 15 days, your withdrawal will be held until this waiting period has been satisfied.

◯ **First-class mail.** Check will be mailed to your address on file via the US Postal Service. Allow up to 10 business days for delivery. For any subsequent withdrawals for the year, there may be a charge to receive your withdrawal via check, which will be taken from the amount liquidated. Refer to the Program Description Booklet for more details.

◯ **Automated Clearing House (ACH).** You agree and confirm that your ACH transaction will not involve a financial organization or other financial services company, including any branch or office thereof, located outside the territorial jurisdiction of the United States.

____

Name

___ ___ ___ ___ ___ ___ ___ ___ ___
Financial organization routing number

___ ___ ___ ___ ___ ___ ___ ___ ___ ___ ___ ___ ___ ___ ___ ___ ___
Financial organization account number

continued from page 4

Account type (Select one)

◯ Checking ◯ Savings

Note: The routing number is usually located on the bottom left corner of your checks. You can also ask your financial organization for the routing number.

7 Signature

I certify that I am authorized to receive payments from this Roth IRA and that all information provided by me is true and accurate. I have received a copy of the Withholding Notice Information. No tax advice has been given to me by the custodian or program administrator. All decisions regarding this distribution are my own, and I expressly assume responsibility for any consequences that may arise from this distribution. I agree that Vermont Saves, the custodian, or the program administrator are not responsible for any consequences that may arise from processing this distribution authorization.

______________________________ ___ ___ – ___ ___ – ___ ___ ___ ___

Signature of Roth IRA owner **Date** (mm/dd/yyyy)

Withholding Notice Information (Form W-4P/OMB No. 1545-0074)

Basic information about withholding from pensions and annuities. Generally, federal income tax withholding applies to the taxable part of payments made from IRAs.

Caution: There may be penalties for not paying enough tax during the year, through either withholding or estimated tax payments. New retirees should see Publication 505, *Tax Withholding and Estimated Tax*. It explains the estimated tax requirements and penalties in detail. You may be able to avoid quarterly estimated tax payments by having enough tax withheld from your IRA using form W-4P.

Purpose of form W-4P. Unless you elect otherwise, 10 percent federal income tax will be withheld from payments from individual retirement accounts (IRAs). You can use Form W-4P (or a substitute form, such as this form), provided by the custodian, to instruct your custodian to withhold no tax from your IRA payments or to withhold more than 10 percent.

Nonperiodic payments. Payments made from IRAs that are payable upon demand are treated as nonperiodic payments for federal income tax purposes. Generally, nonperiodic payments must have at least 10 percent income tax withheld.

Your election will remain in effect for any subsequent withdrawal unless you change or revoke it.

Payments delivered outside of the U.S. A U.S. citizen or resident alien may not waive withholding on any withdrawal delivered outside of the U.S. or its possessions. Withdrawals by a nonresident alien generally are subject to a tax withholding rate of 30 percent. A reduced withholding rate may apply if there is a tax treaty between the nonresident alien's country of residence and the United States and if the nonresident alien submits Form W-8BEN, *Certificate of Foreign Status of Beneficial Owner for United States Tax Withholding*, or satisfies the documentation requirements as provided under federal regulations. The Form W-8BEN must contain the foreign person's taxpayer identification number.

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For more information, Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*, and Publication 519, *U.S. Tax Guide for Aliens*, are available on the IRS website at www.irs.gov or by calling 1-800-TAX-FORM.

Revoking the exemption from withholding. If you want to revoke your previously filed exemption from withholding, file another Form W-4P with the custodian and check the appropriate box on that form.

Statement of income tax withheld from your IRA. By January 31 of next year, the IRA custodian will provide a statement to you and to the IRS showing the total amount of your IRA distributions and the total federal income tax withheld during the year. Copies of Form W-4P will not be sent to the IRS by the custodian.

Determining Net Income Attributable

When removing an excess contribution before the deadline, the net income attributable to the excess contribution must also be removed. To determine this amount, fill out the form below, using the example on the next page for reference, or contact Vermont Saves at the number specified on page 1 of this form.

$$\textbf{Net income Attributable} = \frac{\textbf{Contribution x Total Earnings}}{\textbf{Adjusted Opening Balance}}$$

Contribution

The amount of the excess contribution to be removed $ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___

Total Earnings

The total earnings on the Roth IRA are determined in the following manner.

1. Determine the Roth IRA balance as of the date of withdrawal $ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___
2. Add the amount of any withdrawals taken after the excess contribution was made and before the excess removal $ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___
3. Subtract the balance of the Roth IRA immediately before the excess contribution was made $ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___
4. Subtract the excess contribution and all subsequent contributions made before the excess removal $ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___
5. Subtract any time deposit (or other investment) penalties that will be applied due to the excess removal $ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___

Total Earnings $ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___

Adjusted Opening Balance

The adjusted opening balance is the balance of the Roth IRA immediately before the excess contribution was made, plus the excess contribution and all subsequent contributions made before the excess removal.

$ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___

Net Income Attributable

$ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___ **(Contribution)**

X $ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___ **(Total Earnings)**

______________________________ = $ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___

$ ___ , ___ ___ ___ , ___ ___ ___ . ___ ___ **(Adjusted Opening Balance)**

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Total Withdrawal Amount

The total amount to be removed equals the contribution amount to be removed plus the net income attributable. **Note:** *If the net income attributable is negative, reduce the amount of the excess contribution by the net income attributable.*

IRA Excess Contribution Example

- Kathy, age 40, is single. Her earned income is $4,000. She made a $7,000 Roth IRA contribution on May 12, 2024. She has now realized her mistake and wants to correct her excess of $3,000.
- On August 11, 2024, Kathy is going to withdraw her $3,000 excess contribution.
- Kathy will also need to remove the net income attributable since the excess is being corrected before the due date (the 2024 tax filing deadline, including extensions)
- Her IRA activity appears below

Roth IRA	Balance
5/12/2024 beginning balance	$41,758.21
5/12/2024 $7,000 contribution	$48,758.21
6/30/2024 dividend posting	$48,837.75
8/11/2024 balance	$48,937.72

Refer to the example below on how page 6 of the Excess Removal Worksheet would be completed.

$$\textbf{Net income Attributable} = \frac{\textbf{Contribution x Total Earnings}}{\textbf{Adjusted Opening Balance}}$$

Contribution
The amount of the excess contribution to be removed

$3,000

Total Earnings
The total earnings on the Roth IRA are determined in the following manner.

1. Determine the Roth IRA balance as of the date of withdrawal	**$48,937.72**
2. Add the amount of any withdrawals taken after the excess contribution was made and before the excess removal	**+ $0**
3. Subtract the balance of the Roth IRA immediately before the excess contribution was made	**- $41,758.21**
4. Subtract the excess contribution and all subsequent contributions made before the excess removal	**- $7,000**
5. Subtract any time deposit (or other investment) penalties that will be applied due to the excess removal	**- $0**
Total Earnings	**$179.51**

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Adjusted Opening Balance

The adjusted opening balance is the balance of the Roth IRA immediately before the excess contribution was made, plus the excess contribution and all subsequent contributions made before the excess removal.

$41,758.21 + $7,000 = $48,758.21

Net Income Attributable

$$\frac{\textbf{\$3,000}\text{ (Contribution) }\textbf{X \$179.51}\text{ (Total Earnings)}}{\textbf{\$48,758.21}\text{ (Adjusted Opening Balance)}} = \textbf{\$11.04}\text{ (Net Income Attributable)}$$

Total Withdrawal Amount

The total amount to be removed equals the contribution amount to be removed plus the net income attributable.

$3,000 + $11.04 = $3,011.04

Note: *If the net income attributable is negative, reduce the amount of the excess contribution by the net income attributable.*