

# WHAT TO EXPECT IF YOU HAVE COMPLETED A ROLLOVER IN 2020

A rollover is a reportable movement of assets between retirement accounts—such as directly rolling over 401(k) assets to your personal IRA, or taking a distribution from an IRA and replacing it within 60 days (known as a “60-Day Rollover”). While rollovers are generally non-taxable events, they are still reported to the IRS and require account owners to report them when they file their taxes for the year. Please review the information below so you know what to expect when you receive your tax documents.

## HOW ARE ROLLOVERS REPORTED?

A rollover always involves two parts: the withdrawal from one account, and the deposit into another account.

1. The withdrawal of assets from one retirement plan (or IRA) will be reported on IRS Form 1099-R. This tax document is delivered to account owners by January 31 for the prior year’s distributions. In addition to the amount distributed, your 1099-R will include any federal or state taxes withheld during the year, as well as the reason for the distribution.
2. The deposit of rollover assets into an IRA is reported in the “Rollover” box on IRS Form 5498. Because Form 5498 will list all reportable deposits into an IRA for a specific tax year, most IRA Custodians do not release these tax documents until the following May, after the April 15 IRA contribution deadline.

*Note: Employer Plans, such as 401(k)s, do not generate Form 5498s.*

The timing of when you receive these documents can sometimes lead to confusion. Because the 1099-R you receive in January reports a distribution, you may be concerned that you owe taxes on this money. Note that the 1099-R reports the distribution only, as per IRS reporting requirements. Form 5498, which you will receive in May, is your receipt for the other half of that transaction. You do not need Form 5498 to file your taxes. As long as the distribution and rollover are reported properly when you file, a rollover is not a taxable event.

## HOW TO REPORT A ROLLOVER WHEN YOU FILE YOUR TAXES

The IRS website instructs tax filers to include the total amount distributed on the “IRA Distributions” line of their tax return. Then, you need to write the word “Rollover” in the margin next to the “Taxable amount” line, where you write what portion of the distribution is taxable.

If you use a CPA to prepare your tax return, bring your 1099-R showing your distribution for the year, and let them know how much of that distribution you rolled over. Or, if you’re filing on your own, go to the IRS.gov website, which has an Interactive Tax Assistant tool. See the link in the resources section of this guide.

## 2020 SPECIAL RULES

The CARES Act waived Required Minimum Distributions (RMDs) for 2020 and allowed for Coronavirus-related Distributions (CRDs) to be taken from IRAs and Employer Retirement Plans. As part of that relief, the IRS has instructed IRA Custodians (such as Janney) to report any replacements of these RMDs or CRDs as rollovers. Even though you might not think that you completed rollovers in 2020 through the replacement of RMDs or CRDs—you may have done so.

## RESOURCES

IRS Interactive Tax Assistant tool: [Do I Need to Report the Transfer or Rollover of an IRA or Retirement Plan on My Tax Return?](#)

IRS Tax Topic: [No. 413 – Rollovers from Retirement Plans](#)

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Advisor for your tax-planning needs.**

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