

Request a Recharacterization or Remove an Excess IRA Contribution

General Information and Instructions

www.schwab.com | 1-800-435-4000 (inside the U.S.) | +1-415-667-8400 (outside the U.S.) | 1-888-686-6916 (multilingual services)

General Information

What is a recharacterization?

Within certain limits, the IRS allows you to treat certain IRA contributions made to one type of IRA as having been made to another type of IRA. The term *recharacterization* refers to either redesignating an IRA contribution or reversing a Roth conversion. The Tax Cuts and Jobs Act of 2017 eliminated the ability to recharacterize Roth conversions completed after 12/31/2017. The issues around recharacterizations are complex and can be different for each individual's situation. This description provides general information only and should not be relied on with regard to a specific transaction, since it does not describe all the rules that may apply. For detailed recharacterization rules, consult IRS Publication 590-A or Treasury Regulation 1.408A-5. Consultation with a tax advisor familiar with the recharacterization rules is strongly recommended.

Deadline for recharacterizing:

Generally, the deadline for recharacterizing a contribution made during a year is your federal tax-filing date (including extensions) for that year. If you filed your federal income tax return by its due date (generally April 15), you may nevertheless take advantage of an automatic six-month extension (generally to October 15) to recharacterize by filing an amended return.

How much money do I recharacterize?

You may recharacterize all or a portion of the amount of the initial contribution, plus attributable earnings (including realized and unrealized gains and losses).

Note: The recharacterization amount is a specific dollar amount. An earnings calculation on the specified dollar amount must be conducted to determine the total dollar amount required for transfer. Specific shares of a security are not "recharacterized"; however, you may transfer any security and/or cash to satisfy the required transfer amount.

What is an excess contribution?

Generally, an excess contribution is any contribution that exceeds the contribution limit. The IRA owner is responsible for ensuring that the amount contributed is not in excess of the prescribed limitations. The IRS may assess the individual taxpayer penalties for failure to meet the rules. For this reason, you should review your account statements carefully and verify the contributions made to your accounts.

Deadline for removal of excess contribution:

The deadline for removing an excess IRA contribution is your federal tax-filing date (including extensions) **for the year for which the contribution was made**. The deadline for removing an excess elective deferral contribution from a SIMPLE IRA is April 15.

Withdrawal of excess contribution:

If you withdraw an excess contribution, you are required to file IRS Form 5329 with your tax return. (Please see the section on "Penalty and Tax Reporting" in the Charles Schwab & Co., Inc. Individual Retirement Disclosure Statement regarding taxation of excess contributions.)

How are the earnings calculated?

Schwab will calculate the earnings based on a pro rata portion of the total earnings accumulated for the period of time from the original contribution or conversion to the recharacterization or removal of excess. The IRS issued Final Regulations 1.408-11 and 1.408A-5, A-2(c), which provide guidance on the method used for calculating earnings.



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Use this form to:

- Recharacterize a contribution made to a Roth IRA (by transferring to a Traditional IRA).
- Recharacterize a contribution made to a Traditional IRA (by transferring to a Roth IRA); you may not recharacterize an employer contribution or elective deferral under a SEP-IRA or SIMPLE IRA to a Roth IRA.
- Remove an excess Traditional IRA or Roth IRA contribution.
- To remove an excess contribution from an ESA or Individual 401(k), use the Request an ESA Distribution or the Individual 401(k) Distribution Request Form.

Note: If you are recharacterizing (redesignating) a contribution and do not already have a receiving account at Schwab, you may open a new account at Schwab.com. Alternatively, you may complete and enclose a Schwab IRA application with this form. You may download the Schwab IRA application at Schwab.com or call 1-800-435-4000 to request one.

1. Account Information

Transfer or distribute from my:

- Traditional/Rollover IRA SIMPLE IRA
 Roth IRA SEP-IRA/SARSEP-IRA

Schwab Account Number		
Account Holder's Name (First)	(Middle)	(Last)
Daytime Phone Number ()		
Social Security Number		

2. Contribution Information

Amount of Contribution Attributable to the Recharacterization or Excess	Date of Contribution	Tax Year of Contribution
\$ _____	_____ <small>(mm/dd/yyyy)</small>	_____ <small>(yyyy)</small>

Note: For excess Traditional IRA or Roth IRA contributions, skip Section 3 and proceed to Section 4.

3. Recharacterize a Contribution

I am (select one):

- Recharacterizing (redesignating) a Traditional IRA contribution as a Roth contribution.
 Recharacterizing (redesignating) a Roth contribution as a Traditional IRA contribution.

Transfer the recharacterized amount to my:

- Traditional IRA Roth IRA SEP-IRA

Account Number: _____



4. Remove an Excess Contribution (This section is only required for the removal of excess contribution requests.)

I am removing an excess contribution.

Excess Distribution Method

Transfer my excess distribution assets to my Schwab One® account _____
Account Number

Mail my excess distribution. Issue a check payable to the account registration and mail it to the address listed on my Schwab IRA.

5. Earnings Calculation for Excess/Recharacterized Amount

Calculate the earnings on my contribution amount. (Complete Section 6 if applicable.)

I have determined that the earnings on the amount are \$ _____. I authorize Schwab to rely on my calculation and agree to indemnify and hold harmless Schwab and its officers, employees, and agents from any liability arising from such reliance.

Note: If you determine through your calculation that there were no attributable earnings, please enter "0." If you determine that you had a loss, enclose the amount in parentheses—for example, "(\$987.65)."

6. Other Financial Institution Contribution Information (Complete this section if your contribution was made at another financial institution, then transferred or rolled over to Schwab.)

Name of previous financial institution: _____. Account value prior to contribution: \$ _____.

List any other contributions or distributions made at the other institution after the contribution date.

Date (mm/dd/yyyy)	Contribution Amount	Distribution Amount

Type of transfer or rollover to Schwab:

Entire account transfer or rollover.

Partial account transfer or rollover.

Account value prior to the transfer or rollover: \$ _____.

Note: Additional contributions or distributions should be listed on a separate sheet.

7. Assets to Transfer or Distribute

- You should select **Entire Account** if the contribution amounts are the only assets currently in the account.
- If you have contribution assets from multiple tax years in the account, select **Part of Account**.
- **If you need to sell securities to complete a cash distribution, please do so before submitting this distribution form. You may place your trades on Schwab.com at a discounted commission rate or call us at 1-800-435-4000 to place your trades with a broker.**

Entire Account

Transfer or distribute all assets (cash balance and security positions).

Note: Your Schwab account will remain open upon transferring or distributing the entire balance unless you indicate otherwise below.

Close my account.

Part of Account

Select one:

Transfer only from my cash balance to satisfy the required amount.

Transfer the securities listed below, in order of preference, to satisfy the required amount.

Transfer the securities listed below, in order of preference, and also use my available cash as necessary to satisfy the required amount.



7. Assets to Transfer or Distribute (Continued)

List all securities to be transferred, in order of preference. Schwab will transfer securities in order of preference; however, actual amounts of securities transferred may vary in order to satisfy the total amount of the recharacterization or excess. Additional securities should be listed on a separate sheet.

1. Name of Security	# of Shares	2. Name of Security	# of Shares
	or \$ Amount		or \$ Amount
3. Name of Security	# of Shares	4. Name of Security	# of Shares
	or \$ Amount		or \$ Amount
5. Name of Security	# of Shares	6. Name of Security	# of Shares
	or \$ Amount		or \$ Amount

8. Tax Withholding Election

This section is only required for the removal of excess contribution requests.

Distributions from your IRA (excluding those from Roth IRAs) are generally subject to federal (and possibly state) income tax. Even if you elect in writing not to have federal and/or state income tax withheld, you are liable for payment of federal and state income taxes, if applicable, on the taxable portion of your distribution. You may also be subject to tax penalties under the estimated tax payment rules if your withholding and payment of estimated tax, if any, are not adequate. For more information, see IRS Publication 590-B.

Your tax withholding election will remain in effect on all distributions from this IRA until you change or revoke it. You may change or revoke your tax withholding election at any time by submitting your request to Schwab.

Note:

- U.S. citizens who are foreign residents are subject to a 10% minimum withholding rate and cannot opt out of withholding.
- Non-resident aliens are subject to a 30% tax withholding rate and must submit a valid IRS Form W-8BEN to obtain an available reduced tax treaty rate.
- Generally, Roth IRA distributions are not taxable. Unless you have an existing election on file or elect to withhold on this form, we will not withhold taxes from your Roth IRA distribution.

A. Federal Income Tax Withholding: Schwab is required to withhold 10% from your gross distribution for payment of federal income tax unless you choose not to have federal income tax withheld. You may elect not to have withholding apply to your distribution by selecting the option below, and signing and dating this form. If you elect not to have withholding apply to your distribution, or if you do not have enough tax withheld, you may be responsible for payment of estimated taxes. You may also incur penalties under the estimated tax rules if your withholding and estimated tax payments are not sufficient.

Choose one:

- I do not want federal income tax withheld.
- I want federal income tax withheld at the rate of _____%. (Federal tax withholding must be a whole number, at least 10%, and not more than 99% when combined with state income tax withholding.)

B. State Income Tax Withholding: State income tax withholding from your distribution may be required. In some cases, you may elect not to have withholding apply, or you may elect to increase the rate of withholding. In other cases, state income tax withholding may not be available. Refer to the State Income Tax Withholding Information sheet for specific information concerning your state's withholding rates.

While Schwab makes every effort to obtain information about state tax laws from sources believed to be reliable, Schwab cannot guarantee the accuracy or timeliness of state tax withholding information because state tax laws are subject to constant change and interpretation. We recommend that you contact your tax advisor regarding your tax withholding elections and to answer any questions that you may have.

If you do not make an election, Schwab will apply withholding (if required) at the minimum rate based on the laws for your state of residency as determined by the legal address of record on your account.

Choose one:

- I do not want state income tax withheld.
- I want state income tax withheld at the rate of _____%. (State tax withholding must be at least your state's minimum tax rate and not more than 99% when combined with federal income tax withholding.)

Note: If you move between states with different withholding laws, Schwab will apply withholding (if required) at the rate you have provided above or at the minimum rate based on the laws for your new state of residency, whichever is greater.



9. Read and Sign

By signing below, you acknowledge that you have read and you understand the attached Request a Recharacterization or Remove an Excess IRA Contribution General Information and Instructions.

You authorize Schwab to transfer or distribute cash and/or securities from the IRA according to the elections made by you on this form, and you certify that (1) the information on this form is correct and (2) Schwab may rely on your elections and certification without further investigation or inquiry.

Please sign and date the form below using blue or black ink.

Signature and Date Required

X Account Holder Signature	Print Name	Date (mm/dd/yyyy)
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10. Return Instructions

- **Upload** online with secure messaging (if you are an existing client and have online access to your account).
 1. Go to Schwab.com and log in to your account.
 2. Click the Message Center link (under Service), and then click the Upload Document link.
- **Fax** to 1-888-526-7252.
- **Bring** to your nearest Schwab branch (visit Schwab.com/branch for locations).
- **Mail** to any of the following addresses:

Regular Mail (West)
 Charles Schwab & Co., Inc.
 P.O. Box 982600
 El Paso, TX 79998-2600

Regular Mail (East)
 Charles Schwab & Co., Inc.
 P.O. Box 628291
 Orlando, FL 32862-8291

Overnight Mail (West)
 Charles Schwab & Co., Inc.
 1945 Northwestern Dr.
 El Paso, TX 79912

Overnight Mail (East)
 Charles Schwab & Co., Inc.
 1958 Summit Park Dr., Ste. 200
 Orlando, FL 32810



State Income Tax Withholding Information for Individual Retirement Accounts

This general information is provided to help you understand state income tax withholding requirements for Individual Retirement Account distributions. **While Schwab makes every effort to obtain information about state tax laws from sources believed to be reliable, Schwab cannot guarantee the accuracy or timeliness of state tax withholding information because state tax laws are subject to constant change and interpretation. Please make sure to properly estimate your withholding rate based on your tax status. You will be responsible for any underwithholding when you file your tax return. We recommend that you contact your tax advisor regarding your tax withholding elections or making estimated tax payments, and to answer any questions that you may have regarding your state's withholding laws.**

If your state of residency is:	Your withholding options are:
DE, IA, KS, MA, ME, NE	<p>If you have federal income tax withheld, Schwab is required to withhold state income tax.</p> <p>If you do not have federal income tax withheld, you may optionally elect to have state income tax withheld.</p> <p>You may provide a percentage amount equal to or greater than your state's withholding requirements; otherwise Schwab will automatically apply your state's applicable withholding requirements.</p>
AR, CA, GA, NC, OK, OR, VT	<p>If you have federal income tax withheld, Schwab is required to withhold state income tax unless you specifically elect not to have state income tax withheld.</p> <p>You may provide a percentage amount equal to or greater than your state's withholding requirements; otherwise Schwab will automatically apply your state's applicable withholding requirements.</p>
AL, AZ, CO, ID, IL, IN, KY, LA, MD, MN, MO, MS, MT, ND, NJ, NM, NY, OH, PA, RI, SC, UT, VA, WI, WV	<p>State income tax withholding is voluntary regardless of whether or not you have federal income tax withheld. Schwab will withhold state income tax only if you instruct us to do so.</p>
DC	<p>State withholding of 8.95% is required on lump-sum distributions. Withholding on all other distribution types is voluntary.</p>
CT, MI ¹	<p>State income tax withholding is required on all taxable pension distributions. To opt out of tax withholding, you must submit a state withholding certificate.</p> <p>Unless you make a valid opt-out election, the applicable state tax rate will be withheld.</p>
AK, FL, HI, NH, NV, SD, TN, TX, WA, WY	<p>State income tax withholding is not available. Schwab will not withhold state income tax even if you elect to withhold state income tax.</p>

If your state of residency is:	Your tax rate is:
AR, VT	3%
CA	1%
CT	6.99%
DC	8.95%
DE, IA, KS, ME, NE, OK	5%
GA	2%
MA	5.05%
MI	4.25%
NC	4%
OR	8%
AL, AZ, CO, ID, IL, IN, KY, LA, MD, MN, MO, MS, MT, ND, NJ, NM, NY, OH, PA, RI, SC, UT, VA, WI, WV	There is no mandatory tax rate since these states are voluntary withholding states.
AK, FL, HI, NH, NV, SD, TN, TX, WA, WY	State income tax withholding is not available.

Schwab may be required to withhold state tax from your distribution based upon state tax law for your state of residency. Your state of residency is determined by the legal address of record on your account. In some cases, you may elect not to have withholding apply, or you may elect to increase the rate of withholding. In other cases, state tax withholding is not available. Please refer to the chart above.

¹ You must submit the MI W-4P to Schwab if you wish to opt out of Michigan state income tax withholding. You can obtain a copy of the MI W-4P by visiting Schwab.com or Michigan.gov/taxes.

