



Michael Gavett
Managing Director, Investments
Senior Portfolio Manager
MichaelGavett@brileywealth.com
Direct line: (972) 866-4286

Richard Wright
Managing Director, Investments
Senior Portfolio Manager
RichardWright@brileywealth.com
Direct line: (972) 866-4292

Brandy Bailey
Client Services Representative
BrandyBailey@brileywealth.com
Direct line: (972) 866-4270

Cecelia Fisher
Client Services Representative
CeceliaFisher@brileywealth.com
Direct line: (972) 866-4272

Regina Kolkhorst
Operations Manager
ReginaKolkhorst@brileywealth.com
Direct line: (972) 866-2484

Meagan Womack
Operations Assistant
MeaganWomack@brileywealth.com
Direct line: (972) 866-4279

Fiduciary Financial Services Wealth Management

13155 Noel Road, Suite 750
Dallas, TX 75240
Phone: 972-934-9070
Fax: 972-866-4294
Website: www.ffss.net

ROTH IRA DISTRIBUTION RULES

Roth IRAs have two types of distributions—qualified and non-qualified distributions. Knowing the difference will help you understand if you will owe income tax on the distribution. You may owe a 10% additional tax on early distributions, meaning those taken before you are age 59½, included in gross income.

- Qualified distributions, which are tax-free and not included in gross income, are when your account has been open for more than five years and you are at least age 59½, or as a result of your death, disability, or using the first-time homebuyer exception. The five-year waiting period for qualified Roth IRA distributions begins for all of your Roth IRAs on January 1 of the first taxable year for which the account was funded and ends on December 31 of the fifth year. If, for example, you open a Roth IRA for the first time in 2021 and make a 2020 Roth contribution, that contribution is retroactive to January 1, 2020, which is also when your five-year waiting period begins.
- A non-qualified distribution is one that does not meet the above requirements. Does that mean non-qualified distributions are included in gross income? Not necessarily. Instead, non-qualified distributions follow ordering rules, discussed below. All of your Roth IRAs are aggregated when applying the distribution ordering rules.
 - Contributions come first—The first amounts distributed from any of your Roth IRAs, if you have several accounts, are annual contributions. Because Roth contributions are not deductible, they are not subject to tax or included in gross income and can be taken at any time.
 - Converted dollars are next—After you have exhausted all of your contributions, the next amounts distributed are from any conversions you have completed. These conversion amounts are distributed tax-free on a first in, first out basis. Converted amounts taken before the five-year holding period, or before you reach age 59½ or older, whichever is first, may have a 10% additional tax, unless an exception applies. Each conversion is subject to a separate five-year holding period.
 - Earnings are last—The last amount is distributed from earnings. Earnings taken before the account has been open for longer than five years and you are at least age 59½, or you are disabled, or the payment is made to your beneficiary after your death, or you are using the first-time homebuyer exception, are subject to tax and the 10% additional tax, unless another exception applies.
- Exceptions to the 10% additional tax—The exceptions include distributions after reaching age 59½, death, disability, eligible medical expenses, certain unemployed individuals' health insurance premiums, qualified first-time homebuyer (\$10,000 lifetime max), qualified higher education expenses, Substantially Equal Periodic Payments (SEPP), Roth conversion, qualified reservist distribution, birth or adoption expenses (up to \$5,000), or IRS levy.
- You do not have to take required minimum distributions (RMDs) during your lifetime, optimizing the opportunity to build tax-free wealth.
- If your spouse is the Roth IRA beneficiary, they will not have RMDs if they roll over or transfer the Roth IRA and treat it as their own. This allows for an additional period of tax-free compounding of potential earnings that can help grow your family's wealth.
- Beneficiaries can distribute earnings tax-free from an Inherited Roth IRA as long as the Roth had been funded for more than five years. Most non-spouse beneficiaries will need to empty their Inherited Roth IRA by the 10th year following the year of the Roth IRA owner's death. No distributions are required before the 10th year.

2022 HOLIDAY SCHEDULE

▶ Friday, April 15th,
Good Friday
Office closed

▶ Monday, May 30, 2022
Memorial Day
Office closed

▶ Monday, June 20, 2022
Juneteenth Day
Office closed

WHO IS MY CLIENT SERVICES REPRESENTATIVE?

A - J — Cecelia Fisher

[972] 866-4272

K - Z — Brandy Bailey

[972] 866-4270

TOO MUCH PAPER? CALL FFS TO
OPT OUT OF PAPER MONTHLY
REPORTS *

*SIGNED FORM REQUIRED



HAVE YOU REQUESTED YOUR FREE CREDIT REPORT THIS YEAR?

Consumers today are paying more for food, gasoline, cars and even luxury items due to stresses on the economy. While we all work to get the most from every dollar, identity thieves and hackers work tirelessly to siphon their ill-gotten gains from the unsuspecting. Even if you aren't the victim, your purchasing power is diminished through theft costs being passed back to the consumer.

According to the FTC, between 2019 and 2020, the cost of identity theft doubled. If thieves can gain access to your personal information through malware, email fraud, or by synthesizing your personal information, they might eventually gain access to your bank account, your credit cards and open fake accounts for services using your name. They might even use your name if they are arrested!

The three main credit bureaus, Experian, Equifax and Trans Union, provide a free annual review of your common expenses like your mortgage, credit card usage and payments, service providers like landlords, home insurance and cell phone companies as well as your identity data.

Note: For 2022 only, Federal Law provides a weekly free credit report from all three providers. The Equifax website will provide six free copies each year through 2026. To get your free copy of your report select one of the following options:

- visit AnnualCreditReport.com or
- call 1-877-322-8228 or
- complete the Annual Credit Report Request Form found at AnnualCreditReport.com and mail it to:

Annual Credit Report Request Service
P.O. Box 105281
Atlanta, GA 30348-5281