Disbursement Description Codes.

The Description Code field is used to describe the purpose of the disbursement. The options available in the dropdown menu will vary based on what is applicable for the account type. The Description Code selected will also drive the Treatment Code options available in the next field. Below are the most commonly used description codes used for IRA disbursements:

- **Normal Distribution**: Option is only available when account holder is over age 59 ½.

- **Direct Rollover**: Option used when the disbursement will be rolled over into an eligible qualified plan.

- **Early Distribution with Exception**: Option is available when accountholder is under 59 ½. This option should only be used when the disbursement is part of a series of substantially equal periodic payments (also known as 72(t) payments). Client isexempt from early distribution penalty.

- **Early Distribution with No Exception**: Option is available when accountholder is under 59 ½. This option should only be used when account holder is not disabled or not taking 72(t) payments. Client is subject to early distribution penalty.

- **Trustee to Trustee Transfer**: Option should be used when transferring a disbursement directly to a like-registered account at another institution. This option should only be used with receipt of a letter of acceptance from the receiving custodian. The paperwork for a trustee to trustee transfer must be sent to SEI for approval.

- **Death Distribution**: Option only available in inherited IRA accounts. This option should be used for all distributions from an Inherited IRA account with the exception of trustee to trustee transfers.

- **Recharacterized Contribution Prior Year**: Used when recharacterizing a contribution that was made for the prior tax year. The system will confirm that the distribution date has not passed the regulatory deadline for recharacterizations. If the deadline has passed, this option will not be available.

- **Recharacterized Contribution Current Year**: Used when recharacterizing a contribution that was made for the current tax year.

- **Removal of Excess Contribution (Earnings)**: Used to remove earnings associated with excess contribution. Select the appropriate treatment code based on the accountholder's age and whether the contribution being removed was made in the current or prior year.

- **Removal of Excess Contribution (Principle)**: Used for removal of excess contribution amount. Select the appropriate treatment code based on accountholder's age and whether the contribution being removed was made in the current or prior year.

- **Roth IRA Conversion**: Option used when converting a traditional IRA into a Roth IRA.

- **Roth IRA Distribution No Exception**: Option will only be displayed if the accountholder is under age 59 ½ . This option should be used if the distribution reason is anything other than disability or the death of the accountholder. Client is subject to early distribution penalty.

- **Roth IRA Distribution Owner Over Age 59 ½** : Option will only be displayed if the accountholder is over age 59 ½ . This option should be used if the distribution reason is anything other than disability or the death of the accountholder.

- **Roth IRA Distribution with Exception**: Option will only display if the account type is a Roth and the account owner is under 59½ . This code should only be used if the account holder meets the disability requirements. This option should be used for any distributions from an Inherited Roth IRA, with the exception of trustee to trustee transfers. Client is exempt from early distribution penalty.

- **Disability:** Available for Traditional and SEP IRA's. Should only be used when the account holder meets the disability requirements and is under age 59 ½. Client is exempt from early distribution penalty.

The Treatment Code determines the tax treatment for the disbursement. In most cases, there is only one option in the Treatment Code field and it will default.