

Fair Market Value Guidelines

Fair Market Value (FMV) is essentially the value one could sell an asset on the open market. FMV for assets in your IRA/Qualified Plan (QP) are required by and reported to the IRS annually. It is also essential in situations that have tax implications such as

- Conversion from a Traditional Account to a ROTH Account
- Calculation of Required Minimum Distributions (RMDs) that begin at age 73
- Distributions of assets from an IRA/QP account to an individual

Failure to supply FMV can lead to IRS penalties.

Acceptable methods of determining value

The IRA/QP owner is responsible for obtaining fair market value and reporting it to CamaPlan. Below are examples of FMV documentation that have been submitted to CamaPlan by clients in the past. In all cases, please supply appropriate documentation to support FMV.

Real Estate

- Average of 3 online real estate estimates (ex. Zillow.com, Trulia.com, and Realty.com)
- Appraisal by a Real-Estate Appraiser
- Comparative market analysis by a licensed Real Estate Broker

LLC's and Partnerships

- The investment sponsor will provide the most recent K-1 submitted to the IRS. The capital account on the K-1 (Part II, section L) shows the IRA account holders' investment share. Please note that in some cases the K-1 may include adjustments like accelerated depreciation that do not reflect the market value. In these cases, the K-1 may not be an accurate indicator of fair market value. Contact the investment provider for assistance.
- FMV from an appraiser, accountant, or other licensed professional with an arm's length to the investment and the IRA account holder.

Notes

- Face Value plus any unpaid interest
- Statement value
- FMV from an appraiser, accountant, or other licensed professional with an arm's length to the investment and the IRA account holder.

Asset valuation professionals are listed on the CamaPlan website at: camaplan.com/why-camaplan/references-2/. Select the Professionals tab and scroll down to Asset Valuations Services.