

Roth IRA Conversions

Conversion

Roth IRA Conversion: A Roth IRA conversion is a type of transaction in which Traditional IRA (or other eligible retirement plan) savings are moved to a Roth IRA. The amount converted to a Roth IRA is typically taxed as ordinary income in the year of conversion (except for amounts representing basis in your existing plan).

Assets Eligible for Conversion



Traditional/SEP IRA



SIMPLE IRA*



Qualified Plan



403(b)



Governmental 457(b)

*At least 2 years must have elapsed from the time of the SIMPLE IRA owner's first contribution under the employer's SIMPLE IRA plan.

Conversion Eligibility

Eligible

- IRA owners
- Plan participants (rollover)
- Spouse beneficiaries of employer plans (rollover)
- Nonspouse beneficiaries of employer plans (must be directly rolled over to an Inherited Roth IRA)

Not Eligible

- Nonspouse beneficiaries of IRAs
- Spouse beneficiaries of IRAs

Direct and Indirect – What's the Same and What's Different?

Issue	Direct Conversion	Indirect Conversion
Reporting	<ul style="list-style-type: none"> • Distributing IRA trustee or custodian/plan reports distribution • Receiving financial organization reports the contribution 	
Withholding notice requirement	IRA: The withholding rules apply, but the IRA owner may waive out of withholding Employer Plan: No mandatory withholding	IRA: The withholding rules apply, but the IRA owner may waive out of withholding Employer Plan: Mandatory 20% withholding
Titling of check or investment	Paid directly to a Roth IRA for the benefit of the distributee	Paid directly to the distributee
Timing	Paid to the receiving Roth IRA as soon as administratively feasible	Deposit to the receiving Roth IRA generally within 60 days



Conversion Reporting

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PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and telephone no.		1 Gross distribution \$		OMB No. 1545-0119	
		2a Taxable amount \$		2024	
		2b Taxable amount not determined <input type="checkbox"/> Total distribution <input type="checkbox"/>		Form 1099-R	
PAYER'S TIN		3 Capital gain (included in box 2a)		4 Federal income tax withheld	
RECIPIENT'S TIN		\$		\$	
RECIPIENT'S name		5 Employee contributions/ Designated Roth contributions or insurance premiums		6 Net unrealized appreciation in employer's securities	
Street address (including apt. no.)		7 Distribution code(s)		8 Other	
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution		9b Total employee contributions	
10 Amount allocable to IRR within 5 years		11 1st year of desig. Roth contrib.		12 FATCA filing requirement	
Account number (see instructions)		13 Date of payment		14 State tax withheld	
		15 State/Payer's state no.		16 State distribution	
		17 Local tax withheld		18 Name of locality	
		19 Local distribution			

Form 1099-R Cat. No. 14435Q www.irs.gov/Form1099R Department of the Treasury - Internal Revenue Service

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TRUSTEE'S or ISSUER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 IRA contributions (other than amounts in boxes 2-4, 8-10, 13a, and 14a)		OMB No. 1545-0747	
		2 Rollover contributions		2024	
		3 Roth IRA conversion amount		Form 5498	
TRUSTEE'S or ISSUER'S TIN		5 FMV of account		4 Recharacterized contributions	
PARTICIPANT'S TIN		\$		6 Life insurance cost included in box 1	
PARTICIPANT'S name		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>		9 SIMPLE contributions	
Street address (including apt. no.)		10 Roth IRA contributions		11 Check if RMD for 2025	
City or town, state or province, country, and ZIP or foreign postal code		12a RMD date		12b RMD amount	
		13a Postponed/late contrib.		13b Year 13c Code	
		14a Repayments		14b Code	
Account number (see instructions)		15a FMV of certain specified assets		15b Code(s)	

Form 5498 Cat. No. 50010C www.irs.gov/Form5498 Department of the Treasury - Internal Revenue Service

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Direct Conversion

Distributing IRA/Plan

- Check payable to the receiving Roth IRA
- Report to IRS on Form 1099-R Code 2 or 7 (from IRA) or Code G or G4 (from Plan)

Receiving Roth IRA

- Form 5498 Box 3 (conversion) from IRA
- Form 5498 Box 2 (rollover) from Plan

Indirect Conversion

Distributing IRA/Plan

- Check payable to the receiving Roth IRA owner
- Report to IRS on Form 1099-R Code 1 or 7

Receiving Roth IRA

- Form 5498 Box 3 (conversion) from IRA
- Form 5498 Box 2 (rollover) from Plan

