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



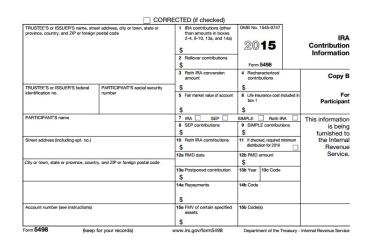
Conversion Eligibility

Before 2010	2010 and After		
Married couples must file joint federal tax return	All plan participants, IRA owners and spouse beneficiaries eligible		
MAGI cannot exceed \$100,000			

- Nonspouse beneficiaries are unable to convert Traditional, SEP, or SIMPLE IRA assets to a Roth IRA.
- Nonspouse beneficiaries are able to convert (roll over) inherited plan assets to an Inherited Roth IRA.

Conversion Reporting

Distributions From ensions, Annuities Retirement of Profit-Sharin Plans, IRA Insurance		20 15	0		Gross distribution	1 \$ 2a	PAYER'S name, street address, city or fown, state or province, ountry, and ZIP or foreign postal code	
Contracts, et		om 1099-R	F			\$		
Сору	n 🗌	Total distributio			Taxable amount not determined	2b		
State, City or Loca Tax Departmen	tax	Federal income withheld	4	cluded	Capital gain (inc in box 2a)	3	RECIPIENT'S identification number	PAYER'S federal identification number
rux Doparano			\$			\$		
		Net unrealized appreciation in employer's sec	6	th	Employee contrit /Designated Rot contributions or insurance premis	5		RECIPIENT'S name
			\$			\$		
	%	Other	8	IRA/ SEP/ SIMPLE	Distribution code(s)	7	۵)	Street address (including apt. no
		Total employee con			Your percentage of distribution	9a	ity or town, state or province, country, and ZIP or foreign postal code	
14 State distributio \$	ate no.	State/Payer's st	13	ld	State tax withhel	12 \$	11 1st year of desig. Roth contrib	10 Amount allocable to IRR within 5 years
\$						\$		
17 Local distributio \$, I	Name of localit	16	ild	Local tax withhel	15 \$	Account number (see instructions)	
\$						\$		







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

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

Issue	Direct Conversion	Indirect Conversion		
Reporting	 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 within 60 days		



