






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)

Conversion Eligibility

Before 2010

Married couples must file joint federal tax return

MAGI cannot exceed \$100,000

2010 and After

All plan participants, IRA owners and spouse beneficiaries eligible

- 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

☐ VOID ☐ CORRECTED

PAYER'S name, street address, city or town, province or state, country, and ZIP or foreign postal code		1 Gross distribution \$		OMB No. 1545-0119 2014 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
PAYER'S federal identification number		2a Taxable amount \$		Total distribution \$		Copy 1 For State, City, or Local Tax Department	
RECIPIENT'S identification number		2b Taxable amount not determined <input type="checkbox"/>		3 Capital gain (included in box 2a) \$		4 Federal income tax withheld \$	
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) IRA/SEP/SIMPLE <input type="checkbox"/>		8 Other \$			
City or town, province or state, country, and ZIP or foreign postal code		9a Your percentage of total distribution %		9b Total employee contributions \$			
10 Amount allocable to IRA within 5 years \$		11 1st year of desig. Roth contrib. \$		12 State tax withheld \$		13 State/Payer's state no. \$	
Account number (see instructions)		15 Local tax withheld \$		16 Name of locality \$		17 Local distribution \$	

Form 1099-R www.irs.gov/form1099r Department of the Treasury - Internal Revenue Service

☐ CORRECTED (if checked)

TRUSTEE'S or ISSUER'S name, street address, city or town, province or state, 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 2014 Form 5498		IRA Contribution Information	
TRUSTEE'S or ISSUER'S federal identification no.		2 Rollover contributions \$		3 Roth IRA conversion amount \$		4 Reclassified contributions \$	
PARTICIPANT'S name		5 Fair market value of account \$		6 Life insurance cost included in box 1 \$		Copy B For Participant	
Street address (including apt. no.)		7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>		8 SEP contributions \$		9 SIMPLE contributions \$	
City or town, province or state, country, and ZIP or foreign postal code		10 Roth IRA contributions \$		11 If checked, required minimum distribution for 2014 <input type="checkbox"/>		This information is being furnished to the Internal Revenue Service.	
		12a RMD date \$		12b RMD amount \$		13c Code \$	
		13a Postponed contribution \$		13b Year \$		14b Code \$	
Account number (see instructions)		14a Repayments \$					

Form 5498 (keep for your records) www.irs.gov/form5498 Department of the Treasury - Internal Revenue Service



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	<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 within 60 days

