






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 IRAs
- 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

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

VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, and ZIP or foreign postal code		1 Gross distribution \$	OMB No. 1545-0119	Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
2a Taxable amount \$		2017	Form 1099-R	
PAYER'S federal identification number	RECIPIENT'S identification number	2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>	Copy 1 For State, City, or Local Tax Department
RECIPIENT'S name		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$	
Street address (including apt. no.)		5 Employee contributions / Designated Roth contributions or insurance premiums \$	6 Net unrealized appreciation in employer's securities \$	This information is being furnished to the Internal Revenue Service.
City or town, state or province, country, and ZIP or foreign postal code		7 Distribution code(s) IRA/SEP/SIMPLE <input type="checkbox"/>	8 Other \$	
10 Amount allocable to IRR within 5 years \$	11 1st year of desig. Roth contrib. <input type="checkbox"/>	FATCA filing requirement <input type="checkbox"/>	9a Your percentage of total distribution %	9b Total employee contributions \$
Account number (see instructions)	12 State tax withheld \$	13 State/Payer's state no.	14 State distribution \$	
	15 Local tax withheld \$	16 Name of locality	17 Local distribution \$	

Form 1099-R www.irs.gov/form1099 Department of the Treasury - Internal Revenue Service

CORRECTED (if checked)

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. 1545-0147	IRA Contribution Information
PARTICIPANT'S name		2 Rollover contributions \$	2017	
TRUSTEE'S or ISSUER'S federal identification no.	PARTICIPANT'S social security number	3 Roth IRA conversion amount \$	Form 5498	Copy B For Participant
PARTICIPANT'S name		4 Recharacterized contributions \$	5 Fair market value of account \$	
Street address (including apt. no.)		6 Life insurance cost included in box 1 \$	7 IRA <input type="checkbox"/> SEP <input type="checkbox"/> SIMPLE <input type="checkbox"/> Roth IRA <input type="checkbox"/>	This information is being furnished to the Internal Revenue Service.
City or town, state or province, country, and ZIP or foreign postal code		8 SEP contributions \$	9 SIMPLE contributions \$	
Account number (see instructions)	10 Roth IRA contributions \$	11 If checked, required minimum distribution for 2018 <input type="checkbox"/>	12a RMD date	12b RMD amount \$
	13a Postponed contribution \$	13b Year	13c Code	
	14a Repayments \$	14b Code		
	15a FMV of certain specified assets \$	15b Code(s)		

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

