

IRAs & Roth IRAs

IRA-to-IRA Rollovers & Transfers

*Including Rules for
SIMPLE-IRAs & Roth IRAs*

Questions & Answers

Purpose:

The intent of this brochure is to provide an overview of rollovers, transfers, and conversions between traditional IRAs, SIMPLE-IRAs and Roth IRAs. It does not cover Coverdell Education Savings Accounts (formerly known as Education IRAs) and rollovers from or to qualified plans and section 403(b) plans. A different brochure covers these subjects. Since rollovers and transfers have very important tax implications, we strongly advise you to consult with your tax advisor.

IRA-TO-IRA

If I am paid funds from my IRA, what are the tax consequences?

The general rule is that the funds paid to you will be included in your income and taxed at ordinary income tax rates.

What is a rollover?

A rollover is an exception to the general rule that IRA distributions are taxed. The movement of funds in a rollover is as follows: the original IRA pays the funds to a person who then redeposits these funds into another IRA. Even though you were paid the funds, you will not have to include the amount received as gross income, if the rules summarized in this brochure are met. These "rolled over" funds will not be taxed until a future taxable distribution occurs.

When do I qualify to roll over funds from an IRA to another IRA?

If you receive a distribution from your IRA, you can roll over these funds by redepositing them into an IRA if: (1) the funds are rolled over within 60 days after the day the funds are received, and (2) you have not rolled over a previous distribution from the same IRA within the last 12 months. The 60-day period and the 12-month period begins on the date you receive a distribution.

Am I ineligible to make a rollover or transfer because I am older than age 70½?

No. You can establish an IRA by making a rollover or transfer contribution even though you are older than age 70½. You still must comply with the required minimum distribution rules.