

Can't Directly or Indirectly Roll Over a Roth IRA to a 401(k) Plan  
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401(k) participants sometimes wonder if they can and should move their Roth IRA funds into their 401(k) plan. Current tax law does not authorize a person to move their Roth IRA funds into their employer's 401(k) even if the 401(k) plan authorizes Designated Roth contributions. The 401(k) plan does not authorize such a rollover because current law does not authorize this movement as being nontaxable.

Maybe the law will permit this someday, but not at the present time.

There will be a tax mess both for the 401(k) plan and the individual if such a rollover is made. Most likely the IRS would NOT allow the Roth IRA funds to be returned to the Roth IRA if the 60-day period to complete a rollover has expired. The person might try to argue that he or she received poor advice from an advisor, but there is going to come a time when the IRS will not so readily accept this argument. The IRS will make the argument – you withdrew the funds from your Roth IRA and you did not complete a timely rollover; your funds are no longer entitled to be returned to the Roth IRA. Such a distribution may or may not have any current income tax consequences. What is known, such funds will not earn tax-free income as would have been the case had they stayed in the Roth IRA.