



# SUMMARY OF ROLLOVER AND TRANSFER RULES

**Introduction.** For purposes of this discussion of rollovers and direct transfers, (a) "Roth IRA" means a Roth individual retirement account, Roth individual retirement annuity, or Roth individual retirement bond; (b) "fiduciary" means the trustee, custodian, or insurance company that administers the IRA; (c) "QRP" means a qualified retirement plan that complies with IRC 401 or IRC 403, is a governmental IRC 457 plan, or is the Federal Thrift Savings Plan; (d) "traditional QRP" means a QRP account to which pre-tax employer contributions have been made; and (e) "designated Roth account" means a QRP account to which only post-tax contributions have been made. Rollover and transfer contributions into traditional IRAs are documented on the **Traditional IRA Rollover and Transfer Contributions (Form 2314T)**. For information about the exceptions to these rules, ask for a copy of the Credit Union Roth IRA Disclosure Statement.

**What If I Receive Property?** If you receive property in an IRA distribution, then the tax laws require you to contribute the property itself to your IRA. Please check with us to see if we can accept a contribution of property before starting this type of transaction. If you receive property in a QRP distribution, then you can sell the property and contribute the sale proceeds to your IRA.

## FROM A ROTH IRA

**You Can Use a Direct Transfer between Roth IRAs if:** (a) you are the original owner of the transferring Roth IRA, (b) you are the original owner's surviving spouse, or (c) you are the original owner's former spouse and the transfer is pursuant to the terms of a divorce decree or a written instrument incident to the divorce. A direct transfer can be made without worrying about the once-a-year or 60-day rules discussed below. A beneficiary of a deceased owner can also use a direct transfer to move money into a Roth IRA in the name of the deceased owner, but this is not done on this form.

**To Make a Direct Transfer:** (a) confirm that you have a Roth IRA at the credit union, (b) check box 1 on this form and deliver it to your credit union before the money arrives, and (c) tell the fiduciary of the transferring Roth IRA to directly transfer the money to your credit union for deposit in your Roth IRA.

**You Can Roll Over a Roth IRA Distribution if:** (a) you are the original owner of the distributing Roth IRA, or (b) you are the original owner's surviving spouse.

**To Make a Rollover:** (a) withdraw money from a Roth IRA, (b) check box 2 on this form and deliver it to your credit union when you make the rollover contribution, and (c) contribute to your credit union Roth IRA an amount not greater than the amount distributed. Two or more contributions can be made with respect to one distribution, but the total of the contributions cannot exceed the amount distributed. While there are exceptions, you can generally roll over a distribution only if you meet the following rules:

- **Once-a-Year Rule.** An IRA distribution cannot generally be rolled over if any other distribution from the same IRA has been rolled over during the preceding 365 days.
- **60-Day Rule.** You must generally contribute the money to a Roth IRA within 60 days after you receive the distribution.

**What Are the Tax Consequences?** This is a tax-free transaction.

## FROM A TRADITIONAL IRA

**You Can Move Money from a Traditional IRA to a Roth IRA if:** (a) you are the original owner of the traditional IRA, or (b) you are the original owner's surviving spouse. You can move money from any traditional IRA, except there is an exception limiting the movement of money from a SIMPLE IRA.

**To Move Money from a Traditional IRA to a Roth IRA:** Confirm that you have a Roth IRA at the credit union (this can be an existing Roth IRA to which you have made regular contributions). Instruct the fiduciary of the traditional IRA to directly transfer the money to your credit union Roth IRA. As an alternative, you can withdraw the money from the traditional IRA, and then make a rollover contribution of an amount not greater than the amount withdrawn to your credit union Roth IRA. With either approach, check box 3 on this form and deliver it to your credit union before the money arrives. While there are exceptions, under the second approach you must generally make the rollover contribution within 60 days after you receive the traditional IRA distribution.

**What Are the Tax Consequences?** This is a taxable transaction, whether you use a direct transfer or a rollover. The amount distributed from the traditional IRA is generally subject to income tax in the year it leaves the traditional IRA. The portion that is attributable to your traditional IRA basis is not subject to income tax. Your traditional IRA basis is created by making nondeductible contributions to traditional IRAs or by rolling over to your traditional IRA after-tax employee contributions from a QRP. If the money leaves the traditional IRA in 2010, the amount includible in gross income is taxed one-half in 2011 and one-half in 2012, unless you elect otherwise.

## FROM A TRADITIONAL QRP

**You Can Move Money from a Traditional QRP to a Roth IRA if:** (a) you are the participating employee in the QRP, (b) you are the participant's surviving spouse, or (c) you are the participant's former spouse and the transfer is pursuant to the terms of a divorce decree or a written instrument incident to the divorce. A rollover is subject to 20% mandatory withholding and a direct rollover is not subject to this withholding. A beneficiary of a deceased participant can also move money into a Roth IRA in the name of the deceased participant, but this is not done on this form.

**To Move Money from a Traditional QRP to a Roth IRA:** Confirm that the QRP distribution is an eligible rollover distribution, and that you have a Roth IRA at the credit union (this can be an existing Roth IRA to which you have made regular contributions). Instruct the traditional QRP plan administrator to transfer the money to your credit union Roth IRA using a direct rollover. As an alternative, you can withdraw the money from the traditional QRP, and then make a rollover contribution to your credit union Roth IRA of an amount not greater than the amount withdrawn. With either approach, check box 4 on this form and deliver it to your credit union before the money arrives. While there are exceptions, under the second approach you must generally make the rollover contribution within 60 days after you receive the traditional QRP distribution.

**What Are the Tax Consequences?** This is a taxable transaction, whether you use a direct rollover or a rollover. The amount distributed from the traditional QRP is generally subject to income tax in the year it leaves the traditional QRP. The portion that is attributable to your nondeductible contributions to the QRP is not subject to tax. If the money leaves the traditional QRP in 2010, the amount includible in gross income is taxed one-half in 2011 and one-half in 2012, unless you elect otherwise.

## FROM A DESIGNATED ROTH ACCOUNT IN A QRP

**You Can Move Money from a Designated Roth Account to a Roth IRA if:** (a) you are the participating employee in the QRP, (b) you are the participant's surviving spouse, or (c) you are the participant's former spouse and the transfer is pursuant to the terms of a divorce decree or a written instrument incident to the divorce. A rollover is subject to 20% mandatory withholding and a direct rollover is not subject to this withholding. A beneficiary of a deceased participant can also move money into a Roth IRA in the name of the deceased participant, but this is not done on this form.

**To Move Money from a Designated Roth Account to a Roth IRA:** Confirm that the distribution from the designated Roth account is an eligible rollover distribution, and that you have a Roth IRA at the credit union (this can be an existing Roth IRA to which you have made regular contributions). Instruct the plan administrator of the designated Roth account to transfer the money to your credit union Roth IRA using a direct rollover. As an alternative, you can withdraw the money from the designated Roth account, and then make a rollover contribution to your credit union Roth IRA of an amount not greater than the amount withdrawn. With either approach, check box 5 on this form and deliver it to your credit union before the money arrives. While there are exceptions, under the second approach you must generally make the rollover contribution within 60 days after you receive the designated Roth account distribution.

**What Are the Tax Consequences?** This is a tax-free transaction.