

Sample article for organizations and employers to use to reach customers

Customize and provide the following article in your communication vehicles for people receiving a distribution from their 401(k) or 403(b) retirement plans.

Rollover to a Roth IRA or a Designated Roth Account – You may have a choice

Will you be receiving a distribution from your 401(k) or 403(b) retirement plan? Regardless of your income, you may now have a choice of whether to roll eligible rollover distributions from your 401(k) or 403(b) to a Roth IRA or to the designated Roth account in the same plan.

Although there are differences between Roth IRAs and designated Roth accounts in a 401(k) or 403(b) plan, both may only accept after-tax contributions, but earnings are not subject to income tax when they are distributed as long as:

- You have held the account for at least 5 years, and
- You are at least 59½ years old.

Under a new law, 401(k) and 403(b) retirement plans may offer in-plan Roth rollovers - a rollover of an eligible rollover distribution that you receive from a non-Roth account into a designated Roth account in the same plan.

Whether you roll over an eligible rollover distribution into a Roth IRA in 2010 or do an in-plan Roth rollover in 2010, you qualify for special tax treatment that applies to 2010 Roth rollovers. Under this special tax treatment, you include half of the taxable amount rolled over in 2011 gross income and half in 2012 gross income, or you can elect to include the entire taxable amount in your 2010 gross income. A 2010 Roth rollover includes any rollover actually made in 2010 and to distributions received on or before December 31, 2010, that you contributed to a Roth IRA or a designated Roth account in the same plan within 60 days of receiving that distribution..

Check with your plan administrator to see if your 401(k) or 403(b) plan offers in-plan Roth rollovers.

NOTE TO EDITOR: *Below are helpful resources on retirement topics on the IRS Website.*

- [Designated Roth accounts](#) – information regarding designated Roth accounts in retirement plans.
- [Roth IRAs](#) – information on Roth IRAs for individuals
- [FAQs regarding designated Roth accounts](#) - provides general answers about designated Roth accounts and in-plan Roth rollovers.
- [Top Ten Differences Between a Roth IRA and a Designated Roth Account](#) – a side-by-side comparison of Roth IRAs and designated Roth accounts in retirement plans
- [Publication 560, Retirement Plans for Small Businesses](#) – for people who are participants of retirement plans.
- [Publication 590, Individual Retirement Arrangements \(IRAs\)](#) – information on traditional and Roth IRAs, including rollovers and conversions to Roth IRAs.
- [Publication 17, Your Federal Income Tax](#) – covering general rules for filing 2010 tax returns.