

Answers Regarding In-Plan Roth Conversions

12/06/10

[Mary Jo Larson](#)

The IRS has just issued guidance regarding in-plan Roth rollovers (also known as Roth conversions), filling in several gaps that were left open when the Small Business Jobs Act was signed into law in September. The guidance addresses the following areas:

- Income tax withholding
- Special tax notices
- Who can elect an in-plan rollover
- When rollovers are not treated as distributions
- Recharacterization
- Plan amendments
- IRS reporting

A detailed explanation of the guidance is available [here](#).

The specifics on the Small Business Jobs Act, which allows employees to make direct rollovers within their employer's 401(k) or 403(b) plan to a Roth account within that same plan, can be found [here](#).

Employers who want to offer this option to employees in 2010, in order to take advantage of the two-year tax deferral for 2010 conversions, will have to act quickly. Although amendments can be delayed, administrative procedures and communications to employees must be implemented immediately.

Please contact Mary Jo Larson (mlarson@wnj.com or 248.784.5183) or any other member of the Employee Benefits Group at Warner Norcross & Judd if you have questions about Roth conversions or any other employee benefits matter.