

Frequently Asked Rollover Questions

Q. What types of plan distributions are NOT eligible to be rolled over to an IRA?

A. Ineligible plan distributions include a Required Minimum Distribution (RMD), hardship withdrawal, Qualified Domestic Relations Order (QDRO) payout to non-spouse alternate payee, any distribution that is part of a series of substantially equal periodic payments, and any return of excess contribution and/or excess deferral.

Q. I already have an IRA. Can I roll my employer-sponsored retirement plan distribution into this account?

A. Yes, your distribution can be rolled into an existing or a new IRA.

Q. Can my after-tax contributions (non-Roth deferrals) in my retirement plan be rolled into an IRA?

A. Yes, you can roll after-tax contributions into your IRA. You will need to track these after-tax contributions by filing IRS Form 8606 with your tax return.

Q. Can my Roth 401(k) or 403(b) assets be rolled over?

A. Roth 401(k) and 403(b) assets can be rolled into a Roth IRA or another 401(k) or 403(b) that allows Roth deferrals.

Q. If I make contributions to an IRA that holds my rollover, can I still roll the IRA back into an employer-sponsored retirement plan?

A. Yes, you can roll your pre-tax IRA balance into your new plan if the plan accepts IRA rollovers. Be sure to check with your employer.

Q. Can I roll my distribution from my company's retirement plan into a Roth IRA?

A. Assets in an employer-sponsored retirement plan may be directly converted to a Roth IRA. You will be required to pay income tax on the amount you convert; however, the amount converted is exempt from the 10% penalty. All of the taxes must be paid in the year of the conversion.

Please note you must have a triggering event, such as termination of employment, to directly convert assets from a qualified retirement plan to a Roth IRA. The amount converted will be subject to taxation.

Q. What if I have a loan on my qualified retirement plan account? Can I roll the loan into an IRA?

A. Loans are not allowed in an IRA. You must repay all loans from your qualified plan or the loan will be considered a distribution and will be subject to taxes and possible penalties. Generally, your loan may be repaid to the plan prior to your rollover, or you may deposit all or part of the outstanding loan balance to your IRA within 60 days, assuming your loan is in good standing at the time of distribution.

Q. If I die, what rollover options are available to my spouse?

A. Typically, the same rollover options granted to an employee are available to the employee's spouse. Depending on the distribution options provided in the plan document, a spouse could roll the money directly into an IRA or do an indirect (60 day) rollover.



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Q. The beneficiary of my employer-sponsored retirement plan is not my spouse. Does he or she have rollover options?

A. It will depend on the plan. If your beneficiary is a living person, or a qualifying trust, some employer-sponsored retirement plans will allow a non-spouse beneficiary to roll, via a direct rollover, to a beneficiary IRA, where they may be able to “stretch out” their distributions over their life expectancy. Check with your employer, or your plan’s Summary Plan Description, to determine if this option is available to your non-spouse beneficiary. Please note, if this option is available, your beneficiary should do a direct rollover no later than December 31 of the year following your death in order to have the most flexibility. If your beneficiary is not a living person, the rollover capability is not available.

Q. Can I roll over my employer-sponsored retirement plan money if I’m over 70½?

A. Yes, provided you take your RMD for the year from the plan before executing the rollover. Your RMD cannot be rolled over.

Q. Can I roll my employer stock into an IRA?

A. Yes, you may roll the employer stock portion of your distribution into an IRA. However, it might not be the best option, especially if you hold a significant amount of highly appreciated stock. Net Unrealized Appreciation (NUA) may provide a more tax-advantaged distribution option. Please check with your tax advisor or Financial Consultant for more information.

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