

In-plan Roth Rollovers

Traditionally, 401(k) plans have offered employees the opportunity to save for retirement by making pretax salary deferrals. Over the last several years, many 401(k) plans have added Roth contribution programs to give participants the ability to save after-tax dollars that eventually qualify for tax-free distributions (including any Roth contribution earnings).

Another enhancement some 401(k) plans have made is to allow participants to roll over certain distributable amounts from regular plan accounts to Roth accounts within the plan. In-plan Roth rollovers are taxable in the year they are made.

Additionally, starting in 2013, employers may amend their plans to permit in-plan Roth rollovers of amounts *not otherwise distributable* under the plan. For example, a 401(k) plan could permit current employees younger than age 59½ to roll over their pretax salary deferrals to a plan Roth account even though those deferrals would ordinarily not be distributable to the employees.